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

BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

February 2024

Annualized performance of +4.81% to +5.49%

Upward trend continues in February

POSITIVE PERFORMANCES FOR THE THREE BBGI OPP2 COMPLIANT INDICES IN FEBRUARY

BBGI OPP2 Compliant Index « Low Risk »	**+1.10%**	**(YTD +1.65%)**
BBGI OPP2 Compliant Index « Medium Risk »	**+1.47%**	**(YTD +2.26%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**+1.83%**	**(YTD +2.86%)**

Comments (performances in Swiss Francs)

The positive trend extends into February. Indeed, the vast majority of asset classes are positive, and our BBGI indices are in the green this month. The low risk strategy advanced by +1.10%, while the medium risk approach posted a positive performance of +1.47%. The dynamic risk index turned in the best performance, climbing +1.83%. Bond markets were both in positive territory in February. The Swiss segment gained +0.30%, while the international segment outperformed, climbing +1.39%. Since the beginning of the year, only the domestic segment remains below the neutral performance mark, declining by -0.27%. Internationally, performance was clearly positive (+2.37%). Securitized real estate was also in the black this month. The international class turned in the best performance, climbing by +2.40%, while in Switzerland the trend was weaker (+0.33%). In the first two months of the year, both asset classes posted positive performances, particularly the domestic class (+2.80%). Equity markets also continued their upward trend. The Swiss segment advanced by +0.56%, but it was the international class that surged by +7.23% in February. Since January, both segments have been positive, particularly the international segment, which has already gained over +10%. Commodities were the only segment to fall below the neutral performance mark, dropping by -1.80%. The asset class accumulated a loss of -1.74% in 2024. private equity regained interest in the eyes of investors, climbing by +3.80%, while hedge funds also advanced by +0.59%.

Financial market developments (performances in local currencies, USD)

The performance of the various asset classes in February was once again more contrasted, with the bond and real estate segments still negatively affected by the adjustment of expectations of key rate cuts, and a more buoyant enthusiasm underpinning the performance of the equity markets. In recent weeks, economic statistics have suggested that US economic momentum is still resilient, and that the decline in inflation has lost enough momentum to call into question expectations of a rate cut as early as March. These factors essentially postponed the date of the US Federal Reserve's first rate cut, and supported a rebound in interest rates across the yield curves. This change in expectations for Fed action also affected expectations for action by other central banks, and logically triggered a rebound in rates in most regional bond markets. The loss of momentum from the decline in inflation was expected, but should not yet call into question the overall downward trend in CPI and PPI indices in the vast majority of countries. The decline in global bond indices from -1.26% in February pushes the year-to-date decline to -2.62%, a similar trend observed for international real estate indices, whose two-month decline is now -4.56%. In terms of risky assets, equity markets fared much better, generally posting significant individual gains in February, with the MSCI World index up +4.24% overall. The rise in international equities thus contrasts sharply with the corrections recorded by the other two main asset classes. Swiss equities were only marginally affected by the decline in the Swiss franc, posting a timid gain of +0.56% in February and +1.97% YTD. Switzerland's underperformance thus continues, despite a trend reversal for the franc that seems to have finally set in. Commodities regained favor in 2024, enabling the overall index to jump +5.38% YTD thanks to a +9.44% rise in the energy segment. Lastly, private equity is once again one of the big winners from renewed investor confidence, with a +4.35% rise this month (+7.05% YTD).

PERFORMANCE OF ASSET CLASSES

FEBRUARY

+ 7.23%	International Equities
+ 3.80%	Private Equity
+ 2.40%	International Real Estate
+ 1.39%	International Bonds
+ 0.59%	Hedge Funds
+ 0.56%	Swiss Equities
+ 0.33%	Swiss Real Estate
+ 0.30%	Swiss Bonds
- 1.80%	Commodities

YTD

+ 10.49%	International Equities
+ 4.19%	Private Equity
+ 2.80%	Swiss Real Estate
+ 2.37%	International Bonds
+ 1.97%	Swiss Equities
+ 0.62%	Hedge Funds
+ 0.52%	International Real Estate
- 0.27%	Swiss Bonds
- 1.74%	Commodities

COMMENTS
BY ASSET CLASS

Bonds

Sentiment continues to be affected by economic data pointing to resilient growth in the USA. The soft landing scenario remains predominant, but the evolution of employment, surprising leading indicators and a loss of momentum in the decline of inflation are pushing back the chances of the Fed cutting rates in the very near future. Bond markets remain highly correlated and are still adjusting to this new environment in February. Expectations of rate cuts in the US have been pushed back a little, but do not call into question the planned easing. Risk scores have improved significantly and are back in the buy zone. Prospects of capital gains are once again present at these yield levels, suggesting a renewed attractiveness of bond markets.

Equities

Despite further rises in bond yields, equity markets are focused on earnings trends and remain motivated by the expected change in monetary policy. The postponement of the first rate cut by a few weeks or months is not enough to dampen the current enthusiasm. Indexes continue to rise, and most bearish strategists at the start of the year are now being forced to revise their judgement. The recurring question is still whether a speculative bubble is forming, underpinned by the extraordinary stock market behaviour of leading technology and AI-related stocks. The overall scores are unchanged and remain in the orange zone. However, the uptrend still seems valid to us.

Commodities

Crude oil prices enjoyed a period of growth but failed to pull the asset class into positive territory. Indeed, February was marked by high volatility. Geopolitical tensions eased at the start of the month, and struggled to stabilize prices, while the prospects of an economic slowdown and strong US production continued to drive prices down. The announcement by OPEC+ member countries to continue production cuts in an attempt to boost the market, and tensions in the Red Sea, supported the energy market towards the end of the month.

Real Estate

Securitized real estate has been the asset class most affected by the short-term rebound in rates, but this downturn makes the asset class even more attractive than in the past.

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	January 2024	February 2024	March 2024	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2023	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	0.55%	1.10%		**1.65%**					5.40%	4.81%
BBGI OPP2 Compliant "Medium Risk"	0.78%	1.47%		**2.26%**					5.88%	5.17%
BBGI OPP2 Compliant "Dynamic Risk"	1.01%	1.83%		**2.86%**					6.34%	5.49%
Assets										
Swiss Bonds	-0.56%	0.30%		**-0.27%**					7.36%	3.47%
International Bonds	0.96%	1.39%		**2.37%**					-3.79%	3.53%
Swiss Real Estate	2.46%	0.33%		**2.80%**					5.03%	6.05%
International Real Estate	-1.83%	2.40%		**0.52%**					-1.08%	4.59%
Swiss Stocks	1.40%	0.56%		**1.97%**					6.09%	8.32%
International stocks	3.04%	7.23%		**10.49%**					11.24%	6.39%
Commodities *	0.07%	-1.80%		**-1.74%**					-11.62%	-2.26%
Private Equity *	0.38%	3.80%		**4.19%**					37.71%	17.39%
Hedge Funds *	0.03%	0.59%		**0.62%**					-0.48%	0.41%
* hedged in Swiss Francs										
Forex										
USD/CHF	2.38%	2.68%		**2.38%**					-8.99%	-2.72%
EUR/CHF	0.32%	2.56%		**0.32%**					-6.13%	-1.31%

****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