

BEARBULL PRIVATE BANKING INDICES UAE

October 2021

Return to growth for the vast majority of the asset classes

POSITIVE PERFORMANCES FOR ALL THE BEARBULL PRIVATE BANKING INDICES IN OCTOBER

BearBull Private Banking Index « Low Risk »	+1.12%	(YTD +10.35%)
BearBull Private Banking Index « Moderate Risk »	+2.06%	(YTD +16.99%)
BearBull Private Banking Index « Dynamic Risk »	+3.00%	(YTD +23.98%)

Comments (performances in AED)

After a slight decline, the three Bearbull Private Banking UAE indices have resumed their bullish trend. Indeed, the low-risk index erased last month's losses and gained +1.12%. The moderate risk strategy did the same, advancing by +2.06%. The dynamic risk index achieved the best performance with an increase of +3.00%. The three diversified Bearbull Private Banking UAE strategies have delivered returns ranging from +10.35% to +23.98% since the beginning of 2021. Bond markets are slightly back in the red. The domestic market reduced its bearish momentum and fell by only -0.14% compared to -0.51% in September. The international segment continues its downward path, which seems to be weakening over the past couple of months (-0.24%). Equity markets were back in the positive territory in October. The international market, which had been hit the hardest by the generalized profit-taking movement of the previous month (-4.15%), erased all of its losses by rallying +5.66%. In the United Arab Emirates, the trend is similar, with Dubai shares resuming their upward trend (+0.66%), while in Abu Dhabi the pattern remains comparable (+2.25%) being the only one of the two equity asset classes that did not suffer a decline during the previous month. Emirati real estate is once again experiencing a profit taking episode (-0.56%), although not as significant as the one in September (-2.09%). The international market for its part rebounded strongly with an increase of +5.24%. Commodities confirmed their bullish trend that began last month after a drop in August, buoyed by the increase in crude oil and gas prices, the sector also posted a remarkable performance of +5.80%. Private equity, which had experienced its first negative period in 12 months, regained its stratospheric growth and achieved a spectacular +12.39% return. Hedge funds on the other hand advanced only by +0.90%.

Financial market developments (performances in AED)

October proved to be a relatively quiet month on the economic front with few surprises which could have fundamentally challenged the prevailing scenario for the economy. On the pandemic front, the situation also seemed to be relatively under control in early autumn, and the risks of a slowdown in the economy due to new health restrictions were logically low. The absence of a Federal Reserve meeting provided some breathing space after the short period of anxiety that had pushed the markets lower in September. The November meeting is now being anticipated with a certain degree of serenity, as investors are not expecting the announced « tapering » to start abruptly. In the end, it is the capital markets that are currently taking the most into account the inflation concern by continuing their bull run. Inflation still seems more resilient than central banks had hoped, but the current stabilisation at high levels still seems to be seen as a reassuring phenomenon. However, we should not forget that prior to the pandemic, the U.S. GDP growth (+2.6%), the long term (2%) and short-term interest rates (1.8%) as well as inflation (+2.28%) were in a logical situation. We are now seeing extreme spreads between growth (+4.9%), inflation (+5.39%), ten-year (1.56%) and one-month (0%) yields. Some convergence of these measures will certainly have to take place in a phase of normalisation of long-term rates. Despite this, the month of October remained relatively stable on the yield front. This was enough for the equity markets to regain confidence and advance again by +3.16% on average. International real estate also enjoyed a more favourable climate, soaring by +5.24% and fully recovering the previous month's loss. Commodities erased their August decline and both September and October performed very well. In October they returned +5.80%. They have also extensively taken advantage from the recovery in global demand, by gaining +46.28% year to date.

PERFORMANCES BY ASSET CLASS

October

+ 12.39%	Private Equity
+ 5.80%	Commodities
+ 5.66%	International Equities
+ 5.24%	International Real Estate
+ 2.25%	Abu Dhabi Equities
+ 0.90%	Hedge Funds
+ 0.66%	Dubai Equities
- 0.14%	UAE Bonds
- 0.24%	International Bonds
- 0.56%	UAE Real Estate

YTD

+ 62.91%	Abu Dhabi Equities
+ 54.42%	Private Equity
+ 46.28%	Commodities
+ 26.00%	UAE Real Estate
+ 19.44%	International Equities
+ 18.42%	Dubai Equities
+ 17.83%	International Real Estate
+ 4.50%	Hedge Funds
+ 0.27%	UAE Bonds
- 4.29%	International Bonds

COMMENTS BY ASSET CLASS

Fixed Income

Another negative month for virtually all bond markets, which saw their long-term yields rise further. Since the beginning of the year, the losses of the bond indices in the main currencies ranged from -0.19% (Japan) to -8.41% (Australia) for an average result of -4.29%. In October, ten-year yields rose only slightly after the pressures of September. Central bank communications are still very cautious, but the likelihood of gradual normalisation is now increasing. The announcement of a forthcoming « tapering » signalled a retreat, but the presence of the Fed ensures an orderly retreat for the time being.

Equities

Equity markets reacted to the September rate hike with significant profit-taking, but the loss of momentum in October on the fixed income markets was enough to revive the rise in equities. The correction was therefore limited as witnessed by the rebounds in the international equities (+5.66%) and the UAE. The persistence of inflation and logistical difficulties has not yet had a lasting impact on the outlook for both growth in profits and margins. Optimism is back on track. The high valuations in equities are not detrimental to them in the global context, which is still characterised by a lack of alternatives.

