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BBGI GROUP Global Investments

BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

June 2023

Annualized performance of +5.25% to +6.48%

Markets return to growth in june

POSITIVE PERFORMANCE FOR ALL THREE BBGI PRIVATE BANKING USD INDICES IN JUNE

BBGI Private Banking Index « Low Risk »	**+1.50%**	**(YTD +4.25%)**
BBGI Private Banking Index « Medium Risk »	**+2.52%**	**(YTD +5.44%)**
BBGI Private Banking Index « Dynamic Risk »	**+3.54%**	**(YTD +6.63%)**

Comments (performances in USD)

Financial markets were relatively unprompted by positive inflation news in several geographic zones. Nevertheless, all three BBGI Private Banking indices posted positive performances in June. The low-risk strategy advanced by +1.50% this month, while the moderate-risk approach did better, gaining +2.52%. The dynamic risk index posted the best performance of the month, gaining +3.54%. Since the beginning of the year, all three strategies have moved into positive territory in cumulative terms (+4.25%, +5.44% and +6.63% respectively). Bond markets once again moved into negative territory this month. Indeed, the domestic segment is down by -0.74%. Internationally, the asset class is just below neutral performance (-0.01%). Year-to-date, however, both asset classes remain positive (+1.83% and +1.66% respectively). Equity markets regained positive momentum in June after a May disrupted by the US debt ceiling. Domestic equities jumped by +6.63% this month, internationally the trajectory is similar (+4.49%). Since January, equity markets have posted clearly positive performances, particularly the domestic segment (+16.84%), which after 6 months has almost recouped the losses incurred over the whole of 2022 (-19.85%). Internationally, the trend is similar, though less intense (+9.47%). Private equity is also back in the green, with an increase of +6.47%, which could indicate renewed investor confidence. The segment posted the second-best cumulative YTD performance (+15.63%). Hedge Funds evolve horizontally this month, albeit slightly positively (+0.74%). Commodities turned in a positive performance for the first time in 2023 (+4.39%), breaking the long downtrend the segment had been suffering since the end of 2022. Nevertheless, the segment remains negative in cumulative terms since the beginning of the year (-7.54%).

Financial market developments (performances in local currencies)

The best inflation figures (CPI) The best CPI inflation figures recently published in several countries, including the USA (4%/year) and Switzerland (1.7%/year), suggest that the new more reasonable inflation regime we predicted 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 2022 targets for June 2023. However, this more favorable environment for a further decline in yield curves has not yet had a significant impact on capital markets and securitized real estate segments. The latter is still suffering from concerns linked to the forecasts 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 boost in the price readjustment phase initiated in Q4 2022. Initially driven by leading technology stocks, and in particular those committed to the development of Artificial Intelligence (AI), equity markets very gradually broadened their participation in this upswing 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 markets (+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 regained favor with investors, rising by +4.39% thanks to a +5.99% rise in energy prices.

PERFORMANCE OF ASSET CLASSES (USD)

JUNE

+ 6.63%	US Equities
+ 6.47%	Private equity
+ 4.49%	International Equities
+ 4.39%	Commodities
+ 3.18%	International Real Estate
+ 0.76%	Hedge Funds
- 0.01%	International Bonds
- 0.74%	US bonds

YTD

+ 16.84%	US Equities
+ 15.63%	Private equity
+ 9.47%	International Equities
+ 1.83%	US bonds
+ 1.66%	International Bonds
+ 1.58%	International Real Estate
+ 0.39%	Hedge Funds
- 7.54%	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 observed calm 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 are still 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 markets' upward trend. 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 new production cut by Saudi Arabia at the beginning of the month supported the development of crude prices at the start of the month. Nevertheless, the Chinese recovery continues to disappoint investors and combined with relatively weak demand from OECD countries which continue to weigh on crude prices.

