

# BEARBULL PRIVATE BANKING INDICES UAE

July 2021

## Outstanding Performances for BearBull Private Banking UAE Indices

### POSITIVE PERFORMANCE FOR ALL BEARBULL INDICES IN JULY

<b>BearBull Private Banking Index « Low Risk »</b>	<b>+1.44%</b>	<b>(YTD +8.90%)</b>
<b>BearBull Private Banking Index « Moderate Risk »</b>	<b>+1.86%</b>	<b>(YTD +14.1%)</b>
<b>BearBull Private Banking Index « Dynamic Risk »</b>	<b>+2.29%</b>	<b>(YTD +19.31%)</b>

### Comments (performances in AED)

Another month of gains for the BearBull Private Banking UAE indices, which continue their positive trend of the last few months. The low-risk strategy achieved a positive performance and has advanced by +1.44%. The moderate risk index did slightly better and gained +1.86%. As for the dynamic risk strategy, it exceeded the +2% gain this month (+2.29%). All three approaches have been in the green since the beginning of the year with total gains of +8.90%, +14.1% and +19.31% respectively. Bond markets were positive in July. Indeed, the UAE segment continues its modest bullish trend which started a few months ago (+0.34%) while the international class is also moving in the positive direction (+1.33%). The Abu Dhabi stock market jumped by +7.06%, a performance in line with the previous months and allowing it to total an impressive return of +50.99% since the beginning of the year. The Dubai Stock Exchange was down -1.60% while international stocks rose by +1.79%. The real estate excitement in the Emirates lost some momentum in the month of July (+1.71%). Internationally, the opposite has occurred, and the sector has performed by +2.56%. Commodities rose again by 1.57%, driven by gains in the price of gold. Hedge funds finally broke their weak growth cycle by losing -0.44%. The private equity segment was the best performer in July and climbed another +7.51%.

### Financial market developments (performances in AED)

The record level of inflation over the course of this year (+5.4%) published in July in the United States was still largely perceived as temporary by the majority of market participants, who remain convinced by the Fed's analysis and its reassuring outlook, allowing them to "bet" on maintaining an accommodating monetary policy over the medium term. The GDP price index for the second quarter (+6%) thus accompanied the +6.5% annualized growth of the US economy, underpinned by a logical recovery in household consumption (+11.8%). The larger reopening of the economy has logically sustained an increase in demand for services, leading to its strongest growth since 1952. The vigor of the economic recovery could have indeed been stronger if bottlenecks in value chains did not penalize production. The contribution of inventories was thus negative due to the incapacity of the industry to adjust its output to the demand for goods. This situation may be temporary, as the Federal Reserve hopes, as it is still convinced of the positive effects of a flat Phillips curve and the very gradual return of the unemployed on the next evolution of inflation. However, growth is stronger than it appears and is also driven by the continued reinvestment of savings accumulated by households in 2020. The clear growth in employment in July, which brought the jobless claims rate down to 5.4%, should continue in our opinion and put the Fed's confidence into question. In this context, the arrival of the new Covid-19 variants is causing the bond markets to fear new risks of cyclical downturns. Interest rates adjusted downwards and slipped by another 20-30 basis points everywhere. On the equity markets, this translated into reduced gains in the international markets (+1.49%) and a contraction in Dubai financial market (-1.60%). Similar results were observed for international real estate (+2.56%) and UAE real estate (+1.71%), as well as for commodities (+1.57%).

### PERFORMANCES BY ASSET CLASS

#### July

+ 7.51%	Private Equity
+ 7.06%	Abu Dhabi Equities
+ 2.56%	International Real Estate
+ 1.79%	International Equities
+ 1.71%	UAE Real Estate
+ 1.49%	International Equities
+ 1.57%	Commodities
+ 1.33%	International Bonds
+ 0.34%	UAE Bonds

- 0.44%	Hedge Funds
- 1.60%	Dubai Equities

#### YTD

+ 50.99%	Abu Dhabi Equities
+ 41.52%	Private Equity
+ 33.47%	Commodities
+ 22.35%	UAE Real Estate
+ 16.70%	International Real Estate
+ 15.07%	International Equities
+ 14.17%	Dubai Equities
+ 3.27%	Hedge Funds
+ 0.44%	UAE Bonds

- 1.92%	International Bonds
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## COMMENTS BY ASSET CLASS

### Bonds

Correlation in the fixed income markets remained high in July. The majority of ten-year government yields dropped by 30 bps. With the emergence of new Covid-19 variants, the population of industrialized countries having received at least one dose of a vaccine could reach 80% by the 4th quarter, therefore we estimate that the risks of new lockdowns are certainly overestimated. The central banks' arguments on inflation have been convincing, but the persistence of above-average rates over the next few months will not be without risks for the development of future prospects. A change in risk perception could occur when the Fed starts talking about "tapering". Long-term interest rates should then adjust to growth and shall exceed 2% mark in the United States, Australia, Canada and China.

