

BEARBULL PRIVATE BANKING INDICES UAE

April 2021



Bearbull Private Banking indices rose sharply in April.

POSITIVE PERFORMANCE FOR ALL THREE BEARBULL INDICES IN APRIL

BearBull Private Banking Index « Low Risk »	+2.41%	(YTD +3.68%)
BearBull Private Banking Index « Moderate Risk »	+3.27%	(YTD +6.94%)
BearBull Private Banking Index « Dynamic Risk »	+4.13%	(YTD +10.27%)

Comments (performances in AED)

The first month of the second quarter of 2021 witnessed very strong gains for all three Bearbull Private Banking indices. In April the low-risk index rose by +2.41%, the moderate-risk strategy by +3.27% and the dynamic-risk index was up +4.13%. Since the beginning of the year, all three strategies were generating positive performances. Bond markets moved back into positive territory for the first time this year. The international market advanced by +1.26%, so did its Emirati counterpart, which also gained ground (+1.01%). These two gains are still not enough to erase the negative first quarter and the sector is still lagging in YTD figures (-3.25% and -1.46%). Equity markets continued to rise, still unaffected by expectations of rising inflation. International equities gained +4.65% followed closely by the UAE equities (+3.31% in Dubai and +3.13% in Abu Dhabi). The private equity sector continues its spectacular trajectory and once again posted a remarkable gain of +10.82%, placing it at the top of the list of asset classes this month. The sector has so far posted an overall gain of +25.00% since the beginning of the year. Hedge funds modestly moved into positive territory in April (+1.63%). The Real Estate market seems to be supported by the prospects of record inflation and the renewed interest on part of investors, particularly in the United Arab Emirates (+8.16%). Commodities also registered strong performances in April (+8.23%), in correlation with rising inflationary pressures.

Financial market developments (performances in AED)

April was still marked by a certain lack of concern and a still very vibrant optimism. The better economic outlook for 2021 logically supports expectations of higher corporate earnings and pushed risky asset prices ever higher. But the rise in inflationary risks confirmed by the publication of the March CPI at +2.6% in the US and by expectations of a level reaching +3.5% for the month of April, would then mark the highest level of inflation in the last ten years and have not yet had any significant impact on the financial markets. This prospect is triggering fears of a new upward spiral in prices, but for the time being it is only influencing the capital markets and then only to a limited extent. The ten-year US Treasury yields have in fact stabilized above 1.6%, slightly below the level preceding the outbreak of the crisis in February 2020. However, these yields could approach or even rise above the inflation rate in the near future in the midst of expected solid growth. This rise in long dollar rates could also end up affecting risk perceptions and provoke further valuation adjustments in financial markets. Most fixed income markets are following the same trend, while equity markets are enjoying liquidity inflows. International equities are still leading the way (+4.65%), while most other markets are realizing more modest gains (+3.31% in Dubai and +3.13% in Abu Dhabi). International and domestic real estate (+5.49% and +8.16%) are supported by this environment, but commodities up +8.23% are logically gaining the most from these new inflationary fears and the return of a possible positive super-cycle supported by massive government stimulus plans for global infrastructure developments.

PERFORMANCE BY ASSET CLASS

Avril

+ 10.82%	Private Equity
+ 8.23%	Commodities
+ 8.16%	UAE Real Estate
+ 5.49%	International Real Estate
+ 4.65%	International Equities
+ 3.31%	Dubai Equities
+ 3.13%	Abu Dhabi Equities
+ 1.63%	Hedge Funds
+ 1.26%	International Bonds
+ 1.01%	UAE Bonds

YTD

+ 25.00%	Private Equity
+ 24.60%	Abu Dhabi Equities
+ 22.90%	Commodities
+ 11.49%	International Real Estate
+ 9.80%	International Equities
+ 7.55%	Dubai Equities
+ 2.94%	Hedge Funds
+ 0.18%	UAE Real Estate
- 1.46%	UAE Bonds
- 3.25%	International Bonds

COMMENTS BY ASSET CLASS

Bonds

The phase of adjustment of long rates initiated in 2020 in some countries became more widespread in 2021. The yield curves have started to take more accurately into account the real prospects of the convergence of business cycles that can develop increasing inflationary effects. Countries leading the trend such as the US, Australia, Canada and China have already seen a first phase of adjustment take place. An upward revival of long-term rates in such a context will certainly not be slowed down by the Fed's actions. The correlation observed between bond markets should continue to be sufficient to weigh on international performances.

Equities

Another positive month this year for the global equity markets, which for the time being are remaining very lightly impacted by rising inflationary risks and the constant rise in long-term interest rates. However, technical and quantitative factors have already been at their highest levels for several months, levels, only slightly more extreme than the valuation scores, suggesting a high degree of overall risk and a growing fragility of an upward trend. The fear of missing out (FOMO) remains a key factor in a continuous support for equity-related investments.

