

BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

October 2024

Annualized performance
of **+4.87%** to **+5.57%**

Financial markets decline slightly in October

PERFORMANCES NEGATIVES POUR LES TROIS INDICES BBGI OPP2 COMPLIANT EN OCTOBRE

BBGI OPP2 Compliant Index « Low Risk »	-0.27%	(YTD +6.91%)
BBGI OPP2 Compliant Index « Medium Risk »	-0.46%	(YTD +8.04%)
BBGI OPP2 Compliant Index « Dynamic Risk »	-0.66%	(YTD +9.18%)

Comments (performances in Swiss Francs)

The BBGI OPP2 Compliant indices showed a slowdown in October after a month of positive trends in September. The low-risk index fell by -0.27%, the moderate-risk strategy followed a similar path, losing -0.46%, while the dynamic-risk approach posted the worst performance of the month (-0.66%). Since the beginning of the year, performance has been very positive (+6.91%, +8.04% and +9.18% respectively). Bond markets were mixed in October. The domestic segment performed horizontally (+0.03%), while the international segment was negative (-1.24%). In cumulative terms, the two asset classes are still performing satisfactorily (+4.02% and +2.83% respectively). Equity markets were on either side of neutral in October. The domestic class declined by -3.27%, while the international segment advanced very slightly (+0.16%). Since January, however, both asset classes have posted excellent cumulative gains (+7.83% and +19.61% respectively). The real estate segment is once again keeping pace with interest-rate markets. The Swiss segment continued its upward trajectory, climbing by +2.33%. Outside France, the segment declined by -2.79%. The two segments are still combining positive year-to-date performances of +12.39% and +9.16% respectively. Commodities slipped back into negative territory in October, dragged down by the negative performances of industrial metals, natural gas and agriculture. Private equity was down (+0.58%), while alternative investments were also in the red (-0.93%).

Financial market developments (performances in local currencies, USD)

Without being as volatile as historical statistics would suggest, October was nonetheless a rather difficult month, marked by negative overall performances for all major asset classes, except for commodities and gold in particular. The approach of the US elections on November 5 was certainly one of the main factors driving profit-taking in the financial markets, but geopolitical risks in the Middle East also contributed to heightened uncertainty. From a macro-economic point of view, the situation seemed on the contrary relatively compliant and positive to support a continuation of current trends in bond markets, equity markets and securitized real estate. Inflation figures in the USA (+0.2%), UK (0%), Eurozone (-0.1%), Japan (-0.3%) and China (0%) supported a continuation of accommodative monetary policies and a downward adjustment of yield curves. Nevertheless, the resilience of US growth and a possible victory for D. Trump have weighed on expectations of Fed rate cuts, with the June 2025 Fed funds rate rebounding from 3.2% to 3.9% during the month of October. The above-average rise in jobless claims in August and September, and the fall in job creation into negative territory for the first time since 2020, have not yet been taken into account in the current context, which is overly influenced by the uncertainty linked to the US elections and the potential effects of the policies to be implemented from 2025 on government debt, the budget and the Treasury's financing requirements. For the time being, markets are reacting to the risk of ever-increasing budget deficits caused by Democratic and Republican policies by adjusting financing costs upwards. Ten-year Treasury yields jumped from 3.6% to 4.3% over the course of the month. Against this backdrop, international bond markets slid by -3.35%, while international real estate fell by -5.13%. Equity indices proved a little less pessimistic, shedding only -1.98%, probably reassured by very solid US growth in Q3.

PERFORMANCE OF ASSET CLASSES

October

+ 2.33%	Swiss Real Estate
+ 0.16%	International Equities
+ 0.03%	Swiss Bonds
- 0.58%	Private Equity
- 0.93%	Hedge Funds
- 1.24%	International Bonds
- 2.18%	Commodities
- 2.79%	International Real Estate
- 3.27%	Swiss Equities

YTD

+ 19.61%	International Equities
+ 15.28%	Private Equity
+ 12.39%	Swiss Real Estate
+ 9.16%	International Real Estate
+ 7.83%	Swiss Equities
+ 4.02%	Swiss Bonds
+ 2.83%	International Bonds
+ 0.65%	Hedge Funds
+ 0.34%	Commodities

