

# BEARBULL PRIVATE BANKING INDICES UAE

## August 2021

### Outstanding performances for UAE stocks in 2021

#### POSITIVE PERFORMANCE FOR ALL BEARBULL INDICES IN AUGUST

<b>BearBull Private Banking Index « Low Risk »</b>	<b>+1.22%</b>	<b>(YTD +10.23%)</b>
<b>BearBull Private Banking Index « Moderate Risk »</b>	<b>+1.69%</b>	<b>(YTD +15.93%)</b>
<b>BearBull Private Banking Index « Dynamic Risk »</b>	<b>+2.15%</b>	<b>(YTD +21.88%)</b>

#### Comments (performances in AED)

Bearbull Private Banking UAE indices continue to rise again this month. Indeed, the low-risk strategy made a gain of +1.22%. The moderate-risk index advanced by +1.69% and the dynamic-risk strategy did better by gaining an amazing +2.15%. All three approaches have performed very well since the beginning of 2021, with gains ranging from +10.23% to +21.88%. The bond markets are on either side of neutral performance level for August. The international segment is back in the red (-0.42%) after a brief bull run in July (+1.33%). The domestic sector continued its slightly upward trajectory of recent months and advanced by +0.49%. Equity markets are clearly moving higher in this 8th month of the year 2021. It is in the United Arab Emirates that the increases are the strongest. The Dubai Stock Exchange gained +5.13% this month and erased the slight loss seen in the last period. The Abu Dhabi market continued its strong upward trajectory in August (+5.33%), a trend that has propelled its performance throughout the year to a cumulative gain of +59.04%. Internationally, the trend is less significant but nevertheless positive (+2.49%). The UAE real estate market regained interest in the eyes of investors in August and increased its momentum (+5.77%). The commodities sector interrupted its distinctly progressive trend of recent months (-2.30%). Hedge funds slipped into negative territory this month (-0.17%). The private equity sector continues its upside trend despite a weakening of the dynamics in August (+2.17%).

#### Financial market developments (performances in AED)

Monthly inflation eased in August from +0.9% to +0.5%, but remains at a record level over one year (+5.4%). This slight decline could however be enough to reinforce the Federal Reserve's strategy of changing its monetary policy only very gradually and cautiously so as not to risk surprising the financial markets unfavorably in the coming months. However, it is likely that improving economic conditions and an unemployment rate close to 5% by the end of the year will eventually justify a reduction in liquidity injections and asset purchases by the Fed. We will have to wait a few more weeks before we can measure the effects of the next "tapering", which could already be starting in December 2021. The financial markets have not yet really reacted to this eventuality, which they still consider to be far off, but August could still be the month of the first realignment of the perspectives and risks. In the capital markets, the decline in long-term yields is easing after four months of uncertainty related to the emergence of new variants of Covid-19. The decline in 10-year US Treasury yields from 1.75% (March) to 1.12% in August thus appears perhaps more clearly excessive in the current economic and inflationary context than before. Yields have adjusted very slightly in recent weeks in a global movement suggesting again a possible reversal of the trend and new tensions to come. On the equity markets, confidence still seems to be the order of the day, despite quantitative and technical indicators pointing to a possible change in momentum. Optimism also persists in the international real estate markets (+2.49%) and in particular in the United Arab Emirates where shares in Abu Dhabi and Dubai have jumped by more than +5%. The Emirati real estate sector is up again (+5.77%) after a month of calm. Commodities (-2.3%) are bending under the weight of the fall in crude oil prices (-4.1%), but remain stable overall.

#### PERFORMANCES BY ASSET CLASS

##### August

+ 5.77%	UAE Real Estate
+ 5.33%	Abu Dhabi Equities
+ 5.13%	Dubai Equities
+ 2.49%	International Equities
+ 2.17%	Private Equity
+ 1.62%	International Real Estate
+ 0.68%	Hedge Funds
+ 0.49%	UAE Bonds

- 0.42%	International Bonds
- 2.30%	Dubai Equities

##### YTD

+ 59.04%	Abu Dhabi Equities
+ 44.59%	Private Equity
+ 30.40%	Commodities
+ 29.41%	UAE Real Estate
+ 20.02%	Dubai Equities
+ 18.59%	International Real Estate
+ 17.94%	International Equities
+ 3.97%	Hedge Funds
+ 0.93%	UAE Bonds

- 2.33%	International Bonds
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## COMMENTS BY ASSET CLASS

### Fixed Income

Most of the bond markets recorded slightly negative performances. Most 10-year yields rose by about 10 to 20 basis points in an environment characterized by logical profit taking after a few months of price increases. Uncertainties related to the emergence of new Covid-19 variants are still present, although concrete signs of slowing down are still emerging. We believe that the risks of further lockdowns and the prospects for lower inflation are still overestimated. The decline in 10-year yields has thus stopped after four months of decline, but a change in risk perception and trend will certainly only occur when the Fed clarifies its intentions with regard to tapering.

