

BEARBULL PRIVATE BANKING INDICES UAE

June 2021



The UAE stock market and real estate take the lead in June

POSITIVE PERFORMANCE FOR ALL BEARBULL INDICES IN JUNE

BearBull Private Banking Index « Low Risk »	+1.10%	(YTD +7.36%)
BearBull Private Banking Index « Moderate Risk »	+1.53%	(YTD +11.92%)
BearBull Private Banking Index « Dynamic Risk »	+1.96%	(YTD +16.65%)

Comments (performances in AED)

Another month of growth, but slightly more modest for the three Bearbull Private Banking USD strategies. The low-risk index advanced by +1.10%, the moderate-risk strategy did slightly better and climbed by +1.53%, while the dynamic-risk index rose by +1.96%. All three of these strategies have achieved significant returns since the beginning of 2021 (+7.36%, +11.92% and +16.65% respectively). The bond markets' performances are on both sides of the zero mark. The domestic segment is holding up well and pursuing its slightly bullish pattern of the last few months, and is up +0.79%. The international class, on the other hand, fell below the mark, dropping by -0.88%. On the equity markets, the trend is positive overall, although a loss of momentum is being felt internationally (+1.49%). Dubai stocks are moving horizontally in June (+0.47%) after having enjoyed a strong rebound in May (+7.37%). Abu Dhabi stocks are doing well this month with a positive growth of +4.22% after having already risen by +8.60% last month. The real estate sector was the most popular among investors this month, particularly the domestic sector, which recorded the best results of the month (+5.60%). The international segment posted a timid increase in value (+0.38%). Commodities soared by +4.29%, buoyed by the price of crude oil. Hedge funds remained in the green (+0.38%). Private equity continued its upward trend and progressed by +1.97%.

Financial market developments (performances in AED)

We see little change in the general perception of risk as we enter the second half of 2021, while the economic outlook for the second half of the year still looks robust. The flow of economic data is expected to remain rather widely optimistic in most of the major economies, whose momentum will be supported in particular by a normalization of health conditions and the COVID19 vaccination campaigns. The summer is thus shaping up to be a very hot one for the world economy, which will see the convergence of national growth cycles strengthen a little more, at the risk of triggering new stresses on prices. The recovery in global consumption and demand for goods and services, supported by the investment of household savings temporarily inflated by the health crisis, should also revive the risks of higher prices for imported products and various inflation policies. The +5% rise in US annual CPI in May is still seen as a temporary phenomenon as suggested and hoped for by the Federal Reserve, but we believe that the risks of more persistent inflation are to be considered and may be supported by severe supply chain issues and labor market strains that go far beyond simple statistical base effects. A steepening of the yield curve would then be a logical consequence of these new developments, especially if the Fed decides to announce a future "tapering". In this context, the current tranquility in the interest rate markets seems to us to be a sign that volatility in the financial markets will soon return. The +1.49% rise in international equity markets indicates a loss of future traction. Emirati assets fared well in June thanks to a +4.22% rise in equities and +5.60% in real estate. Commodities (+4.29%) were boosted by the rise in crude oil prices (+9.63%), while gold was hit by the re-evaluation of the dollar before returning to an upward path.

PERFORMANCES BY ASSET CLASS

June

+ 5.60%	UAE Real Estate
+ 4.29%	Commodities
+ 4.22%	Abu Dhabi Equities
+ 2.52%	Commodities
+ 1.97%	Private Equity
+ 1.49%	International Equities
+ 0.79%	UAE Bonds
+ 0.47%	Dubai Equities
+ 0.38%	Hedge Funds
+ 0.35%	International Real Estate
- 0.88%	International Bonds

YTD

+ 41.03%	Abu Dhabi Equities
+ 31.64%	Private Equity
+ 31.40%	Commodities
+ 20.29%	UAE Real Estate
+ 16.02%	Dubai Equities
+ 13.79%	International Real Estate
+ 13.05%	International Equities
+ 3.72%	Hedge Funds
+ 0.10%	UAE Bonds
- 3.21%	International Bonds

COMMENTS BY ASSET CLASS

Bonds

Correlation in the fixed income markets remained high as the convergence of economic cycles that is taking place should be intensified in the second half of the year. The Fed convinced investors that inflation did not seem to be a lasting threat despite a CPI of +5% in May, so the yield curves have instead declined globally. But the statistics on the evolution of inflation during the summer could herald a change in the perception of risks and motivate a "tapering" announcement by the Fed as early as September. Long-term interest rates could therefore adjust to the growth outlook and exceed 2% in the US, Australia, Canada and China.

Equities

Equity markets are still benefiting somewhat from the inertia of the recent positive trend and remain supported by liquidity and positive economic growth prospects. The increase in taxes on US companies, the risk of downward corrections to profits, and historically high market valuations are still not worrying investors for the time being. In the Emirates, Abu Dhabi shares are driving the sector higher, continuing their strong ascension in recent months (+4.22%). Technical, quantitative and other valuation factors are also at their extreme levels. The fear of not following the current trend (FOMO) remains a temporary support factor.

