

BEARBULL PRIVATE BANKING INDICES UAE

January 2021

UAE equities pushed the index higher in January

POSITIVE PERFORMANCE FOR BEARBULL PRIVATE BANKING UAE INDICES IN JANUARY

BearBull Private Banking Index « Low Risk »	+1.22%	(YTD +1.22%)
BearBull Private Banking Index « Moderate Risk »	+1.94%	(YTD +1.94%)
BearBull Private Banking Index « Dynamic Risk »	+2.65%	(YTD +2.65%)

Comments (performances in AED)

After two very positive months highlighted by a general increase in asset classes, the BearBull Private Banking indices UAE continue their upward path despite the fact that half of the asset classes are in the negative territory at the beginning of this year. The low-risk index gained +1.22%, the moderate risk index +1.94% and the dynamic risk index rose by +2.65%. The bond markets entered 2021 in negative territory after two months of slight increases. The international segment declined by -0.88% while the domestic segment lost only -0.39%. The equity markets were the best performers in January. The domestic segment made positive contribution to the performance of the BearBull Private Banking indices UAE, with a spectacular gain of +10.87% for Dubai and a jump of +6.51% for Abu Dhabi. The international equities segment lost (-0.99%). The domestic real estate segment rose by a healthy +2.08% while the international segment reversed its upward trajectory comparing to the previous month by declining by -1.10%. Raw materials benefited from the rise in oil prices (+4.94%). Private equity gains +1.94% and is once again one of the best performing asset classes. Alternative investments on their part finished the month of January in the red (-0.17%).

Global Financial market developments (performances in AED)

The beginning of 2021 is already clearly highlighted by new expectations of an economic recovery in the United States, fears of an uncontrolled increase in debt, a resumption of inflation in 2021 and a resurgence of speculative activity. The US Treasury's 10-year rates initially jumped by nearly 30 basis points, from 0.9% to 1.18% in the first week of 2021. In the euro zone, there was a less noticeable movement, which for the moment is more consistent with a stabilization than a clear trend reversal. The beginning of the vaccination campaigns reassures but so far has failed to prevent various forms of restrictions with negative economic consequences for the first quarter. However, the Covid-19 factor no longer has a direct influence on the sentiment of investors who still seem very optimistic. The month of January will have been volatile in the equity markets increasingly influenced by non-sophisticated private investors, or "speculators", with extremely risky behaviors seeking quick gains at the expense of their capital. The manipulation of the Gamestop stock from \$19 to nearly \$500 in January alone is one example, but the explosion from 80 to 400 of the Goldman Sachs Non-Profitable Technology Index over the last six months is a broader testimony to the recent influence of these investors on the market as a whole. With the exception of the UAE markets (+10.87% and +6.51%), all major equity markets posted negative performances in January. The Emirati real estate investments fared well (+2.08%) while the international segment is down (-1.10%). Commodities (+4.9%) benefited from the rise in crude oil (+7%) and the return to growth in 2021, while private equity (+1.94%) continued its trajectory. The investment climate remains optimistic due to the lack of alternatives to risky assets despite PE of 22x earnings for 2021 in the USA for example. Therefore, the current speculative frenzy as well as the deterioration of technical and quantitative indicators should suggest caution.

ASSET CLASS PERFORMANCES

JANUARY

+ 10.87%	Abu Dhabi Equities
+ 6.51%	Dubai Equities
+ 4.94%	Commodities
+ 2.08%	UAE Real Estate
+ 1.94%	Private Equity
- 0.17%	Hedge Funds
- 0.39%	UAE Bonds
- 0.88%	International Bonds
- 0.99%	International Equities
- 1.10%	International Real Estate

YTD

+ 10.87%	Abu Dhabi Equities
+ 6.51%	Dubai Equities
+ 4.94%	Commodities
+ 2.08%	UAE Real Estate
+ 1.94%	Private Equity
- 0.17%	Hedge Funds
- 0.39%	UAE Bonds
- 0.88%	International Bonds
- 0.99%	International Equities
- 1.10%	International Real Estate

COMMENTS BY ASSET CLASS

Bonds

Beginning of the year slightly "bearish" for the capital markets. Long-term interest rates are beginning to take into account the more positive economic recovery prospects for 2021 despite some signs of weakness in the European economies in particular. Volatility remains low and risk premiums are stabilizing at low levels. A rise in inflation over the next few months could develop to 2.5%-3% in the United States and favor inflation-linked bonds (Treasury Inflation Protected Securities) (TIPS) as well as Floating Rate Notes (FRNs). Yield pick-up strategies are in danger in the current context.

Equities

The correction at the end of the month wiped out the strong start for the year in the equity markets. A slight doubt seems to cloud the optimism that prevailed before the excessive speculation of retail investors in the United States once again demonstrated the fragility of the equity markets, which were boosted by the liquidity provided by central banks. Technical and quantitative factors point to high risks and weakening signs of the bull trend in the short term and suggest an increase in the probability of a price correction. The persistence of low interest rates and the support of central banks outweigh for the time being the risks related to the overvaluation of equity markets. The out-performance of domestic equities in January was exceptional and rewarding, with rises of +10.87% (ADSMI) and +6.51% (DFMGI) contrasting with the relative sluggishness of international equities (-0.99%).

