

BEARBULL PRIVATE BANKING INDICES UAE

May

The UAE market in the spotlights in May

POSITIVE PERFORMANCE FOR ALL BEARBULL INDICES IN MAY

BearBull Private Banking Index « Low Risk »	+2.43%	(YTD +6.20%)
BearBull Private Banking Index « Moderate Risk »	+3.09%	(YTD +10.24%)
BearBull Private Banking Index « Dynamic Risk »	+3.75%	(YTD +14.41%)

Comments (performances in AED)

Second consecutive month of significant increases in the three Bearbull Private Banking indices. The low-risk index gained +2.43%, the moderate-risk one rose by +3.09% and the dynamic-risk index advanced by +3.75%. The three strategies are clearly performing well since the beginning of the year (respectively +6.20%, +10.24% and +14.41%). Bond markets are continuing the modest positive trend that began last month. The domestic component is up by +0.78%, while the international component is up slightly more (+0.94%). Equity markets are still up in May, with UAE stocks attracting investor interest and gaining momentum, with Dubai stocks up +7.37% and Abu Dhabi stocks up +8.60%. At the international level, the trend is stabilizing and the asset class is only gaining +1.44%. This month it is the Emirati real estate market segment that is doing particularly well, after having climbed by +8.16% the asset class jumped by +13.71%. The international market segment was slightly lagging in May and lost some steam (+1.70%). Commodities continued their rise that started in April and gained +2.52% driven by the recovery of gold and oil prices. Interest in private equity is still very present, with the market segment gaining +3.28%. Hedge funds remained in positive territory in May and progressed by a mere +0.38%.

Financial market developments (performances in AED)

The April inflation figure of +4.2% published in May in the United States was one of the main surprises of the month by largely exceeding the consensus expectations. Elsewhere, inflation figures were also higher than expected, feeding the debate about a larger and more persistent than previously expected potential price recovery. However, the Federal Reserve's statements were sufficient to restrain these fears and allowed interest rates to remain relatively stable in this more dubious environment. This has allowed capital markets to stabilize, probably temporarily, but at higher levels than at the beginning of the year in most countries. The next inflation figures for the month of May should be in line with the same dynamic and reignite fears of a rise in long-term rates, which are still very low despite the firm economic outlook for the second half of the year. In this environment, a downward shift in the yield curves seems logical, while real yields should be slightly more negative than in the past. The ten-year U.S. Treasury yields remain marginally below their pre-crisis levels in February 2020, but all over the board they have risen above their levels following the March 2020 shock. However, the stock market climate remains relatively optimistic at the beginning of June and risky assets are still enjoying the benefits of massive liquidity injections. However, the end of the summer could already see a shift in the Fed's strategy, as it could announce a reduction in its repurchases of stocks in September. The international equity markets stabilized at 1.44% while the UAE markets leapt. In Abu Dhabi the market rose by +8.60% and the industry led the way with a YTD performance of +35.32%, while the Dubai market did not lag behind with an increase of +7.37% in May. Domestic real estate is doing well surged by +13.71%. Commodities had a very positive start this year (+25.99%) and were supported by a favorable global context.

PERFORMANCE BY ASSET CLASS

May

+ 13.71%	UAE Real Estate
+ 8.60%	Abu Dhabi Equities
+ 7.37%	Dubai Equities
+ 3.28%	Private Equity
+ 2.52%	Commodities
+ 1.70%	International Real Estate
+ 1.44%	International Equities
+ 0.94%	International Bonds
+ 0.78%	UAE Bonds
+ 0.38%	Hedge Funds

YTD

+ 35.32%	Abu Dhabi Equities
+ 29.10%	Private Equity
+ 25.99%	Commodities
+ 15.48%	Dubai Equities
+ 13.91%	UAE Real Estate
+ 13.39%	International Real Estate
+ 11.39%	International Equities
+ 3.33%	Hedge Funds
- 0.69%	UAE Bonds
- 2.35%	International Bonds

COMMENTS BY ASSET CLASS

Bonds

The phase of adjustment of long-term rates that started in 2020 in certain countries became more widespread in 2021. The yield curves have started to take into account more accurately the real prospects of a converging business cycle potentially leading to increasing inflationary effects. Countries which are ahead of the trend, such as the United States, Australia, Canada and China, have already seen a first phase of adjustment take place. It is the equivalent in the United Arab Emirates, the 10-year Abu Dhabi rates follows the same trend as its American counterpart. An upward recovery in long-term rates in such an economic environment will certainly not be slowed down by the Fed's action. The correlation observed between bond markets should be enough to affect international performances once again.

