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

BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

June 2024

Annualized performance of +5.29% to +6.68%

Positive end to quarter for indices

POSTIVE PERFORMANCES FOR ALL THREE BBGI PRIVATE BANKING USD INDICES IN JUNE

BBGI Private Banking Index « Low Risk »	**+1.04%**	**(YTD +1.80%)**
BBGI Private Banking Index « Medium Risk »	**+1.12%**	**(YTD +3.70%)**
BBGI Private Banking Index « Dynamic Risk »	**+1.20%**	**(YTD +5.62%)**

Comments (performances in USD)

Financial markets continue last month's upward trend, ending the quarter on a positive note. Indeed, all three BBGI Private Banking indices advanced this month. The low risk index gained +1.04%, the medium risk strategy followed a similar path, advancing +1.12%, and the dynamic risk approach achieved the best performance of the month (+1.20%). Since the beginning of the year, performances have been very favorable (+1.80%, +3.70% and +5.62% respectively). Bond markets are mixed at the end of the second quarter. The domestic segment rebounded by +1.01%, while the international trend was slightly negative (-0.03%). In cumulative terms, the two asset classes are still posting negative performances after this mixed episode (-3.21% and -4.95%). Equity markets were also on either side of neutral performance in June. The international class declined by -0.10%, while the domestic segment jumped by +3.54%. Since January, the two asset classes have achieved cumulative positive performances of +5.72% locally and +2.81% internationally respectively. The real estate segment followed the trend of the interest-rate markets and continued its upward trend, gaining +0.51%, but showing a slowdown in momentum. Despite these two uptrends, the asset class is still making a loss (-6.91%). Commodities continued their positive trajectory in June, advancing by +1.43%. Private equity is back in the red this month (-0.99%), while hedge funds are moving horizontally (+0.31%).

Financial market developments (performances in local currencies)

The last day of the quarter ended on a positive note for US inflation, which should once again increase the likelihood of key rate cuts in the medium term. Indeed, the Fed's preferred measure of core inflation (excluding housing and energy) slowed to just +0.08%/month and +2.6%/year, recording its slowest advance since 2020 and moving a little closer to the central bank's 2% target. The end of the month thus suggests that the economy is moving in the right direction, with persistent growth, declining inflation and a more « normal » labor market. This statistic tends to reinforce the sentiment that developed during the month, and which had enabled ten-year US Treasury yields to continue the easing phase initiated at the end of April. Expectations of the Fed's future monetary policy were not really affected in June, however, as future Fed funds have remained stable for the past two months at 5.25% (September) and 5% (December). Interest-rate markets are still in a holding pattern, despite slight easing in all regions. In Switzerland, the SNB's 2nd key rate cut contributed to lowering the Confederation's long rates to their lowest level since 2024 (0.59%). Overall, bond markets benefited from this adjustment, posting a small gain of +0.14%. International equities also benefited from the less pessimistic stock market climate, posting a +2.03% rise, taking the overall increase since the start of the year to +11.75%. In Switzerland, the franc's rebound was certainly a more important factor than the rate cut, preventing the SPI from rising (-0.46%). The easing in bond yields proved insufficient to benefit international securitized real estate (+0.2%), which posted mixed regional performances. The US market benefited from hopes of rate cuts and jumped +2.66%, while other regions posted declines, the biggest being Europe (-6.94%). The rebound in energy prices (+5.82%) offset profit-taking in the industrial metals sector (-5.09%), while precious metals consolidated their year-to-date advance (+11.08%). Commodities are thus on a par with international equities (+11.75%) and private equity (+12.16%).

