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BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

November 2023

Annualized performance of +5.19% to +6.47%

Significant trend reversal in November

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

BBGI Private Banking Index « Low Risk »	+5.22%	(YTD +4.72%)
BBGI Private Banking Index « Medium Risk »	+6.00%	(YTD +6.92%)
BBGI Private Banking Index « Dynamic Risk »	+6.78%	(YTD +9.14%)

Comments (performances in USD)

After several consecutive periods of profit-taking, the financial markets returned to the upside in November. In fact, all three BBGI Private Banking USD indices posted excellent performances this month. The low risk strategy advanced by +5.22%, while the moderate risk approach did slightly better, climbing by +6.00%. The dynamic risk index posted the best performance of the month, jumping +6.78%. Since January, the three approaches have posted positive performances of +4.72%, +6.92% and +9.14%. All bond markets returned to positive territory in November. The domestic segment advanced by +3.44%, while the international segment was even more buoyant (+4.88%). Since the beginning of the year, the US segment has returned to positive territory (+0.90%), while the international segment has achieved a similar performance (+0.95%). The securitized real estate segment was also in positive territory in November. This asset class, which for a long time had been unfairly penalized by interest rates that we felt were too high, is now benefiting greatly from the trend reversal, jumping +10.68%. Thanks to this excellent performance, the segment is back in positive territory YTD (+1.10%). Equity markets returned to the upside in November. Indeed, the domestic segment climbed +9.37%, while the international segment posted a similar gain of +9.00%. The commodities segment was the only one to continue its downward trend this month. The segment declined by -3.64% due to the fall in crude oil prices over the period. Private equity turned in an extraordinary performance in November, jumping +18.12%, putting the segment at the top of the monthly and cumulative performance charts since January (+31.48%). Hedge funds also advanced by +1.13% this month, and have remained positive since the beginning of the year (+2.10%).

Financial market developments (performances in local currencies)

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 proved 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 investors' change of mind about the real risks of further rate hikes in the US. As a result, markets have 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, as well as for the target level of long rates in this new environment. At the beginning of November, we were expecting investment demand to pick up again as we realized that the slowdown we had been talking about 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 (USD)

NOVEMBER

+ 18.12%	Private Equity
+ 10.68%	International Real Estate
+ 9.37%	US Equities
+ 9.00%	International Equities
+ 4.88%	International Bonds
+ 3.44%	US Bonds
+ 1.13%	Hedge Funds
- 3.64%	Commodities

YTD

+ 31.48%	Private Equity
+ 20.85%	US Equities
+ 10.09%	International Equities
+ 2.10%	Hedge Funds
+ 1.10%	International Real Estate
+ 0.95%	International Bonds
+ 0.90%	US Bonds
- 0.99%	Commodities

COMMENTS BY ASSET CLASS

Bonds

A complete reversal in the trend for interest rates in November, as markets take into account 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, putting equities on a clear +17.99% upward trend to 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 commodities continued in November. Investors' concern 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

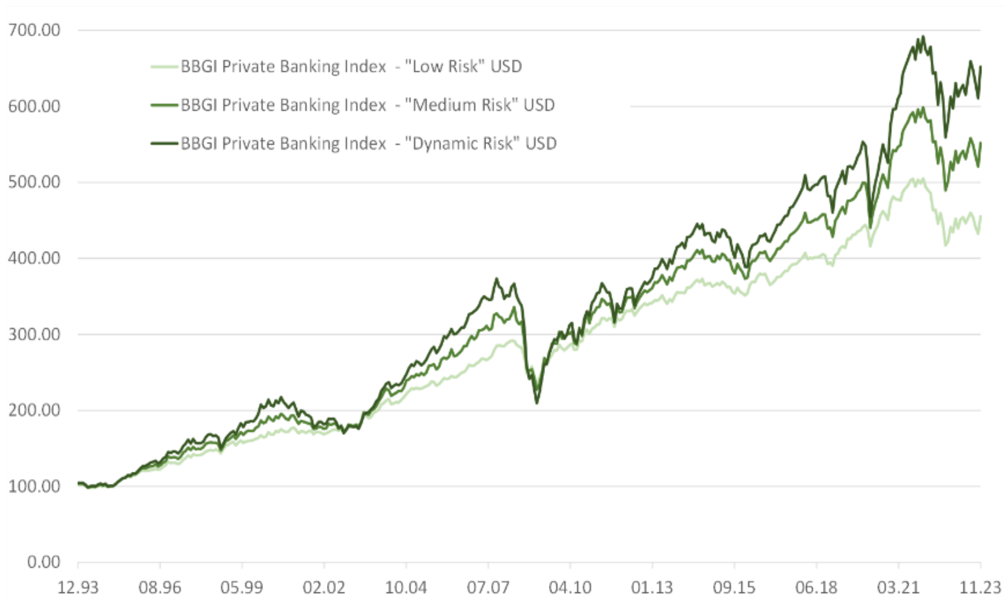
Securitized real estate, hitherto penalized by the risk of higher financing costs, is benefiting from lower rates. Sentiment is improving and risk scores are still very favorable, despite the +10.68% rebound.

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	September 2023	October 2023	November 2023	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2022	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	-2.78%	-1.97%	5.22%	4.72%	3.80%	0.44%	-2.61%		-14.00%	5.19%
BBGI Group PBI "Medium risk" (45% fxd income)	-2.73%	-2.50%	6.00%	6.92%	3.93%	1.46%	-1.88%		-13.79%	5.88%
BBGI Group PBI "Dynamic risk" (25% fxd income)	-2.67%	-3.02%	6.78%	9.14%	4.04%	2.48%	-1.15%		-13.65%	6.47%
Sub-Indices										
US Bonds	-2.20%	-1.21%	3.44%	0.90%	3.23%	-1.35%	-3.04%		-12.61%	3.92%
International Bonds	-3.24%	-1.10%	4.88%	0.95%	3.51%	-1.79%	-4.27%		-18.26%	3.37%
US Equities	-4.72%	-2.33%	9.37%	20.85%	7.59%	8.60%	-3.18%		-19.85%	9.45%
International Equities	-3.16%	-4.13%	9.00%	10.09%	6.87%	2.44%	-3.77%		-16.00%	5.13%
Private equity	-0.79%	-7.75%	18.12%	31.48%	6.58%	8.50%	4.35%		-30.93%	9.17%
Hedge Funds	-0.10%	-0.82%	1.13%	2.10%	-0.24%	0.64%	1.39%		-4.73%	5.38%
International Real Estate	-5.96%	-4.75%	10.68%	1.10%	1.04%	0.54%	-5.59%		-24.42%	6.47%
Commodities	4.12%	-4.18%	-3.64%	-0.99%	-4.94%	-2.73%	15.98%		25.99%	1.69%
Forex										
USD/EUR	2.56%	-0.02%	-2.88%	-1.68%	-1.23%	-0.64%	3.17%		6.23%	-1.09%

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