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BBGI GROUP Global Investments

BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

June 2023

Annualized performance of +4.78% to +5.45%

The uptrend continues for OPP2 indices

POSITIVE PERFORMANCES FOR TWO OF THE THREE BBGI OPP2 COMPLIANT INDICES IN JUNE

BBGI OPP2 Compliant Index « Low Risk »	**-0.06%**	**(YTD +2.91%)**
BBGI OPP2 Compliant Index « Medium Risk »	**+0.34%**	**(YTD +3.50%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**+0.74%**	**(YTD +4.10%)**

Comments (performances in Swiss Francs)

Despite the good macroeconomic news, markets proved to be unresponsive in June. Indeed, two of the three BBGI OPP2 Compliant strategies achieved positive performances this month, although relatively low (+0.34% moderate risk and +0.74% dynamic risk), while the low-risk approach fell back very slightly by -0.06%. Since the beginning of the year, however, the cumulative performance of our three BBGI OPP2 Compliant strategies is clearly positive (+2.91%, +3.50% and +4.10% respectively). Bond markets returned to negative territory in June, while interest rates reacted very little to positive inflation reports in several countries. The domestic segment fell very slightly by -0.03%, while the international trend was stronger, with the asset class losing -1.67%. Since the start of the year, both asset classes have been on either side of neutral performance. In fact, the Swiss segment has gained +3.58% overall, while the international class has lost -1.74%. The real estate segment continues to be negatively impacted by the now unlikely fears of a return to a restrictive monetary policy trend. Performance was mixed in June, with the domestic segment down -1.97%, while the international asset class posted a timid rise of +0.98%. Since the start of the year, the two asset classes are still posting cumulative losses of -0.40% and -2.42% respectively. Equity markets moved into positive territory in June, mainly in international markets, where the rise was +3.54%, while in Swiss markets the trend was weaker (+0.50%). Year-to-date performances are clearly positive (+8.20% and +10.57% respectively). Commodities are finally rebounding from their long downward trend (+3.70%). Private equity was also in positive territory in June, surging by +5.83%. Alternative investments moved horizontally this month, advancing by +0.37%.

Financial market developments (performances in local currencies, USD)

The best inflation figures (CPI) recently published in several countries, including the USA (4%/year) and Switzerland (1.7%/year), suggest that the new, more reasonable inflation regime we announced in the summer of 2022 has indeed taken hold. Current inflation figures are already below central bank forecasts for the whole of 2023, and are close to our targets set in 2022 for June 2023. However, this more favorable environment for a further fall in yield curves has yet to develop significant effects in the capital markets and in the securitized real estate segments. The latter is still suffering from concerns about the expectations of central banks, which are still highly motivated to share their determination to fight inflation on a long-term basis. Despite an already clear downward trend in consumer and producer prices, the risks of several further rises evoked by central bankers are still being taken into consideration, and are holding back the recovery in these two asset classes. Equity markets, on the other hand, were less sensitive to this factor, and benefited from a recovery in the price readjustment phase initiated in Q4 2022. Initially driven by leading technology stocks, particularly those involved in the development of Artificial Intelligence (AI), equity markets gradually broadened their participation in this advance to other sectors, as the risks of a severe US recession seemed to fade in favor of a gradual slowdown in activity. While bond markets ended the month virtually unchanged in most regions, international securitized real estate began to recover on the stock market (+3.19%), albeit not to the same extent as the +6.05% rise recorded by the MSCI World index. Despite a timid recovery in China, commodities also found favor with investors, rising +4.39% thanks to a +5.99% rise in energy prices.

