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

BBGI GROUP Global Investments

BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

April 2024

Annualized performance of +5.21% to +6.58%

Financial markets decline in April

NEGATIVE PERFORMANCE FOR THE THREE BBGI PRIVATE BANKING USD INDICES IN APRIL

BBGI Private Banking Index « Low Risk »	-2.57%	(YTD -1.16%)
BBGI Private Banking Index « Medium Risk »	-2.61%	(YTD +0.32%)
BBGI Private Banking Index « Dynamic Risk »	-2.64%	(YTD +1.81%)

Comments (performances in USD)

Financial markets retreated in April, driven by a change in investor psychology. Indeed, all three BBGI Private Banking USD indices fell this month. The low risk index lost -2.57%, the medium risk strategy followed a similar path, falling -2.61%, and the dynamic risk approach lost -2.64%. Since the start of the year, however, two of the three indices are still performing well (+0.32% and +1.81%). Bond markets were in the red in April, dragged down by concerns over central bank monetary policies. The domestic segment declined by -2.24%, while the international segment saw a similar drop (-2.60%). In cumulative terms, both asset classes posted negative performances (-3.21% and -4.95% respectively). Equity markets are also bearing the brunt of the change in rate cut expectations. The domestic class was hardest hit, falling by -4.15%, while the international segment posted a smaller decline (-1.80%). Since January, however, both asset classes have made cumulative gains, particularly the domestic segment (+5.72%). The real estate segment was hardest hit by the rise in US yields, falling by -5.92%. For the year to date, the segment is down -6.91%. Commodities continued their upward trend in April and were the only segment in positive territory this month. The asset class gained +1.16% this month, with a cumulative gain of +11.64% since January. Private equity and hedge funds were below the neutral performance mark in April (-2.99% and -0.54% respectively).

Financial market developments (performances in local currencies)

Significant change in investor sentiment and stock market climate in April. Price consolidations in most asset classes were once again triggered by a change in investor sentiment in April, when US economic statistics reinforced uncertainties about the Fed's expected change in monetary policy in June. The interruption of the downward trend in inflation and the resilience of the labor market were enough to completely alter expectations of interest rate cuts by the Fed, despite 1st quarter GDP growth (+1.6%) well below expectations (+2.5%). The Fed's pivot, scheduled to start in June and be followed by five cuts in 2024, is now expected by consensus only in December, even as fears of a rate hike resurfaced. This radical change in sentiment led to profit-taking on virtually all financial assets, following five consecutive months of gains that had pushed the S&P500 +25% above its late-October 2023 low. The -4.08% consolidation of the US index in April seems relatively limited in this context, as does that of the MSCI world index, down -3.71% after a similar five-month rise. Bond markets fared no better, slipping -2.52% overall. There was also a very high correlation of performance, similar to that of the equity markets. Most markets slipped by -1 to -3%, with US bonds falling by -2.53%, while the UK market suffered the sharpest contraction (-3.21%) among developed markets. Securitized real estate also suffered significant sell-offs (-5.55%), particularly in the US (-7.16%), in direct correlation with the change in investor sentiment regarding the evolution of US monetary policy. In Switzerland, the decline was limited to -2.47%, in a more positive context supported by the already-actualized change in the SNB's monetary policy. Commodities once again played their role as performance stabilizers in diversified strategies, posting a positive performance (+1.16%), thanks to the contribution of precious metals (+3.63%) and industrial metals (+12.56%).

PERFORMANCE OF ASSET CLASSES (USD)

APRIL

+ 1.16%	Commodities
- 0.54%	Hedge Funds
- 1.80%	International Equities
- 2.24%	US Bonds
- 2.60%	International Bonds
- 2.99%	Private Equity
- 4.15%	US Equities
- 5.92%	International Real Estate

YTD

+ 11.64%	Commodities
+ 5.72%	US Equities
+ 2.81%	Private Equity
+ 2.81%	International Equities
+ 1.97%	Hedge Funds
- 3.21%	US Bonds
- 4.95%	International Bonds
- 6.91%	International Real Estate

COMMENTS BY ASSET CLASS

Bonds

In April, 10-year government yields rose by a further 40 bps in the USA and the UK, and 30 bps in Europe. Against this backdrop, all bond indices recorded declines of around -1 to -3%, with the high yield index achieving the best result in the universe opposite. The resilience of inflation in the US and its labor market is overshadowing the slowdown in growth in Q1, prompting the Fed to remain in wait-and-see mode before implementing its policy change. Despite even weaker economic conditions in Europe and a downward trend in inflation, correlation between markets remained high, also pushing up yields in euros and sterling. Risk scores are positive and remain in the buy zone. Prospects of capital gains are present at these yield levels.

Equities

Equity markets had not reacted to the change in expectations regarding the Fed's pivot date and the contraction of rate cuts from six to one in 2024 until early April. Today's consolidation of around -4% in equity indices takes this factor into account, without giving it primary importance. Earnings growth prospects still seem to be the main trend-setting factor for equity markets. In this respect, the results published to date for Q1 seem rather encouraging. Valuations are high, particularly in the US. Quantitative and technical risk scores have fallen after the April price consolidation. Overall scores have improved.

Commodities

The commodities segment was one of the few to break the neutral performance barrier in April. Indeed, the asset class continued its upward trend with a gain of +3.00%. Precious metals, and gold in particular, drove the segment higher this month. The positive rally in precious metal prices continued in April, with gold briefly surpassing its all-time high of $2,431 per ounce on April 12, despite the change in market sentiment, which is less and less expecting a rate cut in June.

Real Estate

Securitized real estate followed the trend in the fixed-income markets, falling by -5.92%. We believe that this downturn reinforces the segment's attractiveness in a context of falling interest rates. The asset class posted a loss of -6.59%.

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	February 2024	March 2024	April 2024	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2023	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	0.23%	1.54%	-2.57%	-1.16%	1.45%				8.79%	5.21%
BBGI Group PBI "Medium risk" (48% fxd income)	1.01%	2.08%	-2.61%	0.32%	3.00%				11.26%	5.94%
BBGI Group PBI "Dynamic risk" (25% fxd income)	1.79%	2.62%	-2.64%	1.81%	4.57%				13.74%	6.58%
Sub-Indices										
US Bonds	-1.29%	0.56%	-2.24%	-3.21%	-1.00%				4.28%	3.87%
International Bonds	-1.30%	0.43%	-2.60%	-4.95%	-2.42%				5.18%	3.29%
US Equities	5.32%	3.15%	-4.15%	5.72%	10.30%				26.49%	9.68%
International Equities	2.53%	3.13%	-1.80%	2.81%	4.69%				15.62%	5.32%
Private equity	4.05%	3.49%	-2.99%	4.91%	8.14%				43.00%	9.51%
Hedge Funds	0.92%	1.26%	-0.54%	1.97%	2.52%				3.51%	5.42%
International Real Estate	-0.54%	3.63%	-5.92%	-6.91%	-1.05%				10.85%	6.45%
Commodities	0.87%	4.73%	1.16%	11.64%	10.36%				-4.27%	1.92%
Forex										
USD/EUR	0.12%	0.14%	1.17%	3.50%	2.31%				-3.02%	-1.02%

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