Commodities

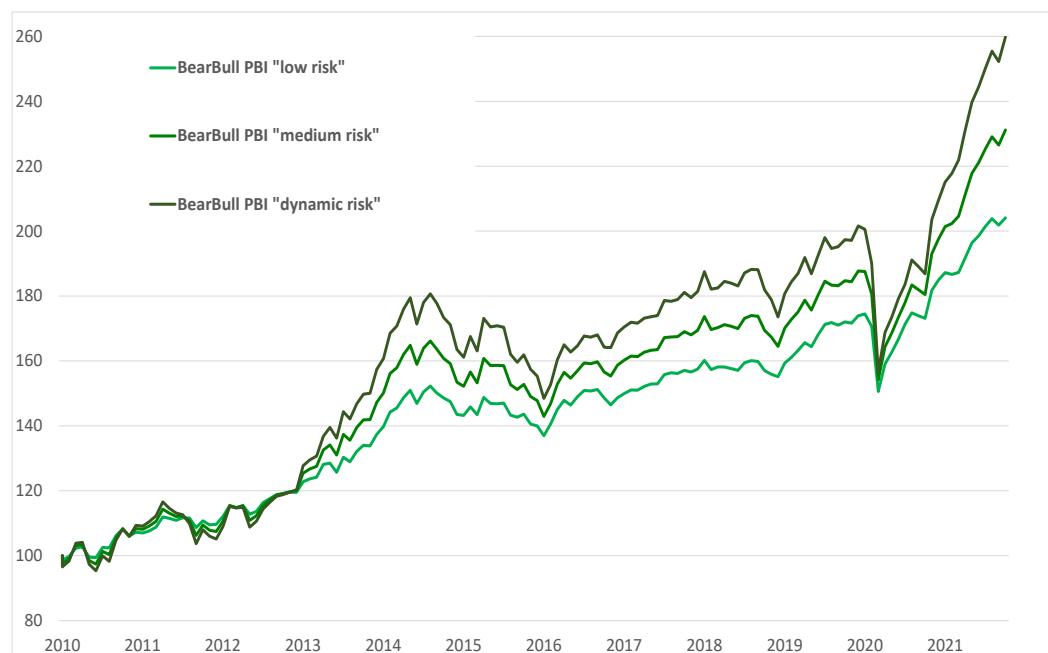
The commodities sector confirmed its upward trend despite a slight loss of momentum (+5.80%). Metals once again gave way to energy, which made a strong contribution to the sector's performance. Indeed, the rise in natural gas prices to historical highs and oil prices reaching USD 80 pushed the sector upwards.

Private Equity

After having experienced its first period of decline in a year, the sector is back on track. Indeed, the asset class made a spectacular gain of +12.39%, posting the best performance of all asset classes combined. Despite the monetary policy adjustment announced by the Fed and questions about future rate hikes, investors' fears seem to have already faded.

BearBull Private Banking Indices UAE - Performances in USD										
	3 last months			YTD	Current year				Annualized Perf.	
	August 2021	September 2021	October 2021	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2020	2010 to this day
BearBull PBI "low risk" (65% fixed income)	1.22%	-1.00%	1.12%	10.35%	1.24%	7.36%	9.13%		6.34%	6.21%
BearBull PBI "medium risk" (45% fixed income)	1.69%	-1.12%	2.06%	16.99%	3.55%	11.92%	14.63%		5.26%	7.34%
BearBull PBI "dynamic risk" (25% fixed income)	2.15%	-1.24%	3.00%	23.98%	5.90%	16.65%	20.37%		3.97%	8.40%
Sub-indices										
UAE Bonds	0.49%	-0.51%	-0.14%	0.27%	-2.44%	0.10%	0.41%		7.85%	4.60%
International Bonds	-0.42%	-1.78%	-0.24%	-4.29%	-4.46%	-3.21%	-4.06%		9.20%	2.47%
Dubai Equities	5.13%	-1.98%	0.66%	18.42%	4.11%	16.02%	17.65%		-4.98%	8.42%
Abu Dhabi Equities	5.33%	0.18%	2.25%	62.91%	20.81%	41.03%	59.33%		5.26%	14.68%
International Equities	2.49%	-4.15%	5.66%	19.44%	4.92%	13.05%	13.04%		15.90%	10.95%
UAE Real Estate	5.77%	-2.09%	-0.56%	26.00%	-7.38%	20.29%	26.71%		-11.42%	11.17%
International Real Estate	1.62%	-5.59%	5.24%	17.83%	5.69%	13.79%	11.96%		-9.95%	7.34%
Commodities	-2.30%	6.03%	5.80%	46.28%	13.55%	31.40%	38.27%		-23.72%	-3.73%
Hedge Funds	0.68%	-0.38%	0.90%	4.50%	1.29%	3.72%	3.57%		6.82%	1.88%
Private Equity	2.17%	-4.97%	12.39%	54.42%	12.80%	31.64%	37.40%		10.61%	15.57%

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 +6.21% (Low risk) to +8.40% (Dynamic Risk) since 2010.

The composition of our indices is available upon request