

BEARBULL PRIVATE BANKING INDICES UAE

March 2021



Abu Dhabi stocks are driving the indices higher in March

POSITIVE PERFORMANCE FOR A MAJORITY OF BEARBULL INDICES IN MARCH

BearBull Private Banking Index « Low Risk »	+0.32%	(YTD +1.24%)
BearBull Private Banking Index « Moderate Risk »	+1.11%	(YTD +3.55%)
BearBull Private Banking Index « Dynamic Risk »	+1.90%	(YTD +5.90%)

Comments (performances in AED)

The BearBull Private Banking UAE indices ended the first quarter of 2021 on a positive note. Indeed, the low-risk strategy generated a positive performance in March (+0.32%) after a slight dip in February. The moderate risk index advances by +1.11% and the dynamic risk index climbs by 1.90%. Bond markets are still in the red for the third consecutive month. International bonds lost -1.92%. The domestic market suffered less, falling -0.79% in March and ending at -2.44% in the first quarter. The equity markets have not yet been penalized by the rise in interest rates. Internationally, the segment continued its February progression, climbing by 3.33%. The Dubai market gained +1.68%. The Abu Dhabi segment also generated a spectacular performance in February (+7.63%) and since the year began (+20.81%). The real estate sector ended the quarter in a mixed manner. Internationally, the market continued the rise that began in February and climbed by 2.67% in March. In the Emirates the situation is less positive, the rise in interest rates has affected the sector and caused investors to lose interest since February, ending with a new negative result in March (-2.03%). Commodities suffered from the fall in crude oil prices and lost -2.15%. Hedge funds fell back into negative territory in March (-0.06%) while private equity continued its strong upward trend (+5.94%).

Financial market developments (performances in AED)

The month of March witnessed a new phase of hesitation for the capital markets, which again suffered from the improved economic outlook. A further rise from 1.38% to 1.74% in US 10-year Treasury rates is an indication of this trend, which should push dollar rates above 2% in the coming months. This 36 basis point adjustment follows a comparable increase seen in February. Canadian and Australian dollar yields followed a similar pattern, while European yields declined under the ECB's reinforced action and in anticipation of a weakened economy due to the continuous lock downs. Central bank actions are no longer determinant and are unable to control the capital markets. Despite the slow pace of vaccination campaigns in Europe, equity markets still enjoyed excess liquidity and the persistent positive sentiment. Consequently, the 7.9% rebound (in euros) of European stocks is supported by the decline in interest rates, more attractive valuations and a return of interest in cyclical stocks. All major equity markets ended the month with positive returns on average (+3.33%). Emirati real estate investments were in negative territory in March (-2.03%), while international real estate outperformed (+2.67%). The Abu Dhabi equity market led the quarterly growth (+20.81%), closely followed by commodities (+13.55%) despite the decline in March (-2.15%). Private equity (+9.4%) soared to new heights in a renewed general euphoria. Optimism is still supported by the acceleration of vaccinations and an upcoming return to normal life in the US, as well as the very positive perspective of economic stimulus provided by the Biden plan. The return of uncertainty could be associated with the breach of the 2% threshold on US long-term rates.

PERFORMANCE PAR CLASSES D'ACTIFS

March

+ 7.63%	Abu Dhabi Equities
+ 5.94%	Private Equity
+ 3.33%	International Equities
+ 2.67%	International Real Estate
+ 1.68%	Dubai Equities
- 0.06%	Hedge Funds
- 0.79%	UAE Bonds
- 1.92%	International Bonds
- 2.03%	UAE Real Estate
- 2.15%	Commodities

YTD

+ 20.81%	Abu Dhabi Equities
+ 13.55%	Commodities
+ 12.80%	Private Equity
+ 5.69%	International Real Estate
+ 4.92%	International Equities
+ 4.11%	Dubai Equities
+ 1.29%	Hedge Funds
- 2.44%	UAE Bonds
- 4.46%	International Bonds
- 7.38%	UAE Real Estate

COMMENTS BY ASSET CLASS

Bonds

Virtually all bond markets are experiencing an intensification of the January trend and are experiencing more significant rate adjustments. Long rates are thereby taking slightly more into consideration the outlook for a more positive economic recovery in 2021. Yield pick-up strategies are more than ever at risk. The spread between the BBB and the US 10-year Treasury Bill is merely 1%. A rise in inflation over the next few months could reach 2.5% to 3% in the US and favour inflation-linked bonds (TIPS) as well as variable-yield bonds (FRN). Against this backdrop, yields on domestic ten-year ADGBs also rose from 2.07% in February to 2.25% in March.

Equities

The month of March ended again with an improvement in the equity markets in a consistently surprisingly optimistic stock market climate. The rise in long-term rates has not affected the markets much for the moment, and in the Emirates, the Abu Dhabi equity market even generated the biggest gain for the quarter (+20.81%) of the index. Sector rotation in favour of cyclical and fundamental stocks continues. Growth stocks, technology sectors and digital stocks experienced the profit taking anticipated in such an environment. Technical and quantitative factors still point to substantial downside risks and suggest an increase in correction probabilities. Rising interest rates have not yet taken a toll on investor sentiment.

