

BEARBULL PRIVATE BANKING INDICES UAE

September 2021

Commodities are the only assets that rose at the end of the quarter

NEGATIVE PERFORMANCE FOR ALL BEARBULL INDICES IN SEPTEMBER

BearBull Private Banking Index « Low Risk »	-1.00%	(YTD +9.13%)
BearBull Private Banking Index « Moderate Risk »	-1.12%	(YTD +14.63%)
BearBull Private Banking Index « Dynamic Risk »	-1.24%	(YTD +20.37%)

Comments (performances in AED)

All three Bearbull Private Banking indices are experiencing their first period of decline since October 2020. Indeed, at the end of the quarter, the low-risk strategy achieved a negative performance of -1.00%. Then the moderate risk index also lost ground this month (-1.12%). And finally, the dynamic risk strategy performed the worst, falling by -1.24%. However, this month of slight correction does not undermine the cumulative YTD gains of the Private Banking strategies (+9.13%, +14.63% and +20.37%). Bond markets are in the red this month. The domestic segment fell below the zero-performance line and reversed its slight upward trend of the previous months (-0.51%). The international market accelerated its negative momentum and lost -1.78%. The equity markets are in trouble for the first time in 2021. Dubai stocks are again declining (-1.98%) after a considerable recovery last month (+5.13%). As for the Abu Dhabi stock market, it succeeded in maintaining its positive trend (+0.18%) and perpetuating its stratospheric bullish trend over the year (+59.33%). International stocks were the hardest hit, plunging by 4.15% in September. UAE real estate reverses its strong growth trend and declined by -2.09%. The international class suffered more dramatically, shrinking by -5.59%, the worst performer this month. While Commodities, driven by the energy sector, achieved the best performance of the period (+6.03%). Hedge Funds though remained quite stable (-0.38%). Finally, the private equity segment has seen its first serious profit taking of the last 9 previous months (-4.97%).

Financial market developments (performances in AED)

September was dominated by the Fed's comments on inflation and its future monetary policy. The Fed meeting was highly anticipated after a long summer break. It did not fundamentally surprise any of the attentive observers, but by announcing a forthcoming shift in its policy of liquidity injections, it did significantly influence the investment climate. Finally, the Fed also referred to the progression of inflation in the United States, pointing out that the phenomenon seems to be more persistent than previously anticipated. Problems with supply and distribution logistics, as well as tensions in the labor market, have already been supporting inflation for several quarters, often at historically high levels. At the very end of the month, we saw the beginnings of adjustments in the capital and equity markets. Long-term yields tightened by about 30 basis points and were again heading toward the rates recorded in January 2021. The rise in yield curves initiated in the United States by the Fed's change in monetary policy quickly spread to most markets. It also coincided with the diminishing of concerns, which had previously emerged with the outbreak of the Delta variant. This confirms once more our previous forecast that the « tapering » will be taking place at the end of the year. The financial markets have finally reacted to this eventuality. In the capital markets, the decline in long-term returns was largely reversed, with all markets recording negative returns in September from -1% to -3%. U.S. ten-year Treasury yields are back above the 1.6% threshold after dropping to as low as 1.15% in August. On the equity markets, we also witnessed changes in the prevailing perception that are becoming more rational and which lead to significant declines (-4.15%) in the international stock market indices. International real estate (-5.59%) is also suffering from profit taking, while commodities (+6.03%) are supported by the strong economy with the rise in the energy sector and inflationary pressures.

PERFORMANCES BY ASSET CLASS

September

+ 6.03%	Commodities
+ 0.18%	Abu Dhabi Equities
- 0.38%	Hedge Funds
- 0.51%	UAE Bonds
- 1.78%	International Bonds
- 1.98%	Dubai Equities
- 2.09%	UAE Real Estate
- 4.15%	International Equities
- 4.97%	Private Equity
- 5.59%	International Real Estate

YTD

+ 59.33%	Abu Dhabi Equities
+ 38.27%	Commodities
+ 37.40%	Private Equity
+ 26.71%	UAE Real Estate
+ 17.65%	Dubai Equities
+ 13.04%	International Equities
+ 11.96%	International Real Estate
+ 3.57%	Hedge Funds
+ 0.41%	UAE Bonds
- 4.06%	International Bonds

COMMENTS BY ASSET CLASS

Fixed Income

A difficult end of quarter for the fixed income markets, all of which have recorded negative performances. The majority of 10-year yields were up about 30 basis points in an environment characterized by central bank communications that were more committed to talking about policy normalization than to highlighting the risks of a slowdown in growth. The uncertainties associated with the Delta variants have diminished and the threat of rising inflation finally seems to be taken more seriously. The expected change in the perception of risk and trend did occur when the Fed officially announced its intention to « tapering » as we expected.

Equities

Equity markets are beginning to see the risks of rising interest rates and the capitalization factor of its future earnings. Fear of not participating in the bull market (FOMO) is diminishing and technical as well as quantitative factors suggest a risk of a sustained trend reversal. Rising producer prices, hiring difficulties and logistical problems now pose persistent risks to companies' profit growth expectations and margins. The proximity of the end of the year could also support a phase of generalized profit taking with significant impacts on the levels of the stock market indices.

