

BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

May 2022

The negative trend continues in May

NEGATIVE PERFORMANCES FOR ALL THE BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE IN MAY

| | | |
|---|----------------------------|--------------------------|
| BearBull PB Investment Strategy « Low Risk » | Year-to-Date -3.01% | Year 2021 +12.33% |
| BearBull PB Investment Strategy « Moderate Risk » | Year-to-Date -0.41% | Year 2021 +19.66% |
| BearBull PB Investment Strategy « Dynamic Risk » | Year-to-Date +2.24% | Year 2021 +27.42% |

Comments (performances in AED)

All three BearBull Private Banking Investment Strategies UAE are once again performing negatively as the downward trend in the financial markets takes hold. Indeed, the low-risk strategy fell by -0.71% in May, while the moderate risk strategy followed the same path, losing -0.83%, a performance that took the strategy below the zero YTD performance mark (-0.41%). The dynamic risk approach also posted a loss this month but still recorded a YTD gain (+2.24%). The bond markets are on both sides of the neutral performance this month. Indeed, the domestic class is down again (-0.48%). The international sector performed positively (+0.27%) and reversed the strong negative trend of the last few months (-3.05% in March and -5.48% in April). The equity markets that make up the index were mostly in the red in May. The Dubai stock market plunged (-10.00%) this month and interrupted the upward trajectory since the beginning of the year. Despite this negative performance, the sector is still gaining +7.46% YTD. The Abu Dhabi stock market is slightly down this month and interrupts a positive trajectory of several months (-0.25%). Only international equities managed to post a small gain in May (+0.08%). The real estate sector was in negative territory in May. Indeed, the domestic class experienced a strong correction of -7.76% after two months of spectacular increases (+14.94% and +17.67%). The international class continued its negative trend and fell by -4.28%. Commodities are again unsurprisingly at the top of the ranking, still supported by the energy crisis (+5.07%). Hedge funds fell once again in May (-1.10%), while private equity made a gain (after collapsing by -13.19% in April).

Financial market developments (performances in AED)

The rebound of the equity markets in the last few days of May reversed the negative trend of the previous weeks and allowed the majority of the stock market indices to record a slightly positive monthly close. The S&P500 index ended the month up by a small 0.18% after having fallen by -7.8% in the previous days. During the month, the interest rate markets also experienced significant volatility, with yields initially rising before easing at the end of the month. Ten-year US Treasury yields rose from 2.9% to 3.2% at the beginning of the period before falling back to 2.85%. The Fed's negative comments on inflation and its decision to raise rates a second time on May 4th by 0.5% had an effect on investor sentiment. Concerns that a monetary tightening cycle would intensify and accelerate to counter persistently high inflation were the main factor of uncertainty at the beginning of the month. Subsequently, signs of weakness in the US economy helped to adjust the outlook for interest rate hikes and reduce fears of overly aggressive monetary policies. In Europe, the ECB's cautious measures announcing a gradual change in policy were rather reassuring. On the geopolitical front, the war in Ukraine remained a source of tension for commodities, which rose again by +5.07%, led by the rise in energy prices (+9.9%). Oil (Brent) temporarily recovered to \$125 a barrel, while gold prices slipped by -3.1% with the first potential sign of a loss of momentum in US inflation, down slightly from 8.5% to 8.3% in April. Real estate investments fell by around -4.28% internationally and much more domestically (-7.76%), while private equity managed to remain positive (+2.54%). Equities may have reached their nadir after a drop of -31.4% for the Nasdaq and -20.9% for the S&P500, if lower inflation, signs of economic slowdown and lower interest rate pressures materialize in June.

PERFORMANCES BY ASSET CLASS

MAY

| | |
|----------|---------------------------|
| + 5.07% | Commodities |
| + 2.54% | Private Equity |
| + 0.27% | International Bonds |
| + 0.08% | International Equities |
| - 0.25% | Abu Dhabi Equities |
| - 0.48% | UAE Bonds |
| - 1.10% | Hedge Funds |
| - 4.28% | International Real Estate |
| - 7.76% | UAE Real Estate |
| - 10.00% | Dubai Equities |

YTD

| | |
|----------|---------------------------|
| + 31.71% | Commodities |
| + 26.38% | UAE Real Estate |
| + 17.50% | Abu Dhabi Equities |
| + 7.46% | Dubai Equities |
| - 1.87% | Hedge Funds |
| - 6.71% | UAE Bonds |
| - 7.89% | International Real Estate |
| - 8.10% | International Equities |
| - 9.20% | International Bonds |
| - 15.17% | Private Equity |

COMMENTS BY ASSET CLASS

Bonds

Expectations in the bond markets changed rapidly in May. Yield curves rose again as inflationary pressures continued, before falling as the growing risks of an economic slowdown were taken into account. Ten-year US Treasury yields initially rose by 30 bps to 3.2% before falling back to 2.9% at the end of the month. In Europe, inflationary pressures appear to be more acute, which has supported a more upward trend in yields above 1%. Yield spreads with USD and CHF rates have thus increased in favour of euro bonds. The spread between euro and Swiss franc 2-year yields reversed by 70 bps to 47 bps, the highest spread observed since the end of 2015.

Stocks

Equity markets ended the month with one of the longest sequences of negative weekly performance in history. While investors have continued to pull back sharply from equity markets, the corresponding price declines had already been very significant for many companies, including many of those in the Nasdaq index, with corrections often exceeding -50%. Confidence is improving and investors seem to be more willing to take risks, reinforcing the likelihood that the low point of the last few days will indeed be a bottom for at least a few weeks. In the UAE the negative trend impacted the stock markets in Dubai (-10%) and Abu Dhabi (-0.25%) which encountered their first loss since the beginning of the year.

