BearBull Global Investments Group – Gate village 3 – Level 1
DIFC – Dubai – UAE – www.bearbull.ae

BearBull
Global Investments Group

BEARBULL PRIVATE BANKING INDICES UAE

February 2022

Bearbull Private Banking UAE indices in positive territory despite the crisis

POSITIVE PERFORMANCES FOR ALL THE BEARBULL PRIVATE BANKING UAE INDICES IN FEBRUARY

BearBull Private Banking Index « Low Risk »	**Year-to-Date**	**-0.89%**	**Year 2021**	**+12.33%**
BearBull Private Banking Index « Moderate Risk »	**Year-to-Date**	**-0.08%**	**Year 2021**	**+19.66%**
BearBull Private Banking Index « Dynamic Risk »	**Year-to-Date**	**+0.74%**	**Year 2021**	**+27.42%**

Comments (performances in AED)

All three Bearbull Private Banking UAE indices performed well in February despite the negative impact of the European geopolitical tensions at the end of the month. Indeed, the low-risk index gained +0.26% in February, the moderate risk strategy did slightly better and advanced by +0.78% while the dynamic risk index rose by +1.30%. The bond markets are in decline again this month. The domestic segment lost -1.35% but nevertheless reduced its negative momentum (-2.21% in January), while the international segment did slightly better, falling only by -1.19%. The international equity markets were greatly affected at the end the month by the conflict between Russian and Ukraine (-2.53%), and are pursuing the downside trend that began already in January (-5.29%). The domestic markets still seem to be shielded from the disturbances experienced in the occidental world and have performed very well in February. The Dubai stock market climbed by +4.73% this month, while the Abu Dhabi shares jumped by +7.09% and recorded the second-best performance of the month. The UAE real estate market is up again this month by +1.30%, but its dynamics have weakened slightly compared to January which saw a gain of +2.52%. The international segment dropped again in February, losing -2.46%. Commodities were the only sector to have benefitted from the violence in Ukraine. Indeed, the asset class jumped by +8.77%, driven by crude oil prices which exceeded 100 US dollars per barrel and gold which regained its attractiveness, fueled by the high anxiety of the markets. Hedge funds proved to be quite resilient during this period of tension and fell by only -0.36%. The private equity segment continued its free fall and suffered from the re-evaluation of investors' risk tolerance (-4.96%).

Financial market developments (performances in AED)

The geopolitical turmoil completely disrupted the investment climate at the end of February, putting a halt to the stock market recovery that began on January 24th. The geopolitical situation in Europe became very strained in the last few days of the month, evoking the darkest hours of the Cold War and leading to fears that the crisis in Ukraine could escalate out of control and threaten the global geopolitical stability built up since the collapse of the USSR. The outbreak of hostilities in Ukraine on February 24th quickly triggered a series of political and economic sanctions by the European Union and many other countries worldwide which had never been seen before, in an attempt to peacefully restrain the Russian President. The unity between the European countries and NATO was translated into a series of sanctions aimed at pressuring Russia to find a diplomatic solution to the crisis. But today, the threat remains not only serious in terms of military action, with the potential use by Russia in Ukraine of equipment that has never before been used in the European area and which could have devastating effects, but also increasing in the context of its economic impact. A disruption of Russian gas and crude oil supplies in March would pose significant problems for power generation in Europe and cause a sharp rise in energy prices. Such a shock would undoubtedly have international repercussions and inflationary effects on top of existing pressures. In this environment, the economic outlook may deteriorate very sharply. The risks of a weakening of consumption caused by a fall in purchasing power should not be underestimated in Europe. In the long term, there remains a big risk of a structural deceleration accompanied by a higher inflation growth and an emerging risk of stagflation. In this environment, commodities were the only positive contributors (+8.77%), while all other asset classes ended lower by about -1.2% for bonds, -2% for equities, -5.2% for private equity and -2.5% for real estate.

PERFORMANCES BY ASSET CLASS

February

+ 8.77%	Commodities
+ 7.09%	Abu Dhabi Equities
+ 4.73%	Dubai Equities
+ 1.30%	UAE Real Estate
- 0.36%	Hedge Funds
- 1.19%	International Bonds
- 1.35%	UAE Bonds
- 2.46%	International Real Estate
- 2.53%	International Equities
- 4.96%	Private Equity

YTD

+ 21.43%	Commodities
+ 9.81%	Abu Dhabi Equities
+ 4.97%	Dubai Equities
+ 3.85%	UAE Real Estate
- 1.82%	Hedge Funds
- 3.21%	International Bonds
- 3.53%	UAE Bonds
- 7.38%	International Real Estate
- 7.69%	International Equities
- 11.86%	Private Equity

COMMENTS BY ASSET CLASS

Fixed Income

Bond markets continued their yield curve adjustment phase in a simultaneously rising interest rate environment. These markets experienced losses ranging from -1% to -2%, with the Swiss bond market (-2.04%), among the worst performers with the European market which was even more affected (-2.21%).The year 2022 began looking positive from an economic point of view, but the conflict that broke out in Ukraine and its indirect effects on the Russian gas prices have been leading to renewed uncertainties regarding growth in European countries with growing inflationary risks globally which should threaten future purchasing power and consumption. Inflation may not decline as quickly as expected, but the risks of a cyclical slowdown could bring back to the forefront several questions and raise the spectrum of a repeating period of stagflation in 2022.

