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BBGI GROUP Global Investments

BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

November 2023

Annualized performance of **+4.74%** to **+5.39%**

Market trend reversal in November

POSITIVE PERFORMANCES FOR THE THREE BBGI OPP2 COMPLIANT INDICES IN NOVEMBER

BBGI OPP2 Compliant Index « Low Risk »	**+2.85%**	**(YTD +3.47%)**
BBGI OPP2 Compliant Index « Medium Risk »	**+3.39%**	**(YTD +3.76%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**+3.92%**	**(YTD +4.09%)**

Comments (performances in Swiss Francs)

After several months of bearish trends, the financial markets returned to the upside in November. In fact, all three BBGI OPP2 Compliant indices posted excellent performances this month. The low-risk strategy advanced by +2.85%, while the moderate-risk approach did slightly better, climbing by +3.39%. The dynamic risk index posted the best performance of the month, gaining +3.92%. Since January, the three approaches have posted positive performances of +3.47%, +3.76% and +4.09%. All bond markets returned to positive territory in November. The domestic segment advanced by +1.74%, while the international segment experienced a similar but less intense movement (+0.74%). Since the beginning of the year, the Swiss segment has made a cumulative gain of +6.03%, while the international segment has lost -3.92%. The securitized real estate segment was also in positive territory in November. The domestic class advanced by +4.26%, while the international class showed an even stronger trend (+6.17%). Despite these good performances, both asset classes are still in negative territory since January (-0.23% and -5.40% respectively). Equity markets returned to the upside in November. The Swiss segment advanced by +4.55%, while the international segment did even better, gaining +5.06%. The commodities segment was the only one to continue its downward trend this month. The segment declined by -2.61% due to the fall in crude oil prices over the period. Private equity turned in an extraordinary performance in November, jumping +18.05%, putting the segment at the top of the monthly and cumulative performance charts since January (+27.46%). Hedge funds also advanced by +1.22% this month but have remained negative since the beginning of the year (-1.43%).

Financial market developments (performances in local currencies, USD)

The month of November was almost the exact opposite of October, when the financial markets were not spared as 10-year US Treasury yields crossed the 5% threshold. At the time, we announced that this latest move seemed to us to be in total contradiction with our analysis of fundamental parameters, which were already pointing towards a real risk of a serious slowdown and a further fall in inflation. This temporary rise in financing costs will have a further negative impact on the economy, which has already proven to be significantly less robust than the Fed may have estimated during the month. Better employment figures and 0% inflation in October were key factors in the change in investors' assessment of the real risks of further rate hikes in the US. The markets have therefore finally begun to consider the growing economic risks posed by overly restrictive monetary policy and have gradually adjusted their expectations for the evolution of short rates and the target level of long rates in this new environment. At the beginning of November, we were expecting investment demand to pick up again, with the realization that the aforementioned slowdown was well and truly underway. Today, we are pleased to note that virtually all segments of our investment universe have registered significant increases. The predicted end of the rate hike cycle seems to be taking shape, with rate cuts observed in all the segments we track, confirming our positive scenario for the markets. This adjustment has already had positive consequences this month for bond markets (+5.04%), securitized real estate (+10.38%), equities (+9.38%) and precious metals (+3.28%). This positive trend is set to continue over the coming months, even if the Fed, ECB and SNB are not yet considering any changes to their restrictive policies. The fall in long-term interest rates is set to continue and will certainly be one of the main supporting factors in early 2024.

PERFORMANCE OF ASSET CLASSES

NOVEMBER

+ 18.05%	Private Equity
+ 6.17%	International Real Estate
+ 5.06%	International Equities
+ 4.55%	Swiss Equities
+ 4.26%	Swiss Real Estate
+ 1.74%	Swiss Bonds
+ 1.22%	Hedge Funds
- 0.98%	International Bonds
- 2.61%	Commodities

YTD

+ 27.46%	Private Equity
+ 10.66%	International Equities
+ 6.03%	Swiss Bonds
+ 3.65%	Swiss Equities
- 0.23%	Swiss Real Estate
- 1.43%	Hedge Funds
- 3.92%	International Bonds
- 5.40%	International Real Estate
- 8.86%	Commodities

