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BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

September 2024

Annualized performance of +5.43% to +6.82%

Continuation of the upward trend

POSITIVE PERFORMANCES FOR ALL THREE BBGI PRIVATE BANKING USD INDICES IN SEPTEMBER

BBGI Private Banking Index « Low Risk »	**+1.62%**	**(YTD +7.68%)**
BBGI Private Banking Index « Medium Risk »	**+1.79%**	**(YTD +9.83%)**
BBGI Private Banking Index « Dynamic Risk »	**+1.97%**	**(YTD +12.02%)**

Comments (performances in USD)

Financial markets are continuing their upward movement from last month. Indeed, the three BBGI Private Banking indices are advancing this month. The low-risk index climbed by +1.62%, achieving the best performance of the month, the moderate-risk strategy followed a similar path, advancing by +1.79%, and the dynamic-risk approach gained +1.97%. Year-to-date, the performances have been very favorable (+7.68%, +9.83%, and +12.02%, respectively). Bond markets are positive this month. The domestic segment rose by +1.19%, and internationally, the trend is similar (+1.64%). Cumulatively, both asset classes are now showing positive performances in the U.S. and internationally (+3.86% and +2.72%, respectively). Stock markets are also in the green in September. The international class gained +2.69%, while the domestic segment also advanced by +2.12%. Since January, both asset classes have posted positive cumulative performances of +21.32% domestically and +14.21% internationally. The real estate segment is following the trend of the bond markets and continues its upward trend, gaining an additional +3.15%. This asset class is now clearly in positive territory in cumulative terms (+12.64%). Commodities are declining again this month, dragged down by, in our view, overestimated recession fears that are weighing on crude oil prices (-0.08%). Private equity returned to positive territory, ending the quarter with an increase of +4.23%, achieving the second-best year-to-date cumulative performance (+19.29%). Alternative investments are moving horizontally (+0.95%).

Financial market developments (performances in local currencies)

Practically all the major international bond, equity, real estate, private equity, and commodity indices posted positive performances during the month of September. This month, often synonymous with high volatility in financial markets, turned out to be quite positive and relatively stable, except at the beginning of the period. The drop in U.S. job creation below 100,000 and increasingly controlled inflation (PCE +2.2%) greatly reassured investors about an imminent Fed pivot, which finally occurred on September 18. By lowering its key interest rates by 50 basis points, we believe the U.S. central bank implicitly acknowledged that it could have already cut rates by 0.25% in July, considering the better-than-expected labor market conditions, which materialized just after its summer meeting. In this context, financial markets logically concluded that the Fed was not trying to counter any growing recession risks and continued their positive trends until the end of the month. Long-term U.S. Treasury rates could still slip, temporarily reaching a low of 3.6%. Bond markets overall benefited from improved monetary policy expectations and continued declining yields, resulting in a +1.7% gain. The rate cuts also benefited real estate markets, which rose by +3.63% overall, while in Switzerland, securitized real estate also advanced by +2.62%. On the equity side, enthusiasm was more moderate, as reflected in the modest international growth of +1.83% and the decline in the Swiss market by -1.59%. Private equity regained the ground lost in August with a rise of +3.32%, while in the commodities sector, both precious metals (+5.89%) and industrial metals (+6.25%) outperformed the decline in energy (-4.66%). It is worth noting that recent geopolitical developments in the Middle East represent perhaps the main threat that could counteract the positive effects of rate cuts and trigger a market decline.

PERFORMANCE OF ASSET CLASSES (USD)

SEPTEMBER

+ 4.23%	Private Equity
+ 3.15%	International Real Estate
+ 2.69%	International Equities
+ 2.12%	US Equities
+ 1.64%	International Bonds
+ 1.19%	US Bonds
+ 0.95%	Hedge Funds
- 0.08%	Commodities

YTD

+ 21.32%	US Equities
+ 19.29%	Private Equity
+ 14.21%	International Equities
+ 12.64%	International Real Estate
+ 5.23%	Commodities
+ 5.08%	Hedge Funds
+ 3.86%	US Bonds
+ 2.72%	International Bonds

COMMENTS BY ASSET CLASS

Bonds

Another strong month for bond markets, which increased by an average of +1.7%. The more encouraging economic statistics published in August, particularly regarding inflation and the labor market, were confirmed in September by additional data pointing to the continuation of these trends. The drop in new job creation and a PCE inflation rate of +2.2%, nearly hitting the Fed's target, were clearly supportive factors for rate markets. The Fed was finally able to join the ECB, BoE, and SNB in implementing its first rate cut. In this context, all bond markets posted gains in September, allowing all, except Japan and the UK, to generate positive performance year-to-date. After an average increase of +3.6% for the year, risks remain neutral, primarily under the positive influence of monetary policy.

Equities

Few changes in risk parameters in September, as most markets are already in the caution zone, with the exception of Australia and Canada. The sharp rise in China at the end of the month pushed emerging markets from a low-risk zone into a caution zone. Overall, equity markets can remain supported by solid, though slowing, U.S. growth. However, it is primarily the good inflation numbers and a positive environment of declining interest rates that should allow them to continue their upward trend. The sharp increase in geopolitical risks could impact crude oil prices and raise the risk of a resurgence in inflation, which would challenge the baseline scenario.

Commodities

The commodities segment continues its downward trend, which has been ongoing for several months. Indeed, the segment declined by -0.08% in September. Crude oil prices dragged the asset class down this month, despite a strong performance from precious metals, particularly gold, during the period. The precious metal reached new highs following the U.S. central bank's rate cuts. Silver also followed an upward trajectory, posting a gain of +7.94% in dollars this month.

Real Estate

Securitized real estate remains highly attractive in the context of expected rate cuts and is already benefiting from the initial adjustments, with the international segment gaining +3.15%. From a relative perspective, current conditions may suggest taking profits in the U.S.

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	July 2024	August 2024	September 2024	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2023	1993 to date
BBGI Group PBI "Low risk" (65%fxd income)	2.11%	1.94%	1.62%	7.68%	1.45%	0.34%			8.79%	5.43%
BBGI Group PBI "Medium risk" (48%fxd income)	2.05%	1.96%	1.79%	9.83%	3.00%	0.68%			11.26%	6.17%
BBGI Group PBI "Dynamic risk" (25%fxd income)	1.99%	1.98%	1.97%	12.02%	4.57%	1.01%			13.74%	6.82%
Sub-Indices										
US Bonds	2.17%	1.29%	1.19%	3.86%	-1.00%	-2.24%			4.28%	4.05%
International Bonds	2.86%	2.30%	1.64%	2.72%	-2.42%	-2.60%			5.18%	3.50%
US Equities	1.23%	2.37%	2.12%	21.32%	10.30%	-4.15%			26.49%	10.04%
International Equities	2.32%	2.85%	2.69%	14.21%	4.69%	-1.80%			15.62%	5.61%
Private equity	6.66%	-1.23%	4.23%	19.29%	8.14%	-2.99%			43.00%	9.83%
Hedge Funds	0.74%	0.42%	0.95%	5.08%	2.52%	-0.54%			3.51%	5.44%
International Real Estate	6.08%	6.32%	3.15%	12.64%	-1.05%	-5.92%			10.85%	7.02%
Commodities	-3.52%	-1.72%	-0.08%	5.23%	10.36%	1.16%			-4.27%	1.70%
Forex										
USD/EUR	-1.04%	-2.01%	-0.77%	-0.86%	2.31%	0.71%			-3.02%	-1.12%

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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