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BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

December 2023

Annualized performance of +4.78% to +5.44%

Final month of 2023 in positive territory

POSITIVE PERFORMANCES FOR THE THREE BBGI OPP2 COMPLIANT INDICES IN DECEMBER

BBGI OPP2 Compliant Index « Low Risk »	**+1.91%**	**(YTD +5.40%)**
BBGI OPP2 Compliant Index « Medium Risk »	**+2.04%**	**(YTD +5.88%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**+2.17%**	**(YTD +6.34%)**

Comments (performances in Swiss Francs)

The last month of 2023 ended on a positive note, with all three BBGI OPP2 Compliant indices continuing their upward trend. Indeed, the low risk index advanced by +1.91% in December, while the medium risk strategy did slightly better, gaining +2.04%. The dynamic risk approach follows a similar path, climbing by +2.17%. Over the full year 2023, the three strategies totaled gains of +5.40%, +5.88% and +6.34% respectively. Bond markets continue on their upward trajectory. The Swiss segment advanced by +1.26% this month, while the international segment slowed in December, but remained positive (+0.13%). Over the year as a whole, the domestic segment ended in positive territory (+7.36%), while the international segment posted a negative performance (-3.79%). The securitized real estate market continues its strong recovery, after having been one of the segments most penalized by the high interest rate environment this year. The Swiss segment jumped by +5.27%, while the international trend was similar (+4.57%). Since January, only the domestic segment has returned to positive territory (+5.03%), while international performance has been negative (-1.08%). Equity markets were also in the green in December. Swiss equities gained +2.35% this month, while international equities followed a similar, albeit weaker, path (+0.53%). Over 2023, both asset classes are clearly positive, particularly international equities (+11.24%), with Swiss equities still gaining +6.09%. Commodities are the only asset class to have continued its downward trend over the last 3 months. The asset class fell by -3.02% this month, accelerating its downward trend in December (-0.07% in October, then -2.61% in November). Private equity continued its stratospheric trajectory with an increase of +8.04%, far topping the year-to-date performance rankings with an exceptional gain of +37.17%.

Financial market developments (performances in local currencies, USD)

The month of December was marked by a gradual strengthening of a number of new convictions that had gradually taken hold in investors' minds during November, significantly altering the consensus economic scenario. The economic data published reinforced the prospects of a slowdown in the US economy, and were accompanied by increasingly favorable statistics on the inflation front, allowing interest rates to accelerate their downward adjustment. The financial scenario then began to take increasing account of the growing likelihood of a change in Fed monetary policy sooner than initially expected, and possibly as early as March 2024. Our expectations of a likely correction in interest rates were confirmed by a fall in ten-year US Treasury yields from 5% in October to just 3.85% at the end of the month. Once again, better employment figures and a deflator of -0.1% in November, and only +2.6% year-on-year, contributed to this 115 bp drop in long-term yields. Over the month, virtually all segments of our investment universe registered significant gains, with European real estate taking the honors, up +10.04%. The predicted end of the rate hike cycle seems to be taking shape, with rate cuts observed in all segments monitored, confirming our positive scenario for the markets. This adjustment again had positive consequences this month for bond markets (+4.16%), securitized real estate (+9.02%), equities (+4.91%) and industrial metals (+3.80%). This positive trend should continue over the next few months, if expectations of an economic slowdown are confirmed and inflation follows suit. The Fed now seems receptive to the idea of lowering its key rates before the PCE index reaches 2%, raising hopes of monetary easing as early as March. In Europe, the faster-than-expected decline in inflation has also come as a surprise, supporting expectations of faster rate cuts.

PERFORMANCE OF ASSET CLASSES

DECEMBER

+ 8.04%	Private Equity
+ 5.27%	Swiss Real Estate
+ 4.57%	International Real Estate
+ 2.35%	Swiss Equities
+ 1.26%	Swiss Bonds
+ 0.96%	Hedge Funds
+ 0.53%	International Equities
+ 0.13%	International Bonds
- 3.02%	Commodities

YTD

+ 37.71%	Private Equity
+ 11.24%	International Equities
+ 7.36%	Swiss Bonds
+ 6.09%	Swiss Equities
+ 5.03%	Swiss Real Estate
- 0.48%	Hedge Funds
- 1.08%	International Real Estate
- 3.79%	International Bonds
- 11.62%	Commodities

