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BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

February 2024

Annualized performance of +5.28% to +6.63%

Back in positive territory in February

POSITIVE PERFORMANCE FOR THE THREE BBGI PRIVATE BANKING USD INDICES IN FEBRUARY

BBGI Private Banking Index « Low Risk »	**+0.23%**	**(YTD -0.08%)**
BBGI Private Banking Index « Medium Risk »	**+1.01%**	**(YTD +0.91%)**
BBGI Private Banking Index « Dynamic Risk »	**+1.79%**	**(YTD +1.90%)**

Comments (performances in USD)

The positive trend extends into February. Indeed, most asset classes are positive and our BBGI Private Banking USD indices are in the green this month. The low risk strategy advanced by +0.23%, while the moderate risk approach posted a positive performance of +1.01%. The dynamic risk index turned in the best performance, climbing +1.79%. Bond markets were both in negative territory in February. The domestic segment declined by -1.29%, while the international segment followed a similar path (-1.30%). Since the beginning of the year, the domestic segment remains below the neutral performance mark, down -1.55%. International performance is similar (-2.83%). Securitized real estate is also in the red this month. International class is down -0.54%, continuing its downward trend. Nevertheless, we are seeing a sharp reduction in this downward momentum (-3.99% in January and -0.54% in February). In the first two months of the year, the asset class posted a negative performance, heavily impacted by interest-rate tensions. Equity markets continued their upward trend. The domestic segment jumped by +5.32%, while the international segment followed a similar path, albeit with a smaller increase (+2.53%). Since January, both segments have been positive, particularly the domestic class, which gained +6.93%. Commodities remain in the green, but show a sharp reduction in momentum (+4.47% in January and +0.87% in February). The asset class gained +5.38% in 2024. Private equity is regaining interest in the eyes of investors, climbing by +4.05%, while hedge funds are also up by +0.92%.

Financial market developments (performances in local currencies)

The performance recorded by various asset classes in February once again showed contrasting trends. On one hand, the bond and real estate segments were still negatively affected by the adjustment of expectations for key rate cuts. On the other hand, a more optimistic enthusiasm supported the evolution of 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 -1.26% decline in global bond indices in February pushed 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 by 4.24% overall. The rise in international equities thus contrasts sharply with the corrections recorded by the other two main asset classes. Swiss equities have only marginally taken into account the decline in the Swiss franc, posting a timid rise 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 (USD)

FEBRUARY

+ 5.32%	US Equities
+ 4.05%	Private Equity
+ 2.53%	International Equities
+ 0.92%	Hedge Funds
+ 0.87%	Commodities
- 0.54%	International Real Estate
- 1.29%	US Bonds
- 1.30%	International Bonds

YTD

+ 6.93%	US Equities
+ 5.38%	Commodities
+ 4.50%	Private Equity
+ 1.51%	International Equities
+ 1.24%	Hedge Funds
- 1.55%	US Bonds
- 2.83%	International Bonds
- 4.51%	International Real Estate

COMMENTS BY ASSET CLASS

Bonds

Sentiment continues to be affected by economic data pointing to resilient growth in the US. 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 by a few weeks or months of the first key rate cut 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.

Commodities

Crude oil prices have been on the rise for some time now, and have just about succeeded in pulling the asset class upwards. The month of February was marked by high volatility. Geopolitical tensions eased at the start of the month, but struggled to stabilize prices, while the outlook for economic slowdown and strong US production continued to drive the market downwards. 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 was the asset class most affected by the short-term rebound in interest rates, but the downturn makes the asset class even more attractive than in the past.

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	January 2024	February 2024		Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2023	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	-0.31%	0.23%		-0.08%					8.79%	5.28%
BBGI Group PBI "Medium risk" (48% fxd income)	-0.10%	1.01%		0.91%					11.26%	6.00%
BBGI Group PBI "Dynamic risk" (25% fxd income)	0.11%	1.79%		1.90%					13.74%	6.63%
Sub-Indices										
US Bonds	-0.26%	-1.29%		-1.55%					4.28%	3.95%
International Bonds	-1.55%	-1.30%		-2.83%					5.18%	3.38%
US Equities	1.53%	5.32%		6.93%					26.49%	9.78%
International Equities	-0.99%	2.53%		1.51%					15.62%	5.31%
Private equity	0.43%	4.05%		4.50%					43.00%	9.55%
Hedge Funds	0.32%	0.92%		1.24%					3.51%	5.42%
International Real Estate	-3.99%	-0.54%		-4.51%					10.85%	6.58%
Commodities	4.47%	0.87%		5.38%					-4.27%	1.74%
Forex										
USD/EUR	2.04%	0.12%		-0.92%					-3.02%	-1.06%

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

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