

BearBull Private Banking Investment Strategies Saudi

USD

+5.29% to +9.87%
Annualized return since 2016

BearBull exclusivity since 2016

April 2022

Positive performances for the Saudi Arabia Private Banking Investment Strategies in April

POSITIVE PERFORMANCES FOR THE BEARBULL SAUDI PRIVATE BANKING INVESTMENT STRATEGIES IN APRIL

BearBull Saudi PB Investment Strategy	« Low Risk »	+ 0.12%	(YTD +1.77%)
BearBull Saudi PB Investment Strategy	« Moderate Risk »	+ 0.14%	(YTD +3.57%)
BearBull Saudi PB Investment Strategy	« Dynamic Risk »	+ 0.15%	(YTD +5.36%)

Comments (performances in USD)

All three BearBull Saudi Arabia private banking investment strategies performed in April and resisted the widespread sell-off that occurred during the month. Indeed, the low-risk strategy climbed by +0.12%, the moderate risk strategy did better and advanced by +0.14% while the dynamic risk profile gained by +0.15%. All three strategies have made gains respectively +1.77%, +3.57%, +5.36% since the beginning of the year despite the European geopolitical context affecting a large part of the world markets. The fixed income markets are under the neutral performance this month. The domestic bond market lost -0.61% in April, accentuating its downward trend, while the international segment posted a slightly worse performance (-1.17%). The equity markets are mixed this month. The international segment was hit by a general correction and fell by -2.70%, while the domestic class continued its strong upward trend and gained another +7.30%, culminating in +30.52% cumulative gains since the beginning of the year. The real estate sector, which usually performs better than the others in times of stagflation, nevertheless fell by -2.70% in April. The Saudi segment is also in the red (-4.92%) after having jumped +8.92% in March. The commodities sector is unsurprisingly positive again, continuing to benefit from the unstable geopolitical situation in Europe and the tensions on the energy market and climbing by +4.55%. The asset class has accumulated a +38.40% performance since the beginning of the year and is ahead of the other segments. Private equity collapsed in April (-13.19%) and achieved the worst cumulative performance of the year (-23.28%).

Investment climate (performances in USD)

After a short interruption in March, the month of April marked the resumption of the bear market trend, once again affecting all asset classes except commodities. The war in Ukraine remained the main factor destabilizing the markets through its indirect consequences on inflation and growth. The return to the forefront of Covid19 in China was also a major source of concern for the global macroeconomic scenario, which was also threatened by monetary tightening in the United States. Energy prices have risen consistently as the tensions between the European and Russian governments have intensified. Europe is seeking to free itself from its dependence on Russian supplies and realizes that alternatives are both costly and difficult to implement. While Europe is looking for new suppliers, a new step has now been taken by Russia, by ending gas deliveries to Poland and Bulgaria which could happen with other countries in the near future. The spiral leading to an interruption of Russian deliveries to Europe is now underway. While inflation is spreading around the world, sometimes reaching historic highs, economic growth is already plummeting. The -1.4% contraction of the US GDP in Q1 surprised all the economists & observers especially after the +6.9% increase in Q4 2021. Europe should also logically announce a clear contraction of its economy. We were announcing a new global paradigm for inflation and growth prospects that is already materializing, which validates our stagflation scenario. The interest rate markets continued to adjust to this new situation. The international fixed income markets fell by -1.17% in one month and by 0.61% in the Kingdom of Saudi Arabia. A similar decline hit the international equity markets (-0.82%) while the domestic stock market rose by +7.30% in April. The private equity collapsed by -13.19%. Real estate, which behaves better in times of stagflation, still slipped by -2.77%, whereas commodities were one of the only ones to benefit from this environment, by gaining +4.55% over one month and +38.40% YTD.

PERFORMANCES BY ASSET CLASS

APRIL

+ 7.30%	Saudi Equities
+ 4.55%	Commodities
- 0.61%	Saudi Sukuk
- 0.82%	International Equities
- 1.17%	International Bonds
- 2.70%	International Real Estate
- 4.92%	Saudi Real Estate
- 13.19%	Private Equity

YTD

+ 38.40%	Commodities
+ 30.52%	Saudi Equities
+ 0.24%	International Equities
- 2.74%	International Bonds
- 3.99%	Saudi Sukuk
- 9.01%	International Real Estate
- 10.52%	Saudi Real Estate
- 23.28%	Private Equity

COMMENTS BY ASSET CLASSES

Bonds

Rate adjustments continued in April in the bond markets. The yield curves are rising again as tensions continue to build on the various inflation measures. The ten-year Treasury Yields continued to rise quite sharply from 2.33% to 2.9% over the month, while the 5-year yield also rose from 2.45% to 2.92% during the same period. In Europe, the trend is similar, with the ten-year rates progressing from 0.54% to 0.94%. The fixed income markets have suffered additional losses of -0.61% for the KSA bonds and -1.17% for the international bonds. Inflationary risks are still rising under the threat of renewed pressure on the energy prices and the commodity supply disruptions. The U.S. economy could enter into a recession period as early as the 2nd quarter and confirm the announced stagflation scenario. The bond markets are consequently still under considerable pressure and probably not ending soon.