Real Estate

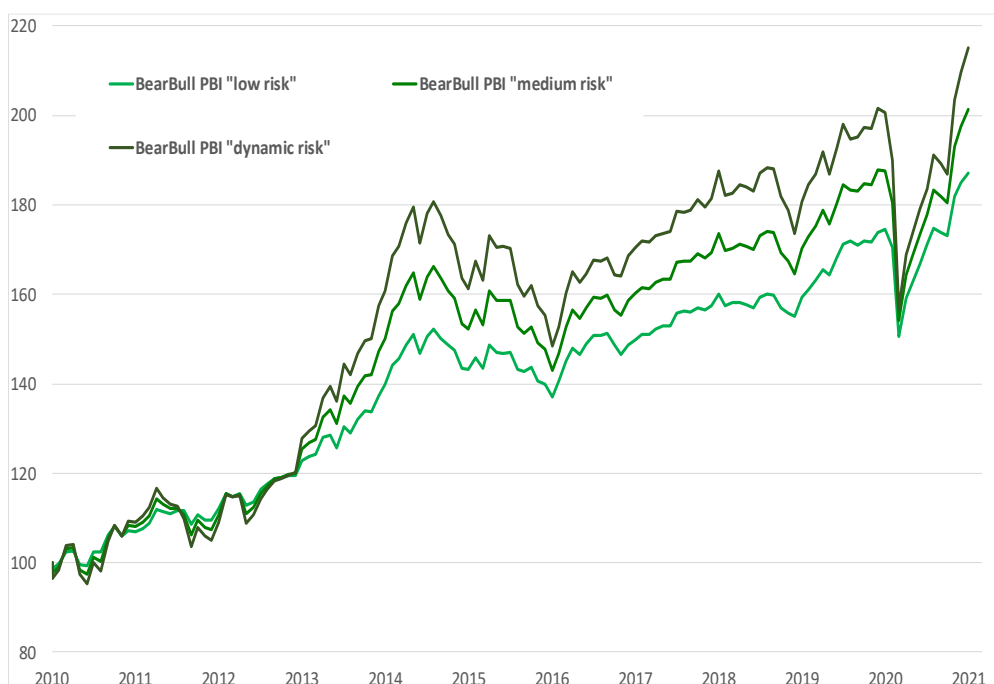
The real estate sector ended the month mixed. Internationally, fears of a return of inflation seem to have caused a revival of interest in real estate for the second consecutive month (+2.67%), while in the Emirates the sector has declined again, losing -2.03% following a further rise in interest rates.

Private Equity

This risky asset class, which has been popular with investors since the beginning of 2021, does not seem to have exhausted its upside potential yet, so it continues to gain momentum (+4.45% in February and +5.94% in March), underpinned by a massive vaccination campaign and general optimism that the crisis exit is closer than ever.

BearBull Private Banking Indices UAE - Performances in USD										
	3 last months			YTD current year	Current year				Annualized Perf.	
	January 2020	February 2020	March 2021		1st quarter	2nd quarter	3rd quarter	4th quarter	2020	2010 to this day
BearBull PBI "low risk" (65% fixed income)	1.22%	-0.30%	0.32%	1.24%	1.24%				6.34%	5.73%
BearBull PBI "medium risk" (45% fixed income)	1.94%	0.47%	1.11%	3.55%	3.55%				5.26%	6.57%
BearBull PBI "dynamic risk" (25% fixed income)	2.65%	1.24%	1.90%	5.90%	5.90%				3.97%	7.34%
Sub-indices										
UAE Bonds	-0.39%	-1.28%	-0.79%	-2.44%	-2.44%				7.85%	4.58%
International Bonds	-0.88%	-1.72%	-1.92%	-4.46%	-4.46%				9.20%	2.58%
Dubai Equities	6.51%	-3.87%	1.68%	4.11%	4.11%				-4.98%	7.64%
Abu Dhabi Equities	10.87%	1.25%	7.63%	20.81%	20.81%				5.26%	12.46%
International Equities	-0.99%	2.56%	3.33%	4.92%	4.92%				15.90%	10.28%
UAE Real Estate	2.08%	-7.38%	-2.03%	-7.38%	-7.38%				-11.42%	8.76%
International Real Estate	-1.10%	4.09%	2.67%	5.69%	5.69%				-9.95%	6.70%
Commodities	4.94%	10.58%	-2.15%	13.55%	13.55%				-23.72%	-6.06%
Hedge Funds	-0.17%	1.52%	-0.06%	1.29%	1.29%				6.82%	1.69%
Private Equity	1.94%	4.45%	5.94%	12.80%	12.80%				10.61%	13.24%

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 annualized returns of +5.73% (Low risk) to +7.34% (Dynamic Risk) since 2010.

The composition of our indices is available on request