Equities

Equity markets are hesitant but remain more stimulated by liquidity and by the prospect of favorable economic growth than by fundamentals. The increase in taxation levels on US companies, the risk of declining profits, and historically high stock market valuations are still not worrying investors for the moment. In the UAE the trend is even accelerating. Technical and quantitative factors have also been at their highest levels in recent months, only slightly more exposed than valuation scores. The overall risk is therefore high and the fear of missing out (FOMO) remains the most important factor that supports the current trend.

Real Estate

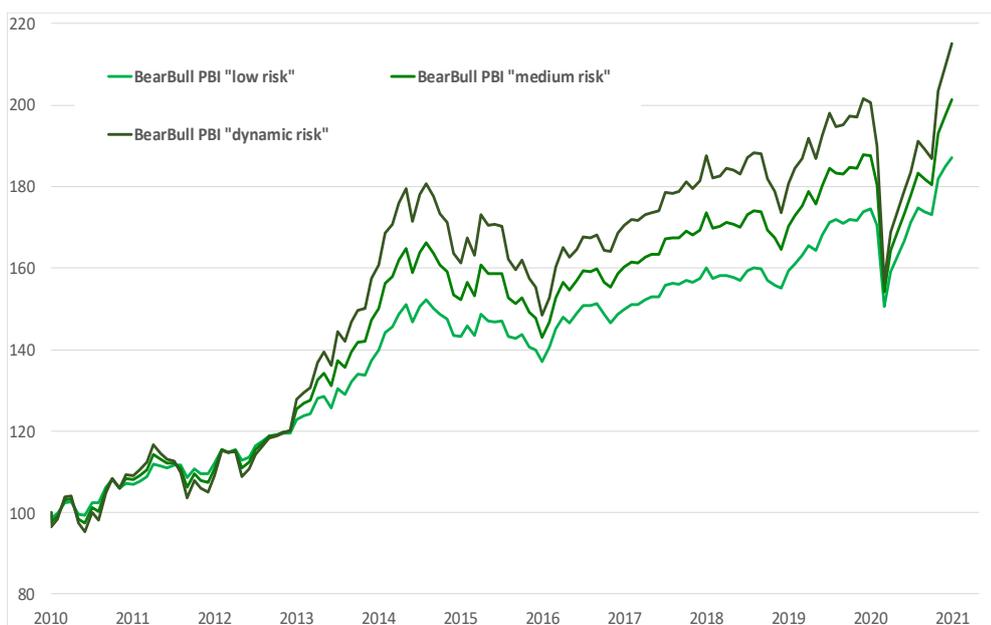
The real estate markets of the countries that have best managed their vaccination campaigns are taking full advantage of economic conditions that are encouraging for people to invest. This is the case of the Emirati market, which had already successfully reversed its trend last month with a very good performance of +8.16%. This month the segment is still gaining momentum and is up +13.71%.

Commodities

The attractiveness of the sector has only intensified in 2021 allowing a performance figure of +25.99% YTD. The monetary policies of central banks have paved the way for a return of demand and inflation which, if not controlled, could reinforce the economic factors supporting a Supercycle in this market

BearBull Private Banking Indices UAE - Performances in USD										
	3 last months			YTD	Current year				Annualized Perf.	
	March 2021	April 2021	May 2021	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2020	2010 to this day
BearBull PBI "low risk" (65% fixed income)	0.32%	2.41%	2.43%	6.20%	1.24%				6.34%	6.09%
BearBull PBI "medium risk" (45% fixed income)	1.11%	3.27%	3.09%	10.24%	3.55%				5.26%	7.06%
BearBull PBI "dynamic risk" (25% fixed income)	1.90%	4.13%	3.75%	14.41%	5.90%				3.97%	7.96%
Sub-indices										
UAE Bonds	-0.79%	1.01%	0.78%	-0.69%	-2.44%				7.85%	4.68%
International Bonds	-1.92%	1.26%	0.94%	-2.35%	-4.46%				9.20%	2.74%
Dubai Equities	1.68%	3.31%	7.37%	15.48%	4.11%				-4.98%	8.50%
Abu Dhabi Equities	7.63%	3.13%	8.60%	35.32%	20.81%				5.26%	13.39%
International Equities	3.33%	4.65%	1.44%	11.39%	4.92%				15.90%	10.70%
UAE Real Estate	-2.03%	8.16%	13.71%	13.91%	-7.38%				-11.42%	10.62%
International Real Estate	2.67%	5.49%	1.70%	13.39%	5.69%				-9.95%	7.26%
Commodities	-2.15%	8.23%	2.52%	25.99%	13.55%				-23.72%	-5.11%
Hedge Funds	-0.06%	1.63%	0.38%	3.33%	1.29%				6.82%	1.84%
Private Equity	5.94%	10.82%	3.28%	29.10%	12.80%				10.61%	14.38%

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 +6.09% (Low risk) to +7.96% (Dynamic Risk) since.

The composition of our indices is available on request