

BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

July 2023

Annualized performance
of **+4.78%** to **+5.46%**

Positive trend confirmed in July

POSITIVE PERFORMANCES FOR THE THREE BBGI OPP2 COMPLIANT INDICES IN JULY

BBGI OPP2 Compliant Index « Low Risk »	+0.15%	(YTD +3.06%)
BBGI OPP2 Compliant Index « Medium Risk »	+0.43%	(YTD +3.95%)
BBGI OPP2 Compliant Index « Dynamic Risk »	+0.72%	(YTD +4.85%)

Comments (performances in Swiss Francs)

The positive trend on the financial markets continues into July. Indeed, the BBGI OPP2 Compliant indices posted positive performances this month. The low-risk index advanced by +0.15%, moving back into positive territory, while the moderate risk strategy did better, gaining +0.43%. The dynamic risk approach turned in the best performance of the month, gaining +0.72%. Bond markets were on either side of neutral performance, reflecting the heterogeneity of the global inflationary environment. In Switzerland, the asset class returned to positive territory, advancing slightly by +0.19%. Internationally, performance was still negative in July, at -1.97%. Since the start of the year, the domestic asset class is in the green (+3.77%), while the international segment is down (-3.68%). Both real estate markets are once again in positive territory. The Swiss segment gained +0.21%, while the international segment did even better, gaining +1.09%. Since the start of the year, however, both asset classes are still below the neutral performance mark (-0.19% and -1.35% respectively). Equity markets continue their slightly upward trend, with gains of +0.44% in Switzerland and +0.74% internationally. Since January, both segments have posted very positive cumulative performances (+8.68% in Switzerland and +11.39% internationally). Commodities continued the rebound begun last month, and further increased their positive momentum thanks to rising crude oil prices, with a very good performance of +5.91%. However, this trend is still not enough to lift the segment into positive territory YTD (-4.35%). Private equity is also on the upswing, with the best performance of the month (+6.73%). The asset class has made a cumulative gain of +21.32% since January. Alternative investments advanced by +0.17% in July.

Financial market developments (performances in local currencies, USD)

The month of July shed new, more positive light on the evolution of inflation and the economic conjunction. In the USA, CPI fell from 4% to 3%/year at the end of June, which is still the lowest level since March 2021. Without having reached the Fed's often-announced target of 2%, the current level of CPI, like the deflator (+3%), is well below that reached in June 2022 (+9.1%). The situation is similar in Japan (+3.3%), Switzerland (+1.7%) and China (0%), while the decline is less marked in Europe (+5.3%). On the economic front, Q2 results clearly averted the risk of recession in the USA, with real growth of +2.4%, while the Eurozone returned to positive growth of +0.3%. The new inflation regime announced during the summer of 2022 has thus been effectively implemented over the past twelve months, but we now believe it will be more difficult to see price indices slide with the same momentum. The fall in producer prices should continue to have a positive impact on other measures of inflation, which will then decline only gradually. The Fed's latest rate hike to 5.5% is likely to give way to a pause, while US economic momentum shows no signs of collapsing. This environment should favor a softening of dollar-denominated yield curves, which is not yet the case for most segments. Equity markets have already reacted favorably to the changed economic scenario, but capital markets are still hesitant. The securitized real estate segments are beginning to take lower risks into account, and as expected, they achieved one of the best performances of the month in Europe (+9.55%), thanks to valuations that had reached extreme levels. A certain amount of rotation has taken place in the equity markets, as participation in the upside has widened. Commodities recorded the month's strongest performance, up +10.74%, driven mainly by energy prices (+16%).

PERFORMANCE OF ASSET CLASSES

JULY

+ 6.73%	Private Equity
+ 5.91%	Commodities
+ 1.09%	International Real Estate
+ 0.74%	International Equities
+ 0.44%	Swiss Equities
+ 0.21%	Swiss Real Estate
+ 0.19%	Swiss Bonds
+ 0.17%	Hedge Funds
- 1.97%	International Bonds

YTD

+ 21.32%	Private Equity
+ 11.39%	International Equities
+ 8.68%	Swiss Equities
+ 3.77%	Swiss Bonds
- 0.19%	Swiss Real Estate
- 1.35%	International Real Estate
- 1.41%	Hedge Funds
- 3.68%	International Bonds
- 4.35%	Commodities

COMMENTS BY ASSET CLASS

Bonds

Volatility was reduced during the month, as interest rates changed little in July, despite good statistics in the United States in particular. Movements in national indices were less than +1%. Emerging markets (+1.18%) and high-yield bonds (+1.96%) benefited slightly more from better inflation data. In the US, uncertainty persists over further Fed rate hikes, weighing on bond markets. In Europe, rates are still too low in relation to inflation, despite ECB statements. The key rate of 5.5% is now 250 bps above the US CPI, which already seems excessive to us and would justify the end of the cycle in the US.

Equities

Equity market risk scores rose again in July, with most indices performing well, with the notable exception of the SPI (+0.44%), which lagged 2023. The persistently positive stock market climate pushed indices a little higher, particularly in Europe (+21.29%) and the USA (+20.64%). Technical, quantitative and valuation factors contributed to the rise in overall risk levels. Emerging markets, Canada and Switzerland appear less risky. Downward interest-rate adjustments as inflation declines should further support a continuation of current trends, but risks are increasing and again warrant greater vigilance.