Real Estate

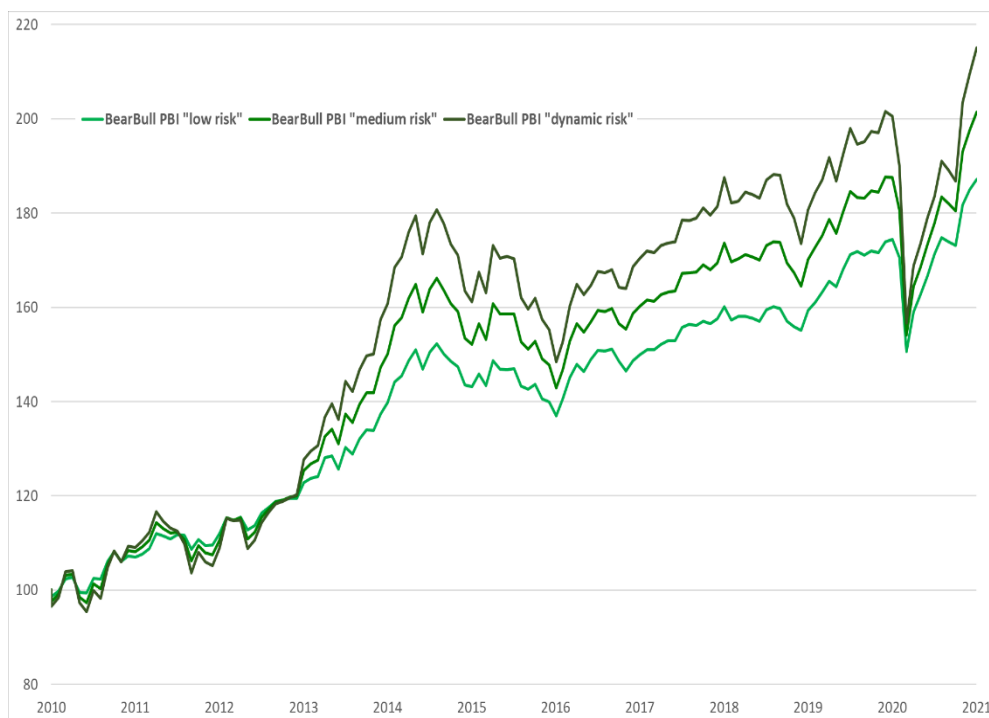
The real estate sector continues its ascending trajectory in this first month of the year 2021 (+2.08%) after having generated very strong investor interest in November (+21.99%) and a slight easing in December (+0.44%). The resumption of momentum visible in January could indicate the continuation of the trend reversal observed at the end of the year.

Private Equity

The attractiveness of riskier assets remains constant in this first month of 2021, mass vaccination campaigns are on course and the prospects for economic recovery are increasingly present, despite a climate of uncertainty on highly valued equity markets.

BearBull Private Banking UAE Indices - Performances in AED										
	3 last months			YTD	Current year				Annualized Perf.	
	November 2020	December 2020	January 2021	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2020	2010 to this day
BearBull PBI "low risk" (65% fixed income)	5.00%	1.74%	1.22%	1.22%					6.34%	5.82%
BearBull PBI "medium risk" (45% fixed income)	6.98%	2.35%	1.94%	1.94%					5.26%	6.52%
BearBull PBI "dynamic risk" (25% fixed income)	8.95%	2.95%	2.65%	2.65%					3.97%	7.16%
Sub-indices										
UAE Bonds	1.54%	0.75%	-0.39%	-0.39%					7.85%	4.85%
International Bonds	1.82%	1.34%	-0.88%	-0.88%					9.20%	2.96%
Dubai Equities	10.59%	2.99%	6.51%	6.51%					-4.98%	7.98%
Abu Dhabi Equities	6.54%	1.63%	10.87%	10.87%					5.26%	11.79%
International Equities	12.79%	4.24%	-0.99%	-0.99%					15.90%	9.86%
UAE Real Estate	21.99%	0.44%	2.08%	2.08%					-11.42%	9.86%
International Real Estate	12.94%	3.08%	-1.10%	-1.10%					-9.95%	6.16%
Commodities	12.04%	5.97%	4.94%	4.94%					-23.72%	-6.81%
Hedge Funds	2.82%	2.45%	-0.17%	-0.17%					6.82%	1.58%
Private Equity	18.49%	9.10%	1.94%	1.94%					10.61%	12.42%

Sources: BearBull Global Investments Group Limited, Bloomberg



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The systematic diversified strategies of the BearBull Private Banking Indices UAE have produced average returns of +5.82% (Low risk) to +7.16% (Dynamic Risk) annualized since 2010.

The composition of our indices is available on request