COMMENTS BY ASSET CLASS

Bonds

After rising +1.7% in September, international bonds lost -3.35% in October. However, economic statistics are not worrying, particularly on the inflation front. In most countries, annual inflation is falling and is now in sharp monthly declines to levels close to zero, and even negative in the eurozone and Japan. Job creation is now negative for the first time since the pandemic. We believe that the overall context is favorable to a continuation of the downward trend in interest rates, after the temporary rebound recorded in October in anticipation of the effects of a D. Trump election. The overall ten-month bond performance is now close to zero again (+0.12%), and we expect capital gains in the coming quarters to add to the now very attractive yields. Overall, risks have diminished for all fixed-income markets.

Equities

Except for the USA, Australia and Canada, risk parameters remained stable in October at a high level, suggesting a reduction in equity exposure. In the US, the risk level has now risen further to 8, indicating a clearer likelihood of a price correction soon. Overall, markets may remain supported by the expected downward trend in interest rates and inflation. But in the short term, the trigger for a correction in stock market indices could just as easily be renewed uncertainty linked to the outcome of the presidential elections, as it could be profit-taking on the news that investors are hoping for a Republican victory.

Commodities

The commodities segment slipped back into negative territory in October (-2.18) after a surge in September (+4.48%). Despite the strong performance of oil and gold, the asset class was dragged down by its other constituent sectors. In fact, natural gas (-19.64%), industrial metals (-4.09%) and agriculture (-4.59) declined over the period.

Real Estate

Securitized real estate reacted to the rise in interest rates in October but remains attractive in the context of expected rate cuts. Low risk in Europe and the UK.

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD Year to date	Current Year				Annualized performances	
	August 2024	September 2024	October 2024		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2023	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	0,08%	1,06%	-0,27%	6,91%	3,90%	0,67%	2,49%		5,40%	4,87%
BBGI OPP2 Compliant "Medium Risk"	0,09%	1,08%	-0,46%	8,04%	4,96%	0,83%	2,56%		5,88%	5,23%
BBGI OPP2 Compliant "Dynamic Risk"	0,10%	1,10%	-0,66%	9,18%	6,04%	0,99%	2,63%		6,34%	5,57%
Assets										
Swiss Bonds	0,29%	0,69%	0,03%	4,02%	0,47%	1,26%	2,21%		7,36%	3,53%
International Bonds	-0,95%	1,22%	-1,24%	2,83%	4,90%	-1,39%	0,65%		-3,79%	2,95%
Swiss Real Estate	-0,09%	2,62%	2,33%	12,39%	5,93%	-0,94%	4,67%		5,03%	6,20%
International Real Estate	2,36%	2,86%	-2,79%	9,16%	5,85%	-2,73%	9,06%		-1,08%	4,86%
Swiss Stocks	0,90%	-1,59%	-3,27%	7,83%	5,98%	3,09%	2,03%		6,09%	8,34%
International stocks	-0,92%	1,57%	0,16%	19,61%	16,31%	2,46%	0,21%		11,24%	6,50%
Commodities *	-0,30%	4,48%	-2,18%	0,34%	1,18%	1,80%	-0,42%		-11,62%	-2,09%
Private Equity *	-1,52%	3,79%	-0,58%	15,28%	7,38%	-0,70%	8,75%		37,71%	18,39%
Hedge Funds *	0,10%	0,63%	-0,93%	0,65%	1,54%	-1,01%	1,08%		-0,48%	0,42%
* hedged in Swiss Francs										
Forex										
USD/CHF	-3,23%	-0,47%	2,19%	2,70%	7,13%	-0,29%	-5,92%		-8,99%	-2,73%
EUR/CHF	-1,22%	0,27%	-0,13%	1,23%	4,76%	-1,05%	-2,21%		-6,13%	-1,33%

**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



The systematic diversified strategies of the BBGI OPP2 COMPLIANT indices have produced returns of +4.87% to +5.57% annualized since 1984 to date.

The composition of our indices is available upon request.