

BEARBULL PRIVATE BANKING INDICES UAE

January 2022

Abu Dhabi's stock market did not suffer from the widespread profit-taking

SLIGHTLY NEGATIVE PERFORMANCES FOR THE BEARBULL PRIVATE BANKING INDICES IN JANUARY

BearBull Private Banking Index « Low Risk »	- 1.15%	2021 +12.33%
BearBull Private Banking Index « Moderate Risk »	- 0.85%	2021 +19.66%
BearBull Private Banking Index « Dynamic Risk »	- 0.56%	2021 +27.42%

Comments (performances in AED)

Despite significant corrections witnessed across major global indices, all three Bearbull Private Banking indices finished the month of January only slightly negative. The "low risk" index fell by -1.15% and posted the worst performance of the month. The "moderate risk" index did slightly better, dropping by -0.85% and the dynamic risk index was the most resilient, losing only -0.56%. The fixed income markets are in the red this month. The domestic class fell by -2.21% while the international market resisted slightly better (-2.05%). The UAE equities on the other hand have performed well considering the rest of the world markets. The Abu Dhabi stock market experienced the strongest hike (+2.54%), while in Dubai the pattern was similar but more modest (+0.22%). On the contrary, the international segment dropped sharply (-5.29%). The UAE real estate market recovered some interest in the eyes of a number of investors and gained +2.52%, erasing all of the losses of last December (-1.55%). The international segment, on the other hand, contracted sharply by -5.04%. The commodities segment achieved an excellent first performance of the year 2022, soaring by +11.63%. Indeed, the bullish momentum of this asset class is still supported by the continuing rise in energy prices, in particular oil, which has breached the \$85 a barrel mark. Hedge funds began the year with a drop of -1.47%. The private equity sector attracted a large number of investors looking for an alternative during the year 2021, with the result that the sector posted the best aggregate gain at the end of the year (+51.44%). The sector started the year in a very negative way and recorded the worst performance during the month, shedding -7.27%.

Financial market developments (performances in AED)

Widespread profit-taking and market declines everywhere and across all asset classes in January. The investment climate deteriorated rapidly, with investors finally becoming concerned about the evolution of monetary policy in the United States and the resulting risks to the financial markets. Ten-year yields in all countries followed an upward trend, driven by US Treasury yields, which reached almost 1.9%, causing global bond indices to lose about -2%. Equity markets slipped by -5.3% (MSCI World Index), followed by international real estate (-5%), while private equity declined by -5.9%. Only the commodities sector managed to post a positive return (+11.6%) thanks to the continued appreciation of crude oil (+18.4%). On January 26th, the Federal Reserve confirmed its intention to raise interest rates as early as March and to start reducing its balance sheet. Investors now know what to expect, which has the paradoxical advantage of removing uncertainty. The Fed is certainly behind in its fight against inflation, but investors already seem to be questioning whether the worst news has not already been announced. The month of January thus ended with a significant change in the perception of risk and a possible turnaround in the market sentiment. While overall risky assets only fell by around -5%, some regions and sectors experienced more significant declines. The Nasdaq's -8.5% fall (-18% since November 20th) already suggests that significant consolidations are taking place and that valuations are becoming increasingly attractive. Certain digital, technology and biotech stocks, as well as those that are showing some potential, but are often not yet generating profits, in the upcoming economy, have been penalized more heavily in this last phase of the so-called "risk off". A "relief rally" is therefore definitely underway for "risky" assets, supported by investors who are once again in the "risk on" state of mind in February.

PERFORMANCES BY ASSET CLASS

January

+ 11.63%	Commodities
+ 2.54%	Abu Dhabi Equities
+ 2.52%	UAE Real Estate
+ 0.22%	Dubai Equities
- 1.47%	Hedge Funds
- 2.05%	International Bonds
- 2.21%	UAE Bonds
- 5.04%	International Real Estate
- 5.29%	International Equities
- 7.27%	Private Equity

YTD

+ 11.63%	Commodities
+ 2.54%	Abu Dhabi Equities
+ 2.52%	UAE Real Estate
+ 0.22%	Dubai Equities
- 1.47%	Hedge Funds
- 2.05%	International Bonds
- 2.21%	UAE Bonds
- 5.04%	International Real Estate
- 5.29%	International Equities
- 7.27%	Private Equity

COMMENTS BY ASSET CLASS

Fixed Income

Most bond markets have already corrected significantly, losing an average of -2% over the month. Economic forecasts were rather negative in January (Omicron effect), but the year as a whole should remain solid. The Federal Reserve's change in policy remained the most significant event in the month for equity markets. The expected tightening of liquidity with the tapering is reinforced by the Fed's announced intention to reduce its balance sheet. However, we believe that this eventuality should not be overestimated as it is unlikely to happen significantly in 2022. Inflation is expected to gradually decline but remain at levels well above the central banks' targets. Long-term interest rates are therefore expected to continue to rise and dominate the financial environment in 2022.

