

BearBull Private Banking Indices – Year 2021



BearBull Private Banking UAE Indices delivered outstanding performances in 2021

POSITIVE PERFORMANCES FOR ALL THE BEARBULL PRIVATE BANKING INDICES IN DECEMBER

BearBull Private Banking Index « Low Risk »	+1.25%	2021	+12.33%
BearBull Private Banking Index « Moderate Risk »	+1.73%	2021	+19.66%
BearBull Private Banking Index « Dynamic Risk »	+2.23%	2021	+27.42%

Comments (performances in AED)

The three Bearbull Private Banking UAE indices all achieved positive performances for this last month of 2021 and continue their growth trend. In fact, the low-risk index climbed by +1.25%, the moderate risk strategy did slightly better and gained +1.73%, while the dynamic risk index achieved the best performance of the month with an increase of +2.22%. Over the year 2021, the three Bearbull Private Banking UAE strategies have achieved excellent returns of +12.33%, +19.66 and +27.42% respectively. The bond markets were once again globally in the red in December. Only the UAE fixed income segment delivered a positive return in December (+0.53%). The UAE fixed income finished the year on a slightly positive performance (+0.87%). Internationally, the decline continued during the month of December (-0.14%). Since the beginning of the year, the fixed income segment has dropped by -4.79%. Equity markets performed well overall during the month after suffering from a corrective phase in the previous one. The international shares performed best and soared by +4.27%, obliterating the losses of November (-2.19%). The Dubai Stock Exchange continued its strong bullish path and once again made a gain to end the year up by 4.00%. The Abu Dhabi stock market was the only one to drop in December (-0.64%). However, the asset class achieved the best cumulative returns of the year 2021 with a spectacular gain of +75.89%. The performance of the real estate sector was mixed this month. Indeed, while the international class has regained interest from investors (+5.94%), the domestic class has contracted by -1.55%. Commodities ended the year up +7.59%, driven by the performance of energy. Hedge funds posted a modest final performance for the year (+0.47%), in line with their overall performance for the year (+3.64%). The private equity sector, which massively attracted investors in 2021, ended the year in the green (+1.03%) and accumulated a gain of +51.44% YTD.

Financial market developments (performances in AED)

Most markets ended the year on a positive note and with a surge of defiance towards the Omicron variant. Despite the explosion of contaminations in most countries and new sanitary restrictions imposed, sometimes even to the point of confinement, the financial markets were indeed convinced by the less hazardous nature of the new variant. They were quick to dismiss the originally perceived greater risks of a cyclical slowdown. As soon as the degree of seriousness of the Omicron variant appeared to be without major risk to the economic outlook, optimism regained control. The Covid factor will therefore not have regained its influence on investor psychology for long. The year 2021 ended with a rather satisfactory global economic performance and the outlook for 2022 supports the prevailing optimism. December was nevertheless highlighted by the first rate hike in the United Kingdom since the emergence of the pandemic. The Fed has also moved its target date for the end of its securities purchase program closer to March than previously announced for June. Inflation is now perceived by central banks as more persistent, which has also revived the upward pressure on the capital markets, which was only temporarily interrupted by the appearance of the Omicron variant. The correlation between the bond markets was again materialized by similar adjustments in the yield curves in the various currencies. In this context, the equity markets (+4.27%) took advantage of the situation to end the year on new highs, particularly in Dubai (+4.00%). International real estate (+5.94%) was also boosted by investors' repositioning, while commodities soared by +7.59%, driven by a further rise in energy prices (+13.64%).

PERFORMANCES BY ASSET CLASS

December

+ 7.59%	Commodities
+ 5.94%	International Real Estate
+ 4.27%	International Equities
+ 4.00%	Dubai Equities
+ 1.03%	Private Equities
+ 0.53%	UAE Bonds
+ 0.47%	Hedge Funds
- 0.14%	International Bonds
- 0.64%	Abu Dhabi Equities
- 1.55%	UAE Real Estate

Full Year 2021

+ 75.89%	Abu Dhabi Equities
+ 51.44%	Private Equity
+ 40.35%	Commodities
+ 32.64%	UAE Real Estate
+ 32.14%	Dubai Equities
+ 22.01%	International Real Estate
+ 21.82%	International Equities
+ 3.64%	Hedge Funds
+ 0.87%	UAE Bonds
- 4.71%	International Bonds

COMMENTS BY ASSET CLASS

Fixed Income

Rather negative performances for most of the fixed-income markets, which returned to a negative trend in December. After the initial uncertainties related to the emergence of the Omicron variant, the general sentiment is now better. The risks of re-confinement and negative impacts on growth prospects for 2022 have been reassessed and downgraded. The year 2021 was therefore finally negative for the bond markets, with losses in the main currencies ranging from -0.16% (YEN) to -9.01% (AUD) with an average overall negative performance of -4.71%. Central banks are becoming aware of the persistence of inflation and we are seeing the first steps towards a normalization of monetary policies in the US and the UK.

Equities

Equity markets are ending the year on a clearly positive and optimistic note. The economic outlook is solid for 2022 and the growth of corporate profits is not being questioned. The month of December contributed significantly to the growth of stock market indices over the year, with an average increase of +4.13%, bringing the performance of international equities to +21.82% for the year 2021. Emirati equities have performed very well, particularly in Abu Dhabi, which has achieved an accumulated return of +75.89%. Equity P/Es with a 12-month perspective are declining in some countries, but relative historical valuations leave the US at very high levels.