COMMENTS BY ASSET CLASS

Bonds

A complete reversal in the trend for interest rates in November, as markets consider the increased risk of recession and higher inflation. The hawkish rhetoric no longer appealed, and investment demand finally emerged as 10-year Treasury yields touched 5%. The Fed's rigid stance is no longer a cause for concern, and the influx of capital into the bond markets has enabled yields to fall by 75 bps in the space of a month. The correlation is still total in all segments, which are benefiting from massive price rises in the case of the Australian market (+8.09%), or more modest ones in Switzerland (+1.74%) or Europe (+2.72%), but which are on average (+5.04%). This month's performance almost completely wipes out the losses (-5.39%) of the previous three months. Risk scores remain positive, while bond performance averaged over eleven months is finally positive (+1.5%).

Equities

As we had estimated the previous month, the interest-rate factor proved to be the main driving force behind a very sharp rebound in indices in November. The fall in rates came at a time when valuation levels were already attractive and technical and quantitative factors were at their lowest. The +9.38% rise in the MSCI World index and the SPI (+4.55%) were significant, enabling equities to be up by a substantial +17.99% in 2023, with just one month to go before the end of the year. Despite this high volatility and rising share prices, risk levels have risen only slightly, and thus remain favorable for equity markets over the coming months.

Commodities

The downward trend in commodity prices continued in November. Investors' concerns about the strength of China's economic recovery, which still leaves much to be desired, pulled crude prices down. Production, meanwhile, is expanding in the USA, and in Iran in particular, reaching its highest level for the third consecutive period. At their last meeting, OPEC+ member countries announced a production cut of 900k/b for 2024, in the hope of keeping crude oil prices at satisfactory levels and offsetting weak demand.

Real Estate

Securitized real estate, hitherto penalized by the risk of higher financing costs, is benefiting from lower rates. Sentiment is improving, and risk scores are still very favorable, despite the +10.38% rebound.

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	September 2023	October 2023	November 2023	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2022	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	-0.21%	-1.73%	2.85%	**3.43%**	1.92%	0.97%	0.41%		-14.01%	4.74%
BBGI OPP2 Compliant "Medium Risk"	-0.34%	-2.35%	3.39%	**3.76%**	2.28%	1.20%	0.50%		-14.40%	5.09%
BBGI OPP2 Compliant "Dynamic Risk"	-0.48%	-2.97%	3.92%	**4.09%**	2.63%	1.43%	0.58%		-14.82%	5.39%
Assets										
Swiss Bonds	-0.75%	0.57%	1.74%	**6.03%**	1.40%	2.14%	0.06%		-12.10%	3.46%
International Bonds	0.58%	-1.72%	0.98%	**-3.92%**	1.98%	-3.65%	-1.47%		-15.18%	3.56%
Swiss Real Estate	2.91%	-4.33%	4.26%	**-0.23%**	-0.42%	0.02%	0.43%		-15.17%	5.88%
International Real Estate	-2.43%	-5.34%	6.17%	**-5.40%**	-0.37%	-2.05%	-3.54%		-23.37%	4.42%
Swiss Stocks	-2.02%	-5.24%	4.55%	**3.65%**	5.91%	2.16%	-3.32%		-16.48%	8.25%
International stocks	-0.70%	-3.53%	5.06%	**10.66%**	6.36%	3.96%	-1.26%		-17.42%	6.14%
Commodities *	-1.02%	-0.07%	-2.61%	**-8.86%**	-6.30%	-3.61%	3.68%		12.97%	-1.87%
Private Equity *	-1.17%	-8.21%	18.05%	**27.46%**	5.90%	7.33%	3.49%		-32.99%	16.24%
Hedge Funds *	-0.42%	-1.13%	1.22%	**-1.43%**	-1.17%	-0.41%	0.08%		-6.98%	0.28%
* hedged in Swiss Francs										
Forex										
USD/CHF	3.61%	-0.54%	-3.87%	**-5.33%**	-1.00%	-2.15%	2.20%		3.59%	-2.76%
EUR/CHF	1.02%	-0.50%	-1.03%	**-3.70%**	0.26%	-1.53%	-0.96%		-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 +4.74% to +5.39% annualized since 1984 to date.

The composition of our indices is available upon request.