Real Estate

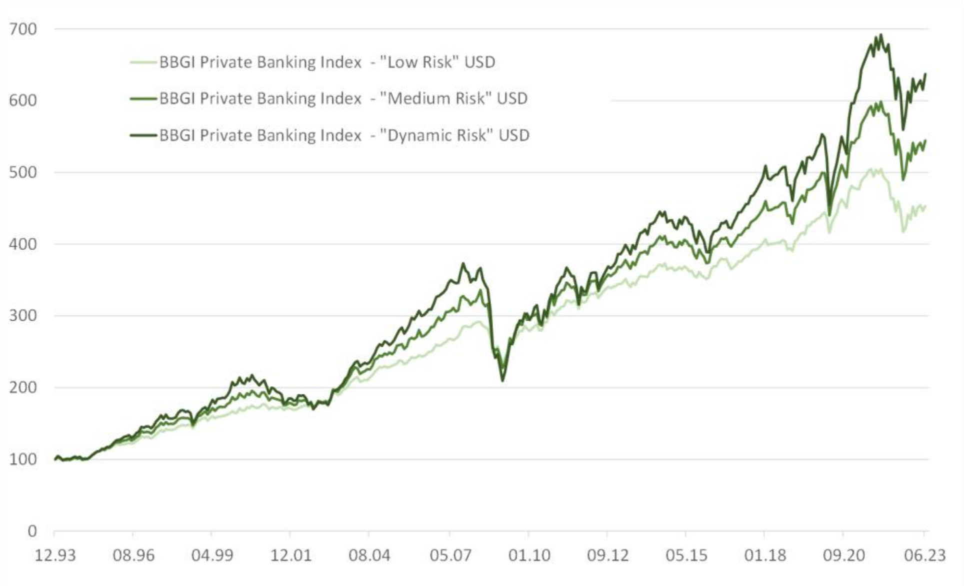
International real estate is reacting favorably to recent encouraging inflation figures, and should be further supported by the new inflation regime in place, favorable to easing pressure on interest rates. The segment returned to positive territory, climbing by+3.18% in June. The asset class is once again positive in cumulative terms (+1.58%).

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	April 2023	May 2023	June 2023	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2022	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	0,74%	-1,78%	1,50%	4,25%	3,80%	0,44%			-14,00%	5,25%
BBGI Group PBI "Medium risk" (45% fxd income)	0,90%	-1,92%	2,52%	5,44%	3,93%	1,46%			-13,79%	5,91%
BBGI Group PBI "Dynamic risk" (25% fxd income)	1,06%	-2,06%	3,54%	6,63%	4,04%	2,48%			-13,65%	6,48%
Sub-Indices										
US Bonds	0,54%	-1,15%	-0,74%	1,83%	3,23%	-1,35%			-12,61%	4,04%
International Bonds	0,41%	-2,17%	-0,01%	1,66%	3,51%	-1,79%			-18,26%	3,44%
US Equities	1,24%	0,60%	6,63%	16,84%	7,59%	8,60%			-19,85%	9,23%
International Equities	1,74%	-3,64%	4,49%	9,47%	6,87%	2,44%			-16,00%	5,03%
Private equity	2,83%	-0,91%	6,47%	15,63%	6,58%	8,50%			-30,93%	8,59%
Hedge Funds	0,34%	-0,46%	0,76%	0,39%	-0,24%	0,64%			-4,73%	5,37%
International Real Estate	1,94%	-4,41%	3,18%	1,58%	1,04%	0,54%			-24,42%	6,47%
Commodities	-0,76%	-6,11%	4,39%	-7,54%	-4,94%	-2,73%			25,99%	1,33%
Forex										
USD/EUR	-1,64%	3,09%	-2,01%	-1,86%	-2,85%	-0,64%			6,23%	-1,14%

The **BBGI Group Private Banking indices** can be obtained free of charge from the BBGI Group Analysis & Research Department (reception@bbgi.ch).
They provide the first objective benchmarks for the performance of the wealth management industry.

Sources : Bloomberg, BBGI Group SA



Sources : Bloomberg, BBGI Group SA