Commodities

Despite a widespread loss on the vast majority of the index's asset classes, the commodities segment was the only one to achieve a positive performance in September (+6.03%). Despite the weakness of precious metals such as gold (-3.36%) and silver (-8.16%), the asset class was buoyed by the bullish rally in oil prices, which resumed in September after a slight pause in the last period.

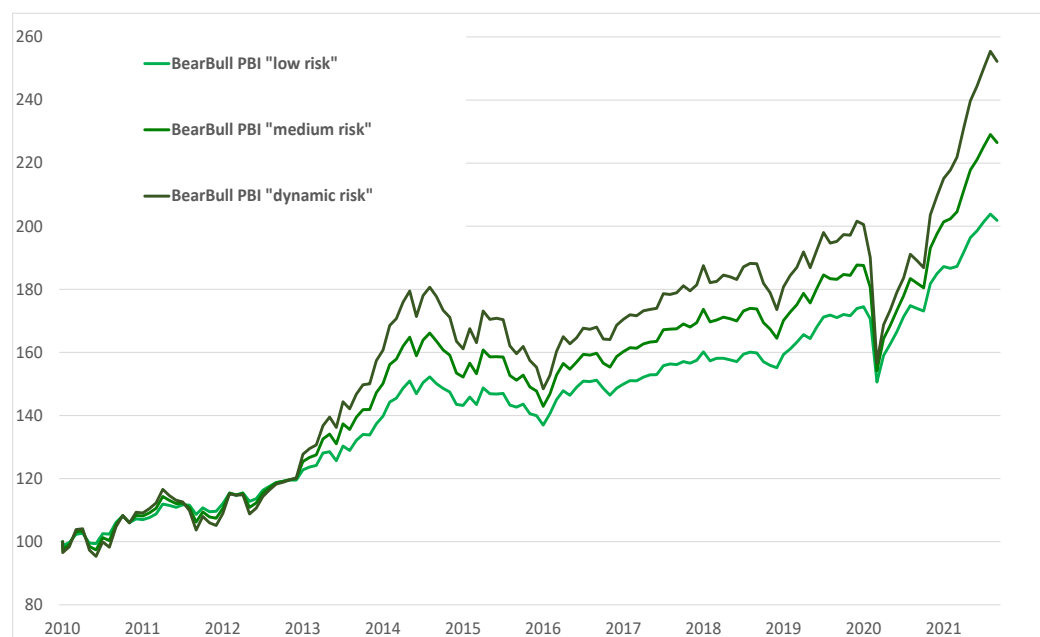
Private Equity

For the first time since November 2020, the sector posted a negative performance. Indeed, the asset class did not escape the generalized decline in all sectors that affected the financial markets during the month of September. The rise in yield curves initiated in the United States by the Fed's announcement of change in monetary policy quickly spread to most markets. Investors are starting to take into account the implications of the anticipated start of « tapering » at the end of the year and the riskiest assets are suffering. (-4.97%).

BearBull Private Banking Indices UAE - Performances in USD

	3 last months			YTD	Current year				Annualized Perf.	
	July 2021	August 2021	September 2021	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2020	2010 to this day
BearBull PBI "low risk" (65% fixed income)	1.44%	1.22%	-1.00%	9.13%	1.24%	7.36%	9.13%		6.34%	6.16%
BearBull PBI "medium risk" (45% fixed income)	1.86%	1.69%	-1.12%	14.63%	3.55%	11.92%	14.63%		5.26%	7.21%
BearBull PBI "dynamic risk" (25% fixed income)	2.29%	2.15%	-1.24%	20.37%	5.90%	16.65%	20.37%		3.97%	8.19%
Sub-indices										
UAE Bonds	0.34%	0.49%	-0.51%	0.41%	-2.44%	0.10%	0.41%		7.85%	4.64%
International Bonds	1.33%	-0.42%	-1.78%	-4.06%	-4.46%	-3.21%	-4.06%		9.20%	2.51%
Dubai Equities	-1.60%	5.13%	-1.98%	17.65%	4.11%	16.02%	17.65%		-4.98%	8.42%
Abu Dhabi Equities	7.06%	5.33%	0.18%	59.33%	20.81%	41.03%	59.33%		5.26%	14.57%
International Equities	1.79%	2.49%	-4.15%	13.04%	4.92%	13.05%	13.04%		15.90%	10.52%
UAE Real Estate	1.71%	5.77%	-2.09%	26.71%	-7.38%	20.29%	26.71%		-11.42%	11.30%
International Real Estate	2.56%	1.62%	-5.59%	11.96%	5.69%	13.79%	11.96%		-9.95%	6.93%
Commodities	1.57%	-2.30%	6.03%	38.27%	13.55%	31.40%	38.27%		-23.72%	-4.22%
Hedge Funds	-0.44%	0.68%	-0.38%	3.57%	1.29%	3.72%	3.57%		6.82%	1.81%
Private Equity	7.51%	2.17%	-4.97%	37.40%	12.80%	31.64%	37.40%		10.61%	14.55%

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 +6.16% (Low risk) to +8.19% (Dynamic Risk) since 2010.

The composition of our indices is available on request