Commodities

Commodities continued the upward momentum begun in June (+3.70%), and significantly increased their positive momentum in July (+5.91%). OPEC+'s production cutback policy, particularly Saudi Arabia's, seems to be bearing fruit, and crude oil prices in particular are reacting positively. The United States also signaled its decision to replenish its strategic stocks with a purchase offer of 6 million barrels, which was positively interpreted by the market. The economic stimulus measures announced by the Chinese government for the construction sector also benefited crude oil prices in July.

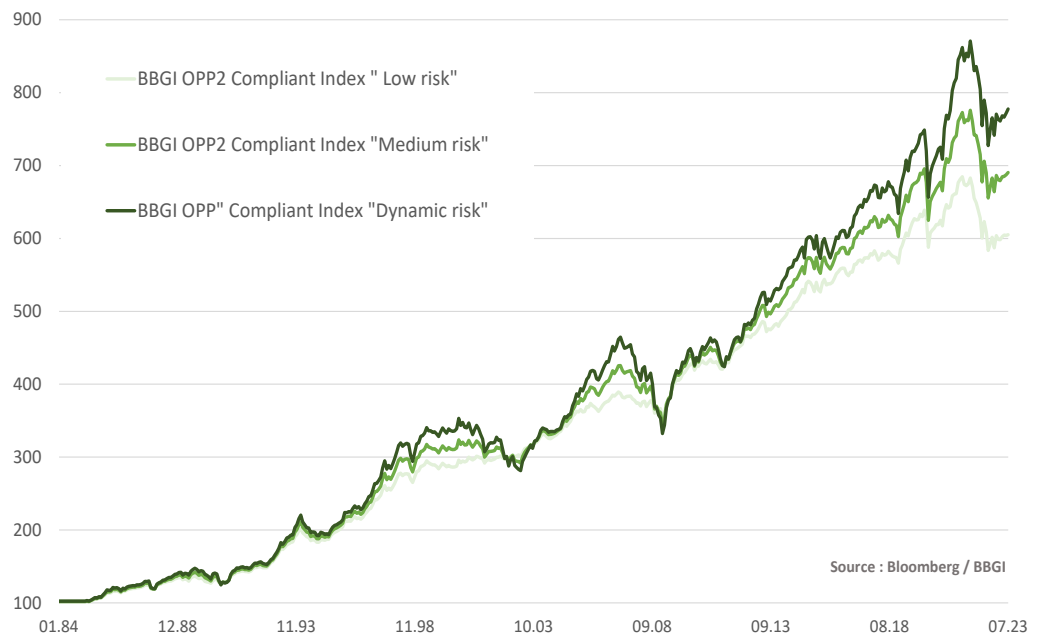
Real Estate

Securitized real estate is gradually taking into account the reduced inflationary risks and improved medium-term debt conditions. The domestic segment advanced by +0.21%, while the trend was stronger internationally (+1.09%).

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	May 2023	June 2023	July 2023	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2022	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	0.36%	-0.06%	0.15%	3.06%	1.92%	0.97%			-14.01%	4.78%
BBGI OPP2 Compliant "Medium Risk"	0.06%	0.34%	0.43%	3.95%	2.28%	1.20%			-14.40%	5.14%
BBGI OPP2 Compliant "Dynamic Risk"	-0.23%	0.74%	0.72%	4.85%	2.63%	1.43%			-14.82%	5.46%
Assets										
Swiss Bonds	1.33%	-0.03%	0.19%	3.77%	1.40%	2.14%			-12.10%	3.44%
International Bonds	-0.19%	-1.67%	-1.97%	-3.68%	1.98%	-3.65%			-15.18%	3.59%
Swiss Real Estate	0.35%	-1.97%	0.21%	-0.19%	-0.42%	0.02%			-15.17%	5.93%
International Real Estate	-2.46%	0.98%	1.09%	-1.35%	-0.37%	-2.05%			-23.37%	4.56%
Swiss Stocks	-1.89%	0.50%	0.44%	8.68%	5.91%	2.16%			-16.48%	8.46%
International stocks	1.37%	3.54%	0.74%	11.39%	6.36%	3.96%			-17.42%	6.21%
Commodities *	-6.00%	3.70%	5.91%	-4.35%	-6.30%	-3.61%			12.97%	-1.47%
Private Equity *	-1.13%	5.83%	6.73%	21.32%	5.90%	7.33%			-32.99%	15.76%
Hedge Funds *	-0.82%	0.37%	0.17%	-1.41%	-1.17%	-0.41%			-6.98%	0.28%
* hedged in Swiss Francs										
Forex										
USD/CHF	1.80%	-1.66%	-2.65%	-5.69%	-1.00%	-2.15%			3.59%	-2.79%
EUR/CHF	-1.22%	0.37%	-1.86%	-3.11%	0.26%	-1.53%			-5.15%	-1.32%

**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



The systematic diversified strategies of the BBGI OPP2 COMPLIANT indices have produced returns of +4.78% to +5.46% annualized since 1984 to date.

The composition of our indices is available upon request.