### Equities

Equity markets remain relatively calm and still benefit from the abundant liquidity provided by central banks. The outlook for corporate earnings growth is not yet affected by the risks of declining margins and historically high valuation levels are not yet a concern. Technical and quantitative factors, however, already suggest risks of impending momentum losses. In the United Arab Emirates, the stock market is beating records, particularly in Abu Dhabi where shares have achieved a spectacular performance of +59.04% since the beginning of the year. The fear of not participating in the bull trend in a near-zero short-term rate environment (FOMO) remains a temporary support factor.

### Commodities

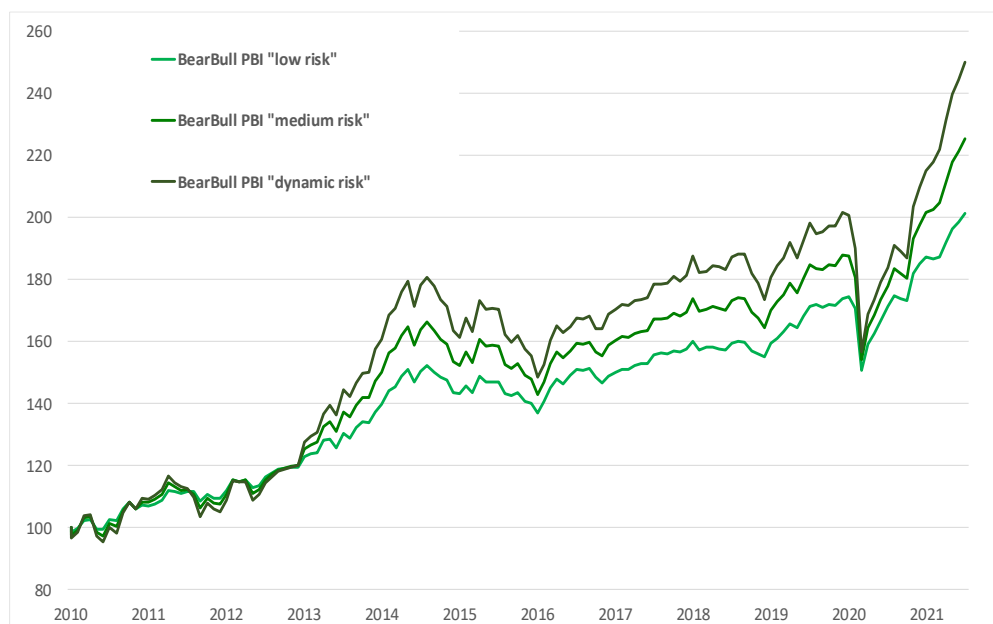
After a loss of dynamics during the last period, the asset class went into negative territory in August and lost -2.30%. The sector is under pressure this month due to falling crude oil prices. The recent rally in the sector has been hampered by a growing number of Delta infections, which are challenging some of the economic recovery plans and directly impacting some of the largest consumers of oil, which inevitably puts pressure on demand and crude prices.

### Private Equity

The sector continued its unabated rise and gained +2.17% in August. Risky assets are still attractive for investors in a near-zero interest rate environment. Even though stock market valuations are very high, we can detect a very low risk aversion on the part of the market, so the segment totals a gain of +44.59% in 2021.

BearBull Private Banking Indices UAE - Performances in USD										
	3 last months			YTD	Current year				Annualized Perf.	
	juin 2021	juillet 2021	août 2021	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2020	2010 to this day
BearBull PBI "low risk" (65% fixed income)	1.10%	1.44%	1.22%	10.23%	1.24%	7.36%			6.34%	6.30%
BearBull PBI "medium risk" (45% fixed income)	1.53%	1.86%	1.69%	15.93%	3.55%	11.92%			5.26%	7.36%
BearBull PBI "dynamic risk" (25% fixed income)	1.96%	2.29%	2.15%	21.88%	5.90%	16.65%			3.97%	8.37%
<b>Sub-indices</b>										
UAE Bonds	0.79%	0.34%	0.49%	0.93%	-2.44%	0.10%			7.85%	4.72%
International Bonds	-0.88%	1.33%	-0.42%	-2.33%	-4.46%	-3.21%			9.20%	2.68%
Dubai Equities	0.47%	-1.60%	5.13%	20.02%	4.11%	16.02%			-4.98%	8.67%
Abu Dhabi Equities	4.22%	7.06%	5.33%	59.04%	20.81%	41.03%			5.26%	14.66%
International Equities	1.49%	1.79%	2.49%	17.94%	4.92%	13.05%			15.90%	11.00%
UAE Real Estate	5.60%	1.71%	5.77%	29.41%	-7.38%	20.29%			-11.42%	11.59%
International Real Estate	0.35%	2.56%	1.62%	18.59%	5.69%	13.79%			-9.95%	7.51%
Commodities	4.29%	1.57%	-2.30%	30.40%	13.55%	31.40%			-23.72%	-4.72%
Hedge Funds	0.38%	-0.44%	0.68%	3.97%	1.29%	3.72%			6.82%	1.86%
Private Equity	1.97%	7.51%	2.17%	44.59%	12.80%	31.64%			10.61%	15.16%

Sources: BearBull Global Investments Group Limited, Bloomberg



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The systematically diversified strategies of the BearBull Private Banking Indices UAE have produced annualized average returns of +6.30% (Low risk) to +8.37% (Dynamic Risk) since 2010.

The composition of our indices is available on request