Commodities

After the announcement of the discovery of a new variant of Covid 19 at the end of November, crude oil prices were severely punished by a sharp drop of -20.81%. However, in December, the panic has visibly given way to a more measured approach from investors who have reconsidered the long-term impact of this new variant on the economy. Indeed, crude oil prices rose substantially in December (+13.64%), with the black gold gaining +55% over the year. Gold is also in positive territory (+3.08%) despite a disappointing year (-3.64%). Commodities finished the year in the green and were up 7.59% for December and up 40.35% YTD.

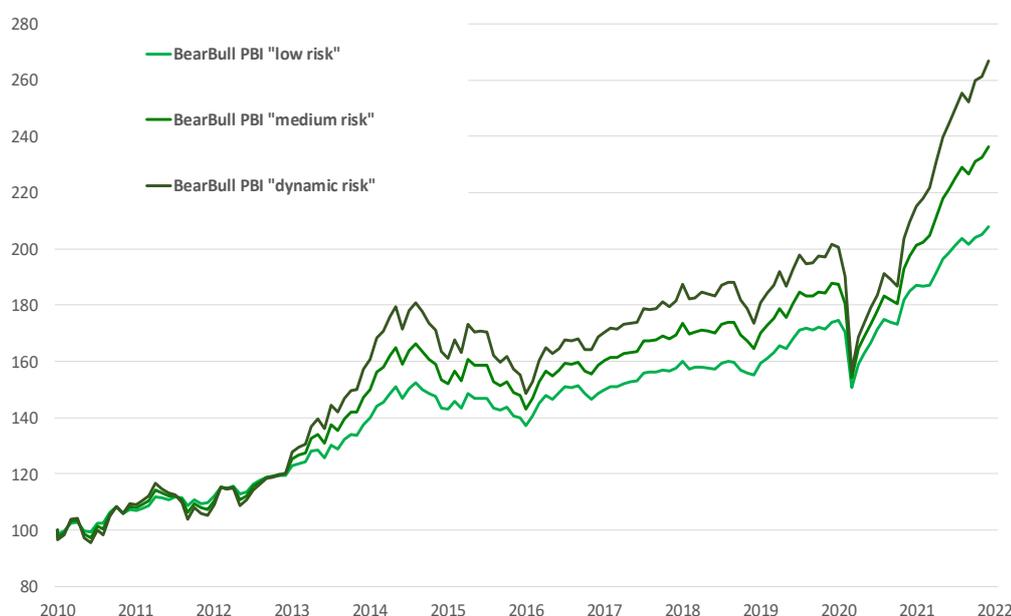
Private Equity

In a year of extremely accommodating monetary policy and zero interest rates, the very risky private equity segment attracted all investors in search of yield. This movement sustained the sector's stratospheric returns over the period, enabling it to post a total gain of +51.75%.

BearBull Private Banking Indices UAE - Performances in USD

	3 last months			YTD	Current year				Annualized Perf.	
	October	November	December		1st	2nd	3rd	4th	2020	2010 to
	2021	2021	2021	current year	quarter	quarter	quarter	quarter	2020	this day
BearBull PBI "low risk" (65% fixed income)	1.12%	0.55%	1.25%	12.33%	1.24%	6.12%	1.77%	3.21%	6.34%	6.28%
BearBull PBI "medium risk" (45% fixed income)	2.06%	0.54%	1.73%	19.66%	3.55%	8.37%	2.71%	5.03%	5.26%	7.43%
BearBull PBI "dynamic risk" (25% fixed income)	3.00%	0.54%	2.22%	27.42%	5.90%	10.74%	3.73%	7.04%	3.97%	8.53%
Sub-indices										
UAE Bonds	-0.14%	0.06%	0.53%	0.87%	-2.44%	2.54%	0.32%	0.45%	7.85%	4.58%
International Bonds	-0.24%	-0.29%	-0.14%	-4.71%	-4.46%	1.25%	-0.86%	-0.65%	9.20%	2.40%
Dubai Equities	0.66%	7.29%	4.00%	32.14%	4.11%	11.92%	1.63%	14.49%	-4.98%	9.29%
Abu Dhabi Equities	2.25%	8.67%	-0.64%	75.89%	20.81%	20.21%	18.31%	16.56%	5.26%	15.19%
International Equities	5.66%	-2.19%	4.27%	21.82%	4.92%	8.13%	-0.01%	8.78%	15.90%	10.98%
UAE Real Estate	-0.56%	6.93%	-1.55%	32.64%	-7.38%	27.67%	6.41%	5.93%	-11.42%	11.48%
International Real Estate	5.24%	-2.25%	5.94%	22.01%	5.69%	8.10%	-1.83%	10.06%	-9.95%	7.55%
Commodities	5.80%	-10.82%	7.59%	40.35%	13.55%	17.85%	6.86%	2.09%	-23.72%	-4.01%
Hedge Funds	0.90%	-1.29%	0.47%	3.64%	1.29%	2.43%	-0.15%	0.07%	6.82%	1.78%
Private Equity	12.39%	-2.93%	1.03%	51.44%	12.80%	18.84%	5.77%	14.03%	10.61%	15.15%

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 +6.28% (Low risk) to +8.53% (Dynamic Risk) since 2010.

The composition of our indices is available on request