PERFORMANCE OF ASSET CLASSES

JUNE

+ 5.83%	Private Equity
+ 3.70%	Commodities
+ 3.54%	International Equities
+ 0.98%	International Real Estate
+ 0.50%	Swiss Equities
+ 0.37%	Hedge Funds
- 0.03%	Swiss Bonds
- 1.67%	International Bonds
- 1.97%	Swiss Real Estate

YTD

+ 13.66%	Private Equity
+ 10.57%	International Equities
+ 8.20%	Swiss Equities
+ 3.58%	Swiss Bonds
- 0.40%	Swiss Real Estate
- 1.58%	Hedge funds
- 1.74%	International Bonds
- 2.42%	International Real Estate
- 9.68%	Commodities

COMMENTS BY ASSET CLASS

Bonds

Interest rates proved relatively non-volatile in June in most countries. With the exception of emerging markets (+1.49%) and high yield (+2.55%), regional performances were close to zero over the month. In the United States in particular, the calm observed contrasted with the good results obtained on the inflation front. Investors seemed stunned by the Fed's rhetoric, despite its decision to pause in June. Key rates of 5.25% are already 125 bps above annual inflation (+4%), and this gap could very quickly reach 225 bps if the CPI estimate of +3% for June is confirmed. The eurozone is not benefiting from the same paradigm, and is likely to see its yield curve rise further.

Equities

Equity market risk scores have risen, particularly in the USA and Japan, and remain high in Europe. Technical, quantitative and valuation factors are the main drivers of this rise in risk. Downward interest rate adjustments and the possibility of future monetary policy easing are factors supporting a continuation of the uptrend in the markets. Japan's risk score joins that of the eurozone and moves into the danger zone. Emerging markets and Swiss equities continue to benefit from low risk levels.

Commodities

Commodities post their first upward month of 2023, interrupting the very long downtrend that has lasted since the end of 2022. The announcement of a further production cut by Saudi Arabia at the beginning of the month temporarily supported the development of crude prices. Nevertheless, the Chinese recovery continues to disappoint investors, and combined with relatively weak demand from OECD countries, is still weighing on oil prices.

Real Estate

Securitized real estate continues to be unfairly penalized by the low risk of tighter credit conditions and rising financing costs. The domestic segment is down -1.97%, while the international segment is up just +0.98%.

BBGI OPP2 Compliant Indices (Monthly Indices)

Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	April 2023	May 2023	June 2023	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2022	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	0.67%	0.36%	-0.06%	**2.91%**	1.92%	0.97%			-14.01%	4.78%
BBGI OPP2 Compliant "Medium Risk"	0.79%	0.06%	0.34%	**3.50%**	2.28%	1.20%			-14.40%	5.13%
BBGI OPP2 Compliant "Dynamic Risk"	0.91%	-0.23%	0.74%	**4.10%**	2.63%	1.43%			-14.82%	5.45%
Assets										
Swiss Bonds	0.84%	1.33%	-0.03%	**3.58%**	1.40%	2.14%			-12.10%	3.44%
International Bonds	-1.83%	-0.19%	-1.67%	**-1.74%**	1.98%	-3.65%			-15.18%	3.60%
Swiss Real Estate	1.67%	0.35%	-1.97%	**-0.40%**	-0.42%	0.02%			-15.17%	5.94%
International Real Estate	-0.55%	-2.46%	0.98%	**-2.42%**	-0.37%	-2.05%			-23.37%	4.52%
Swiss Stocks	3.62%	-1.89%	0.50%	**8.20%**	5.91%	2.16%			-16.48%	8.47%
International stocks	-0.95%	1.37%	3.54%	**10.57%**	6.36%	3.96%			-17.42%	6.21%
Commodities *	-1.13%	-6.00%	3.70%	**-9.68%**	-6.30%	-3.61%			12.97%	-1.94%
Private Equity *	2.58%	-1.13%	5.83%	**13.66%**	5.90%	7.33%			-32.99%	15.14%
Hedge Funds *	0.04%	-0.82%	0.37%	**-1.58%**	-1.17%	-0.41%			-6.98%	0.27%
* hedged in Swiss Francs										
Forex										
USD/CHF	-2.26%	1.80%	-1.66%	**-3.13%**	0.26%	-4.95%			3.59%	-2.69%
EUR/CHF	-0.68%	-1.22%	0.37%	**-1.27%**	-4.37%	-1.96%			-5.15%	-1.24%

****Annualized data for international bonds, commodities, private equity and alternative investments are calculated from their introduction on January 1, 2009. International real estate was introduced in November 1989. The annualized performance of the EUR/CHF exchange rate has been calculated since December 1999.**

Sources : Bloomberg/BBGI