### Equities

Equity markets remain optimistic, nevertheless, and are still enjoying the effect of injected liquidity and the anticipation of corporate profit growth. Risks of higher taxes, lower margins and profits, and PE Ratios adjustments are not troubling investors for the time being. Technical, quantitative and valuation factors are also at their peak levels. The fear of not being part of the mainstream and FOMO remains a significant and constitutes a temporary support factor. In the UAE, the Abu Dhabi stock market continues its spectacular growth, which started at the beginning of the year (+7.06%) and now totals a "Year to Date" performance of over 50%.

### Private Equity

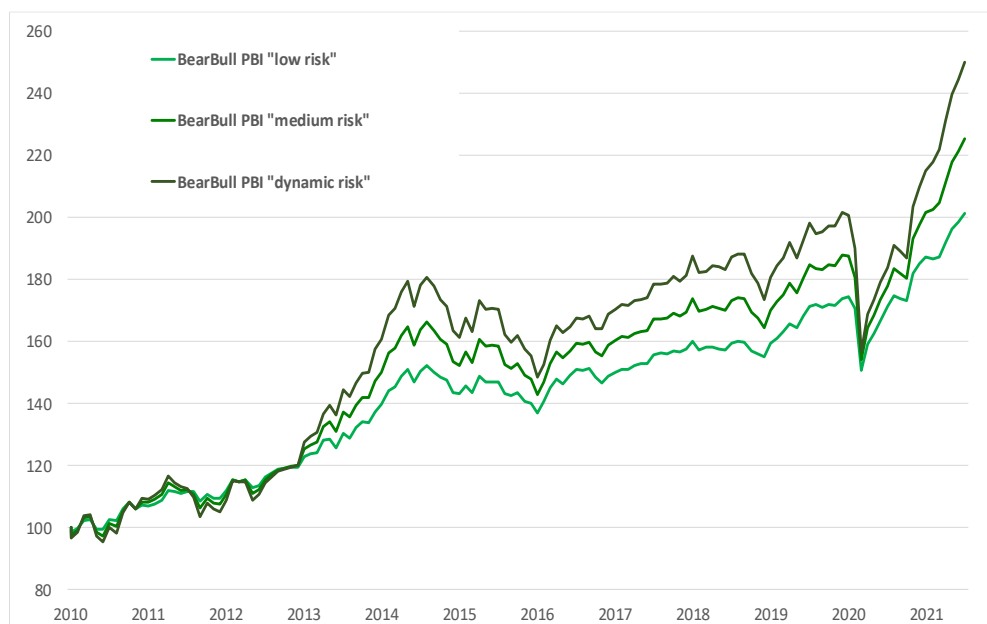
After a slight rise June, the private equity sector posted a spectacular increase of +7.61% in the month of July. In the context of progressive premium stock market valuations, the shadow of the pandemic continues to loom over the financial markets. The number of infections in the United States has once again reached last summer's level (108,500 per day) and the vaccination campaign is decelerating rapidly. In this context, investors do not seem to be concerned about the possible repercussions of a resumption of the pandemic at the end of the summer and were massively focused on risky assets in July, to the disadvantage of other asset classes.

### Commodities

After another positive performance, even if comparatively weak to the prior months, the commodities sector maintained its bullish pace (+1.57%). Gold prices have been gaining traction in July, with an impressive +2.49% gain, while crude oil prices have been remaining relatively stable (+0.65%) after several months of continuous bullishness.

BearBull Private Banking Indices UAE - Performances in USD										
	3 last months			YTD	Current year				Annualized Perf.	
	May 2021	June 2021	July 2021	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2020	2010 to this day
BearBull PBI "low risk" (65% fixed income)	2.43%	1.10%	1.44%	8.90%	1.24%	7.36%			6.34%	6.23%
BearBull PBI "medium risk" (45% fixed income)	3.09%	1.53%	1.86%	14.01%	3.55%	11.92%			5.26%	7.26%
BearBull PBI "dynamic risk" (25% fixed income)	3.75%	1.96%	2.29%	19.31%	5.90%	16.65%			3.97%	8.23%
<b>Sub-indices</b>										
UAE Bonds	0.78%	0.79%	0.34%	0.44%	-2.44%	0.10%			7.85%	4.71%
International Bonds	0.94%	-0.88%	1.33%	-1.92%	-4.46%	-3.21%			9.20%	2.74%
Dubai Equities	7.37%	0.47%	-1.60%	14.17%	4.11%	16.02%			-4.98%	8.27%
Abu Dhabi Equities	8.60%	4.22%	7.06%	50.99%	20.81%	41.03%			5.26%	14.26%
International Equities	1.44%	1.49%	1.79%	15.07%	4.92%	13.05%			15.90%	10.85%
UAE Real Estate	13.71%	5.60%	1.71%	22.35%	-7.38%	20.29%			-11.42%	11.14%
International Real Estate	1.70%	0.35%	2.56%	16.70%	5.69%	13.79%			-9.95%	7.41%
Commodities	2.52%	4.29%	1.57%	33.47%	13.55%	31.40%			-23.72%	-4.57%
Hedge Funds	0.38%	0.38%	-0.44%	3.27%	1.29%	3.72%			6.82%	1.81%
Private Equity	3.28%	1.97%	7.51%	41.52%	12.80%	31.64%			10.61%	15.06%

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 +6.23% (Low risk) to +8.23% (Dynamic Risk) since 2010.

The composition of our indices is available on request