BBGI Group SA – Place de Longemalle 1 - 1204 Geneva - Switzerland
www.BBGI.ch

BBGI GROUP Global Investments

Slight market consolidation in August

NEGATIVE PERFORMANCES FOR THE THREE BBGI OPP2 COMPLIANT INDICES IN AUGUST

BBGI OPP2 Compliant Index « Low Risk »	**-0.50%**	**(YTD +2.54%)**
BBGI OPP2 Compliant Index « Medium Risk »	**-0.78%**	**(YTD +3.14%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**-1.07%**	**(YTD +3.73%)**

Comments (performances in Swiss Francs)

A slight consolidation phase on the financial markets in August. This month, all three BBGI OPP2 Compliant indexes are just below the neutral performance mark. The low-risk strategy declined by -0.50% in August, while the moderate-risk approach fared slightly worse, losing -0.78%. The dynamic risk index paid the price for its greater exposure to equities and real estate, losing -1.07%. The bond markets were on either side of a zero performance in August. Indeed, the domestic segment was one of the only asset classes to post a gain this month (+0.62%), while the international segment was the opposite (-0.07%). Since the beginning of the year, the Swiss asset class has gained +4.42%, while the international segment is negative (-3.74%). The real estate sector declined in August after a good July. The domestic class posted a loss of -2.62%, while the international segment followed a similar path, shedding -2.22%. Since January, the two asset classes have accumulated losses of -2.80% and -3.53% respectively. Equity markets have entered a consolidation phase after several months of uptrend. The domestic class lost -1.76%, while the international trend was slightly less pronounced (-1.30%). Since the beginning of the year, however, both asset classes have posted clearly positive performances (+6.77% and +9.95% respectively). The commodities segment also corrected in August (-1.09%) after two consecutive months of gains (+3.70% in June and +5.91% in July). In YTD terms, the asset class remained in negative territory in August (-5.39%). Private equity also lost ground this month (-1.89%), while alternative investments were one of the only asset classes to move into positive territory (+0.33%).

Financial market developments (performances in local currencies, USD)

August ended with mixed results for all asset classes, the vast majority of which posted negative results. Indeed, only 4 out of 33 segments in our international universe posted positive results, including energy (+2.94%) and European real estate (+1%). However, August was marked by satisfactory statistics on inflation and employment, suggesting a US soft landing accompanied by a reduction in price pressures. In the US, the CPI stabilized at 3.2%/year for July, while the index excluding food and energy slipped from -0.1% to +4.7%. Annualized GDP growth was revised down to just +2.1%, while the labor market also saw job creation fall from 324k to 177k in August. Such an environment should have been conducive to expectations regarding the evolution of monetary policy and the appropriate level of interest rates. However, this was not the case, with yield curves tightening slightly on the long side. An undoubted oversupply of new Treasury issues, coupled with the Fed's continued policy of reducing the size of its balance sheet, certainly contributed to this opposite trend in interest rates. Ten-year yields thus rose slightly (15bp), while two-year yields remained stable. Overall, investor sentiment is once again somewhat hesitant, while the risk of recession is also diminishing in Europe and other regions. The consolidation seen in the equity markets at the start of the period was followed by some recovery at the end of the month. After significant gains since mid-March, stock markets suffered understandable profit-taking during the summer, in reduced volumes due mainly to the lack of support from capital markets. After a good month in July, securitized real estate segments lacked the catalyst to continue their recovery. However, oil continued its upward trend, turning in one of the best performances in a month of widespread profit-taking.