PERFORMANCE OF ASSET CLASSES (USD)

JUNE

+ 3.54%	US Equities
+ 1.43%	Commodities
+ 1.01%	US Bonds
+ 0.51%	International Real Estate
+ 0.31%	Hedge Funds
- 0.03%	International Bonds
- 0.10%	International Equities
- 0.99%	Private Equity

YTD

+ 11.64%	Commodities
+ 5.72%	US Equities
+ 4.91%	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 June, the cycle change that began in May continued with the first decline in US 10-year government yields. The drop from 4.7% to 4.4% brings the decline in yields to around 30bp, after having slipped as far as 4.2%. The slowdown in US economic activity is still fragile and uncertain, justifying the market's current caution. However, recent encouraging inflation trends are bringing the prospect of key rate cuts closer. Rate adjustments are likely to be smaller in Europe, due to narrower spreads between observed inflation levels and current yields. Despite increasingly attractive and relatively similar risk scores, the greatest opportunities are to be found in the USA and in geographic zones correlated with US rates.

Equities

Corporate earnings had clearly exceeded forecasts in Q1, supporting the upward trend. They could still surprise in the coming weeks, if the economic context does not deteriorate in Q2. Sentiment is still rather positive, while forecasters no longer really expect the Fed to act before December. US and Japanese indices are at all-time highs, without the support of a downward trend in interest rates. The probability of a US recession is low, and the risks of a slowdown no longer seem to worry investors. A certain complacency is beginning to filter through, while technical and quantitative indicators are approaching areas of turbulence and valuations are often high.

Commodities

The commodities segment continues its positive trend in the last month of the second quarter. Thanks to the rise in crude oil prices over the month, the asset class advanced by +1.43%. June was a volatile month for the energy market. The beginning of the month saw a drop in prices following the announcement of the OPEC+ plan, which consists of a gradual reduction in production cuts aimed at maintaining a balance between crude oil supply and demand in the context of a global economic slowdown. Chinese macroeconomic data then restored investor confidence, and markets turned their attention to the risks of a relative shortage during the summer.

Real Estate

Securitized real estate is following the trend in the fixed-income markets, particularly in Europe. Valuation levels are still very attractive, suggesting further potential capital gains over the coming months.

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	April 2024	May 2024	June 2024	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2023	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	-2.57%	1.94%	1.04%	1.80%	1.45%	0.34%			8.79%	5.29%
BBGI Group PBI "Medium risk" (48% fxd income)	-2.61%	2.23%	1.12%	3.70%	3.00%	0.68%			11.26%	6.03%
BBGI Group PBI "Dynamic risk" (25% fxd income)	-2.64%	2.51%	1.20%	5.62%	4.57%	1.01%			13.74%	6.68%
Sub-Indices										
US Bonds	-2.24%	1.45%	1.01%	-3.21%	-1.00%	-2.24%			4.28%	3.93%
International Bonds	-2.60%	1.08%	-0.03%	-4.95%	-2.42%	-2.60%			5.18%	3.31%
US Equities	-4.15%	4.73%	3.54%	5.72%	10.30%	-4.15%			26.49%	9.92%
International Equities	-1.80%	2.90%	-0.10%	2.81%	4.69%	-1.80%			15.62%	5.39%
Private equity	-2.99%	4.58%	-0.99%	4.91%	8.14%	-2.99%			43.00%	9.58%
Hedge Funds	-0.54%	0.60%	0.31%	1.97%	2.52%	-0.54%			3.51%	5.42%
International Real Estate	-5.92%	3.48%	0.51%	-6.91%	-1.05%	-5.92%			10.85%	6.55%
Commodities	1.16%	-1.90%	1.43%	11.64%	10.36%	1.16%			-4.27%	1.89%
Forex										
USD/EUR	1.17%	-1.69%	1.26%	3.50%	2.31%	0.71%			-3.02%	-1.03%

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

Important information: This document is confidential and intended exclusively for its recipient and may not be transmitted or reproduced, even in part, without the express written consent of BBGI Group. This document is provided for information purposes only and does not constitute an offer or solicitation to buy, sell or subscribe. BBGI Group cannot be held responsible for any decisions taken on the basis of the information mentioned. The figures are based on quantitative and judgmental analysis. The client remains fully responsible for the management decisions made in relation to this document. We endeavour to use information that is deemed reliable and cannot be held responsible for its accuracy and completeness. The opinions and all information provided are subject to change without notice. The data mentioned is indicative only and is subject to change without notice in the light of changing market conditions. Past performance and simulations are not indicative of future results.