Real Estate

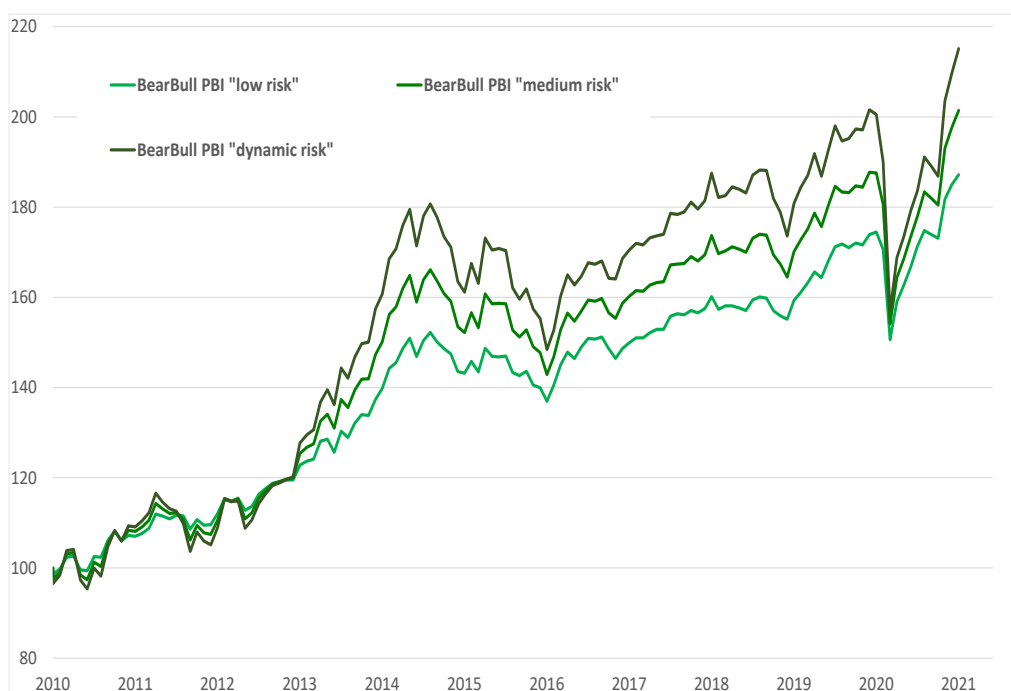
The real estate sector has seen a substantial resurgence in interest since the beginning of the vaccination campaigns. This interest was further reinforced by the first announcement of inflation figures in April, which triggered a spectacular rise in the international sector of +5.49% but which has since cooled off (+1.70% in May and +0.35% in June). The Emirati market, on the contrary, accumulates periods of impressive progress. The attractiveness of the country, which has one of the highest vaccination rates in the world, seems to have successfully attracted foreign capital. After an increase of +8.16% in April and +13.71% in May, the sector again posted the best performance of the month (+5.60%)

Commodities

This month, the sector again achieved one of the best performances in our Private Banking strategy (+4.29%). The national growth cycles are converging, which could once again put pressure on prices. The recovery in household consumption as the crisis comes to an end could reinforce this risk of price increases in conjunction with the effect of inflation.

BearBull Private Banking Indices UAE - Performances in USD										
	3 last months			YTD	Current year				Annualized Perf.	
	April 2021	May 2021	June 2021	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2020	2010 to this day
BearBull PBI "low risk" (65% fixed income)	2.41%	2.43%	1.10%	7.36%	1.24%	7.36%			6.34%	6.15%
BearBull PBI "medium risk" (45% fixed income)	3.27%	3.09%	1.53%	11.92%	3.55%	11.92%			5.26%	7.15%
BearBull PBI "dynamic risk" (25% fixed income)	4.13%	3.75%	1.96%	16.65%	5.90%	16.65%			3.97%	8.08%
Sub-indices										
UAE Bonds	1.01%	0.78%	0.79%	0.10%	-2.44%	0.10%			7.85%	4.64%
International Bonds	1.26%	0.94%	-0.88%	-3.21%	-4.46%	-3.21%			9.20%	2.72%
Dubai Equities	3.31%	7.37%	0.47%	16.02%	4.11%	16.02%			-4.98%	8.44%
Abu Dhabi Equities	3.13%	8.60%	4.22%	41.03%	20.81%	41.03%			5.26%	13.29%
International Equities	4.65%	1.44%	1.49%	13.05%	4.92%	13.05%			15.90%	10.61%
UAE Real Estate	8.16%	13.71%	5.60%	20.29%	-7.38%	20.29%			-11.42%	10.53%
International Real Estate	5.49%	1.70%	0.35%	13.79%	5.69%	13.79%			-9.95%	7.20%
Commodities	8.23%	2.52%	4.29%	31.40%	13.55%	31.40%			-23.72%	-5.08%
Hedge Funds	1.63%	0.38%	0.38%	3.72%	1.29%	3.72%			6.82%	1.83%
Private Equity	10.82%	3.28%	1.97%	31.64%	12.80%	31.64%			10.61%	14.26%

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 +6.15% (Low risk) to +8.08% (Dynamic Risk) since 2010.

The composition of our indices is available on request