Equities

The overall -5.3% fall in the MSCI World Index over the month conceals more substantial price and valuation corrections in technology, digital, biotech, other segments as well as in many individual stocks. The overall economic outlook is still positive, and the growth of corporate profits is not being systematically questioned. The tightening of monetary policy is now foreseeable and expected. The corrections in the equity markets will therefore certainly offer opportunities for tactical repositioning.

Commodities

Despite the increasing number of contaminations in many countries, the travel restrictions seem to have had a smaller impact on the energy market. Crude oil prices have continued to rise since the beginning of December and have reached the \$85 per barrel level. As for gold, it experienced very high volatility during January. It first reached a peak of \$1,845 at the end of the month before falling back to its level of the first part of the month.

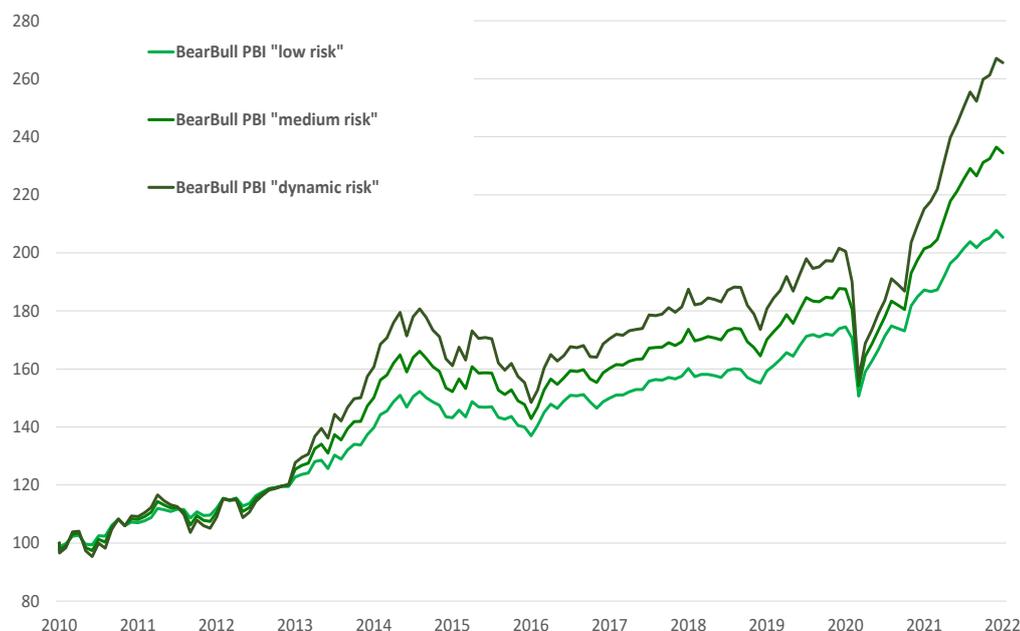
Private Equity

The segment attracted a massive number of investors looking for an alternative during the year 2021. As a result, it achieved a spectacular cumulative performance of +49.92% over the year. The asset class started 2022 in a very negative way. The fundamental paradigms of central bank monetary policies have changed, and the environment of rising interest rates is much less favorable to risky debt-based investments such as private equity (-7.27%).

BearBull Private Banking Indices UAE - Performances in USD

	3 last months			YTD	Current year				Annualized Perf.	
	January 2022			current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2010 to this day
BearBull PBI "low risk" (65% fixed income)	-1.15%			-1.15%					12.33%	6.14%
BearBull PBI "medium risk" (45% fixed income)	-0.85%			-0.85%					19.66%	7.31%
BearBull PBI "dynamic risk" (25% fixed income)	-0.56%			-0.56%					27.42%	8.42%
Sub-indices										
UAE Bonds	-2.21%			-2.21%					0.87%	4.36%
International Bonds	-2.05%			-2.05%					-4.71%	2.21%
Dubai Equities	0.22%			0.22%					32.14%	9.25%
Abu Dhabi Equities	2.54%			2.54%					75.89%	15.32%
International Equities	-5.29%			-5.29%					21.82%	10.40%
UAE Real Estate	2.52%			2.52%					32.64%	11.63%
International Real Estate	-5.04%			-5.04%					22.01%	7.03%
Commodities	11.63%			11.63%					40.35%	-3.10%
Hedge Funds	-1.47%			-1.47%					3.64%	1.64%
Private Equity	-7.27%			-7.27%					51.44%	14.32%

Sources: BearBull Global Investments Group Limited, Bloom-



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The systematic diversified strategies of the BearBull Private Banking Indices UAE have produced annualized average returns of +6.14% (Low risk) to +8.42% (Dynamic Risk) since 2010.

The composition of our indices is available on request