Equities

Equity markets are not expected to react positively to the stagflation scenario that is taking shape. Margins and earnings prospects will be under pressure in several key sectors of the global stock market indices. Rising interest rates also threaten the previous PE expansion cycle, which is now expected to contract. The actual environment of monetary tightening and reduced liquidity is no longer favorable for stocks. The Saudi stock market on the other hand continues its stellar year (+7.30%).

Commodities

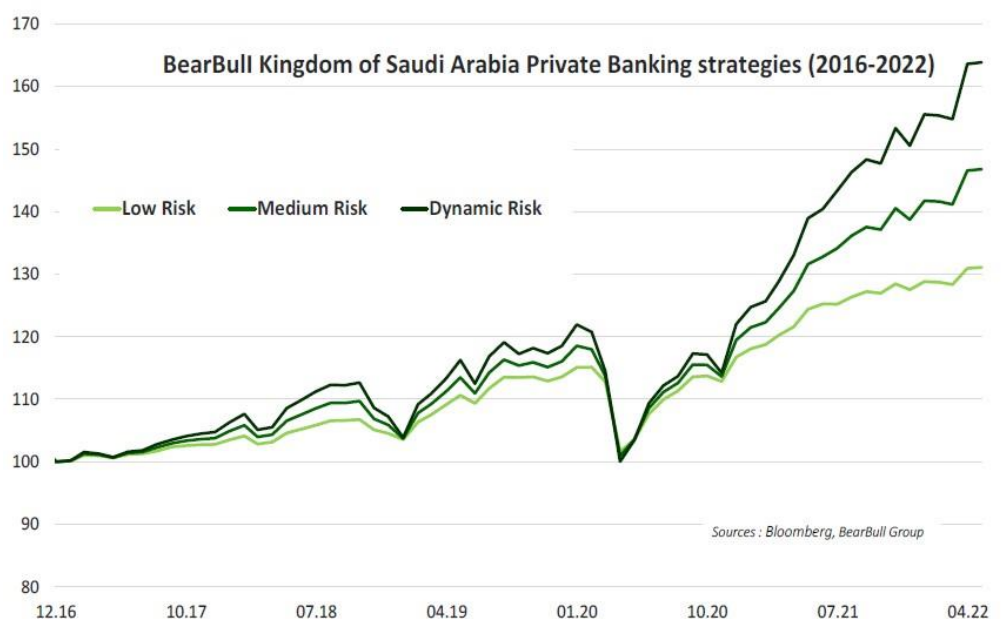
The commodities sector continues its meteoric rise, with an impressive cumulative gain of 38.40% since the beginning of the year. The war in Ukraine and geopolitical tensions between Russia and Europe continue to support pessimistic expectations about the supply of industrial metals like nickel and energy resources like gas or oil. These expectations are leading to a surge in the prices of these assets, a move that should support general inflation which is already at record levels.

Real Estate

After a clear rebound of +8.36% on the international market in March, the real estate sector has fallen back under the neutral level of performance. However, in comparison with the other asset classes, it proved to be more resilient to the global bearish movement that affected all the markets in April. Historically, the real estate sector has performed better than the other asset classes during periods of stagflation. This is a situation that seems to be materializing, judging by the quarterly economic growth figures for Europe and the United States.

BearBull KSA Private Banking Investment Strategies - Performances in USD										
	3 last months			YTD	Current year				Annualized Perf.	
	February 2022	March 2022	April 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2016 to this day
BearBull KSA PBIS "low risk" (65% fixed income)	-0.28%	2.01%	0.12%	1.77%	1.64%				9.10%	5.29%
BearBull KSA PBIS "medium risk"(45% fixed income)	-0.33%	3.86%	0.14%	3.57%	3.42%				16.68%	7.59%
BearBull KSA PBIS "dynamic risk"(25% fixed income)	-0.38%	5.72%	0.15%	5.36%	5.20%				24.70%	9.87%
Sub-indices										
Saudi Sukuk	-0.61%	-2.21%	-0.61%	-3.99%	-3.40%				-3.66%	-0.17%
International Bonds	-0.88%	0.11%	-1.17%	-2.74%	-1.59%				-0.64%	3.84%
Saudi Equities	5.83%	5.51%	7.30%	30.52%	21.64%				45.80%	21.69%
International Equities	-2.74%	8.82%	-0.82%	0.24%	1.07%				22.98%	9.68%
Saudi Real Estate	-4.85%	8.92%	-4.92%	-10.52%	-5.88%				20.21%	7.51%
International Real Estate	-5.93%	8.36%	-2.70%	-9.01%	-6.48%				44.31%	14.23%
Commodities	5.49%	12.30%	4.55%	38.40%	32.38%				38.77%	7.65%
Private Equity	-6.47%	1.89%	-13.19%	-23.28%	-11.62%				51.44%	17.89%

Sources: Bloomberg, BearBull Global Investments Group



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The diversified systematic strategies of the BearBull Saudi Private Banking Investment Strategies have produced returns of +5.29 to +9.87% annualized since 2016 to date.

The composition of our strategies is available on request