PERFORMANCE OF ASSET CLASSES

AUGUST

+ 0.62%	Swiss Bonds
+ 0.33%	Hedge Funds
- 0.07%	International Bonds
- 1.09%	Commodities
- 1.30 %	International Equities
- 1.76%	Swiss Equities
+ 1.89%	Private Equity
- 2.22%	International Real Estate
- 2.62%	Swiss Real Estate

YTD

+ 19.02%	Private Equity
+ 9.95%	International Equities
+ 6.77%	Swiss Equities
+ 4.42%	Swiss Bonds
- 1.09%	Hedge Funds
- 2.80%	Swiss Real Estate
- 3.53%	International Real Estate
- 3.74%	International Bonds
- 5.39%	Commodities

COMMENTS
BY ASSET CLASS

Bonds

Rates continued to rise in August on many maturities, with low volatility and no real positive impact from statistics supporting a possible end to US restrictive policy in the near future. Developments on domestic indices were weak, with the exception of the AUD market decline. Emerging markets (-1.2%) and high-yield bonds (-0.51%) experienced the same trends as developed markets. In the United States, the Treasury's increased financing needs following the debt ceiling agreement and the Fed's shrinking balance sheet added to price pressures. In Europe, rates remained stable and are still too low in relation to price indices.

Equities

Risk factors for equity markets eased at the end of August. Price consolidation has led to a contraction in quantitative and technical scores in several markets. Valuations are still high in the USA, Switzerland and Japan, and look more favorable in Europe. The increasingly uncertain stock market climate over the summer contributed to an adjustment in overall risk levels. The earnings season brought no major negative surprises, so equity markets will have to rely on new support factors to resume their upward trend.

Commodities

The Russo-Saudi alliance is particularly effective, and represents a challenge for the energy market. Indeed, crude oil prices rose steadily throughout August. This trend is set to continue following the announcement of an extension until the end of the year of the production reduction measures due to expire in September. OPEC+ is regaining control of the energy market, and will certainly not reverse its strategy until it is satisfied that inventories are at a satisfactory level, or that macroeconomic factors are sufficiently supportive of demand.

Real Estate

Securitized real estate has also lost its upward momentum of recent months. The domestic segment is down by -2.62%, while the decline in the international segment is very slightly less (-2.22%). Since the beginning of the year, both segments are still in negative territory (-2.80% and -3.53%).

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	June 2023	July 2023	August 2023	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2022	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	-0.06%	0.15%	-0.50%	**2.54%**	1.92%	0.97%			-14.01%	4.77%
BBGI OPP2 Compliant "Medium Risk"	0.34%	0.43%	-0.78%	**3.14%**	2.28%	1.20%			-14.40%	5.12%
BBGI OPP2 Compliant "Dynamic Risk"	0.74%	0.72%	-1.07%	**3.73%**	2.63%	1.43%			-14.82%	5.45%
Assets										
Swiss Bonds	-0.03%	0.19%	0.62%	**4.42%**	1.40%	2.14%			-12.10%	3.45%
International Bonds	-1.67%	-1.97%	-0.07%	**-3.74%**	1.98%	-3.65%			-15.18%	3.58%
Swiss Real Estate	-1.97%	0.21%	-2.62%	**-2.80%**	-0.42%	0.02%			-15.17%	5.85%
International Real Estate	0.98%	1.09%	-2.22%	**-3.53%**	-0.37%	-2.05%			-23.37%	4.48%
Swiss Stocks	0.50%	0.44%	-1.76%	**6.77%**	5.91%	2.16%			-16.48%	8.39%
International stocks	3.54%	0.74%	-1.30%	**9.95%**	6.36%	3.96%			-17.42%	6.17%
Commodities *	3.70%	5.91%	-1.09%	**-5.39%**	-6.30%	-3.61%			12.97%	-1.56%
Private Equity *	5.83%	6.73%	-1.89%	**19.02%**	5.90%	7.33%			-32.99%	15.58%
Hedge Funds *	0.37%	0.17%	0.33%	**-1.09%**	-1.17%	-0.41%			-6.98%	0.28%
* hedged in Swiss Francs										
Forex										
USD/CHF	-1.66%	-2.65%	1.32%	**-4.45%**	-1.00%	-2.15%			3.59%	-2.76%
EUR/CHF	0.37%	-1.86%	-0.09%	**-3.20%**	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