COMMENTS BY ASSET CLASS

Bonds

A complete change in investor sentiment after the panic of October, investors are now convinced that the Fed will modify its monetary policy as early as March to adopt a more flexible stance. Expectations of rate cuts have quickly resurfaced, with Fed funds rates now forecast at 5.25% in March and 4.75% in June, i.e. almost 75 bps of rate cuts. The correlation is still total in all segments, which are benefiting from massive price rises in the case of the Australian market (+6.01%), or more modest ones in Switzerland (+1.26%) or Europe (+3.33%), but averaging +4.16%. In the end, it was a positive year for bond indices, all of which posted significant gains. Risk scores are rising, but remain neutral, while the prospects of capital gains have diminished significantly in this recent context.

Equities

As we had predicted in October, the interest-rate factor proved to be the main driving force behind the sharp rebound in indices in December. The fall in interest rates was the driving force behind the rise in equity markets, which, thanks to a further average increase of +4.91% over the month, ended the year with an excellent average performance of +23.79%. The Swiss market continued to be heavily penalized by the rise in the Swiss franc, with an increase of just +6.09%. Technical and quantitative factors deteriorated as prices rose. Risk levels are rising, pointing to a growing risk of temporary consolidation before prices pick up again.

Commodities

The downward trend in commodities continued in December. Investors' concerns about the strength of China's economic recovery, which still leaves much to be desired, pulled crude prices down. Production in the USA, meanwhile, continued to expand. At the end of the month, tensions in the Middle East were back in the spotlight due to disruptions to the Red Sea supply route via the Suez Canal, which is now endangered by rebels in Yemen. This reorganization of around 10% of the world's crude will certainly have implications for prices in the medium term.

Real Estate

Finally, securitized real estate benefited greatly from lower rates and an adjusted outlook. The domestic segment jumped +5.03%, while the international segment also climbed +4.57%.

BBGI OPP2 Compliant Indices (Monthly Indices)

Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	October 2023	November 2023	December 2023	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2022	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	-1.73%	2.85%	1.91%	**5.40%**	1.92%	0.97%	-0.56%	3.00%	-14.01%	4.78%
BBGI OPP2 Compliant "Medium Risk"	-2.35%	3.39%	2.04%	**5.88%**	2.28%	1.20%	-0.70%	3.01%	-14.40%	5.13%
BBGI OPP2 Compliant "Dynamic Risk"	-2.97%	3.92%	2.17%	**6.34%**	2.63%	1.43%	-0.83%	3.02%	-14.82%	5.44%
Assets										
Swiss Bonds	0.57%	1.74%	1.26%	**7.36%**	1.40%	2.14%	0.06%	3.60%	-12.10%	3.49%
International Bonds	-1.72%	0.98%	0.13%	**-3.79%**	1.98%	-3.65%	-1.47%	-0.63%	-15.18%	3.55%
Swiss Real Estate	-4.33%	4.26%	5.27%	**5.03%**	-0.42%	0.02%	0.43%	5.00%	-15.17%	6.01%
International Real Estate	-5.34%	6.17%	4.57%	**-1.08%**	-0.37%	-2.05%	-3.54%	5.10%	-23.37%	4.57%
Swiss Stocks	-5.24%	4.55%	2.35%	**6.09%**	5.91%	2.16%	-3.32%	1.41%	-16.48%	8.30%
International stocks	-3.53%	5.06%	0.53%	**11.24%**	6.36%	3.96%	-1.26%	1.89%	-17.42%	6.14%
Commodities *	-0.07%	-2.61%	-3.02%	**-11.62%**	-6.30%	-3.61%	3.68%	-5.62%	12.97%	-2.12%
Private Equity *	-8.21%	18.05%	8.04%	**37.71%**	5.90%	7.33%	3.49%	17.07%	-32.99%	16.99%
Hedge Funds *	-1.13%	1.22%	0.96%	**-0.48%**	-1.17%	-0.41%	0.08%	1.04%	-6.98%	0.36%
* hedged in Swiss Francs										
Forex										
USD/CHF	-0.54%	-3.87%	-3.86%	**-8.99%**	-1.00%	-2.15%	2.20%	2.20%	3.59%	-2.86%
EUR/CHF	-0.50%	-1.03%	-2.52%	**-6.13%**	0.26%	-1.53%	-0.96%	-0.96%	-5.15%	-1.39%

**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