Real Estate

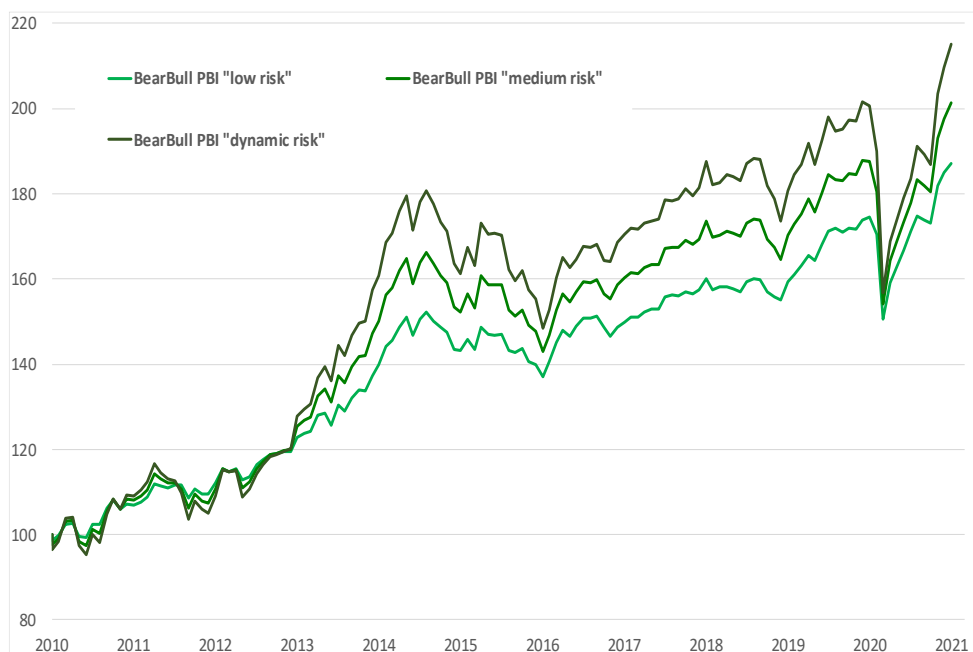
Massive vaccination campaigns are now in full swing. They open up a positive outlook for international markets, which continue to rise since February. This was achieved by a gain of +5.49% driven by the most successful Western countries in the vaccination campaign, namely the US and the UK. This could be seen as a preview of what will follow in other European countries once mass immunity is achieved. Fears of uncontrolled inflation also contributed fully to the domestic property market which, after two months of decline, generated a spectacular reversal of trend and jumped by +8.16%.

Private Equity

This asset class, which has been popular since the mass vaccination campaigns began, continues its stratospheric and constant upward trajectory, gaining +10.75% in April and totaling a YTD gain of +25.00%.

BearBull Private Banking Indices UAE - Performances in USD										
	3 last months			YTD	Current year				Annualized Perf.	
	February 2021	March 2021	April 2021	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2020	2010 to this day
BearBull PBI "low risk" (65% fixed income)	-0.30%	0.32%	2.41%	3.68%	1.24%				6.34%	5.91%
BearBull PBI "medium risk" (45% fixed income)	0.47%	1.11%	3.27%	6.94%	3.55%				5.26%	6.82%
BearBull PBI "dynamic risk" (25% fixed income)	1.24%	1.90%	4.13%	10.27%	5.90%				3.97%	7.67%
Sub-indices										
UAE Bonds	-1.28%	-0.79%	1.01%	-1.46%	-2.44%				7.85%	4.64%
International Bonds	-1.72%	-1.92%	1.26%	-3.25%	-4.46%				9.20%	2.68%
Dubai Equities	-3.87%	1.68%	3.31%	7.55%	4.11%				-4.98%	7.89%
Abu Dhabi Equities	1.25%	7.63%	3.13%	24.60%	20.81%				5.26%	12.67%
International Equities	2.56%	3.33%	4.65%	9.80%	4.92%				15.90%	10.64%
UAE Real Estate	-7.38%	-2.03%	8.16%	0.18%	-7.38%				-11.42%	9.45%
International Real Estate	4.09%	2.67%	5.49%	11.49%	5.69%				-9.95%	7.15%
Commodities	10.58%	-2.15%	8.23%	22.90%	13.55%				-23.72%	-5.36%
Hedge Funds	1.52%	-0.06%	1.63%	2.94%	1.29%				6.82%	1.82%
Private Equity	4.45%	5.94%	10.82%	25.00%	12.80%				10.61%	14.16%

Sources: BearBull Global Investments Group Limited, Bloomberg



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The systematic diversified strategies of the BearBull Private Banking Indices UAE have produced annualized average returns of +5.91% (Low risk) to +7.67% (Dynamic Risk) since 2010.

The composition of our indices is available on request