Equities

The decline in the equity markets resumed at the end of the month with the Russian invasion of Ukraine bringing as consequence extreme volatility. Europe was logically the most affected and recorded a drop of -6%. Swiss stocks fell by -2.2% but slightly less than US stocks markets (-3%). The Dubai (+4.73%) and Abu Dhabi (+7.09%) stock markets appeared once again uncorrelated with the Western markets and have performed extremely well. Risk scores are improving and would logically support an increase in equity exposure, but the actual indirect geopolitical implications are not measured by our indicators.

Commodities

The commodities sector is the only one to have been propelled by the recent geopolitical tensions in Eastern Europe. Following the invasion of Ukraine by the Russian army, oil and gas prices have undergone substantial increases. The European sanctions have reinforced fears of disruption of supplies of these energy sources, the price of crude oil has respectively jumped +11.88% to exceed 100 US dollars per barrel. Gold prices also resumed an ascending trajectory, fueled by both the financial market volatility and European political uncertainty.

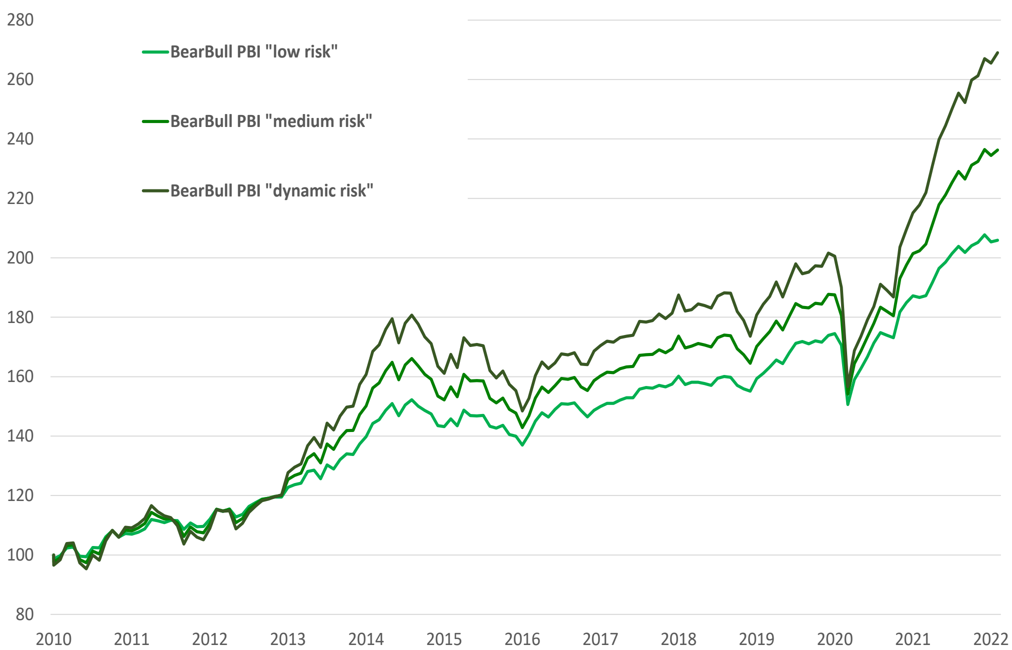
Private Equity

The private equity sector continued its free fall and posted the worst performance of all asset classes this month. This risky asset class was penalized by the general uncertainty that hit the financial markets in February and prompted investors to reassess their risk tolerance (-4.96%).

BearBull Private Banking Indices UAE - Performances in USD

	3 last months			YTD	Current year				Annualized Perf.	
	January 2022	February 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%	0.26%		-0.89%					12.33%	6.09%
BearBull PBI "medium risk" (45% fixed income)	-0.85%	0.78%		-0.08%					19.66%	7.25%
BearBull PBI "dynamic risk" (25% fixed income)	-0.56%	1.30%		0.74%					27.42%	8.36%
Sub-indices										
UAE Bonds	-2.21%	-1.35%		-3.53%					0.87%	4.33%
International Bonds	-2.05%	-1.19%		-3.21%					-4.71%	2.19%
Dubaï Equities	0.22%	4.73%		4.97%					32.14%	9.18%
Abu Dhabi Equities	2.54%	7.09%		9.81%					75.89%	15.21%
International Equities	-5.29%	-2.53%		-7.69%					21.82%	10.32%
UAE Real Estate	2.52%	1.30%		3.85%					32.64%	11.54%
International Real Estate	-5.04%	-2.46%		-7.38%					22.01%	6.98%
Commodities	11.63%	8.77%		21.43%					40.35%	-3.08%
Hedge Funds	-1.47%	-0.36%		-1.82%					3.64%	1.63%
Private Equity	-7.27%	-4.96%		-11.86%					51.44%	14.22%

Sources: BearBull Global Investments Group Limited / Bloomberg



Sources: Bearbull Global Investments Group Limited / Bloomberg,