Commodities

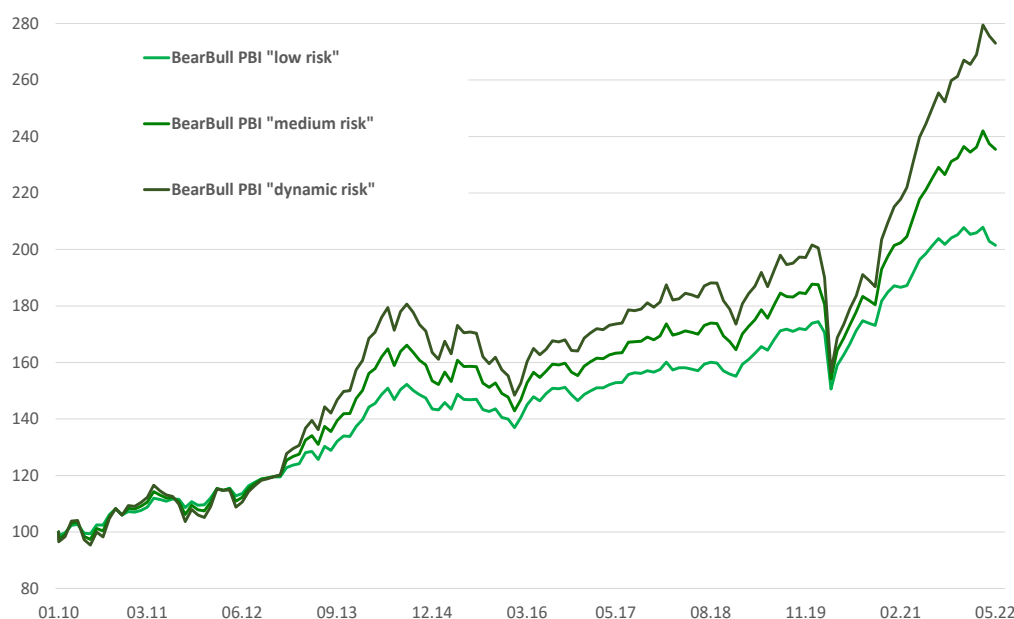
The commodities sector is the only asset class to continue on a positive trajectory in 2022. The segment is still favored by the European geopolitical situation and the ongoing war in Ukraine. Sanctions against Russia were stepped up again in May and a total embargo on Russian oil by the end of the year has been announced, raising fears of new tensions on the energy market. The segment recorded an exceptional gain of +31.71%, placing it ahead of other asset classes.

Real Estate

The sector did not benefit from the rebound at the end of the month and continues its negative trend. Indeed, international real estate suffered a strong correction, falling by -4.28% and continuing the negative trend that the segment started last month. The asset class has accumulated a loss of -7.89% since the beginning of the year in a context of rising interest rates which is lowering the yield on real estate. In the meantime, the domestic sector encountered a strong decline as well, which interrupted a meteoric rise during the past 2 months. Nevertheless, the asset class is still in positive territory year to date (+26.38%).

| BearBull Private Banking Indices UAE - Performances in USD | | | | | | | | | | |
|--|---------------|------------|----------|--------------|--------------|-------------|-------------|-------------|------------------|------------------|
| | 3 last months | | | YTD | Current year | | | | Annualized Perf. | |
| | March 2022 | April 2022 | May 2022 | current year | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | 2021 | 2010 to this day |
| BearBull PBI "low risk" (65% fixed income) | 0.96% | 0.96% | -0.71% | -3.01% | 0.06% | | | | 12.33% | 5.80% |
| BearBull PBI "medium risk" (45% fixed income) | 2.42% | 2.42% | -0.83% | -0.41% | 2.35% | | | | 19.66% | 7.14% |
| BearBull PBI "dynamic risk" (25% fixed income) | 3.89% | 3.89% | -0.95% | 2.24% | 4.65% | | | | 27.42% | 8.43% |
| Sub-indices | | | | | | | | | | |
| UAE Bonds | -1.74% | -3.29% | -0.48% | -6.71% | -5.21% | | | | 0.87% | 3.66% |
| International Bonds | -3.05% | -5.48% | 0.27% | -9.20% | -6.16% | | | | -4.71% | 1.36% |
| Dubai Equities | 7.16% | 6.39% | -10.00% | 7.46% | 12.49% | | | | 32.14% | 9.62% |
| Abu Dhabi Equities | 7.93% | 1.92% | -0.25% | 17.50% | 18.52% | | | | 75.89% | 16.38% |
| International Equities | 2.74% | -8.31% | 0.08% | -8.10% | -5.15% | | | | 21.82% | 9.36% |
| UAE Real Estate | 14.94% | 17.67% | -7.76% | 26.38% | 19.37% | | | | 32.64% | 13.41% |
| International Real Estate | 4.16% | -5.28% | -4.28% | -7.89% | -3.53% | | | | 22.01% | 6.13% |
| Commodities | 9.63% | 5.12% | 5.07% | 31.71% | 33.13% | | | | 40.35% | -0.85% |
| Hedge Funds | 0.48% | -0.90% | -1.10% | -1.87% | -1.35% | | | | 3.64% | 1.44% |
| Private Equity | 0.27% | -13.19% | 2.54% | -15.17% | -11.62% | | | | 51.44% | 12.42% |

Sources: BearBull Global Investments Group Limited, Bloomberg



Sources: BearBull Global Investments Group Limited, Bloomberg

The systematic diversified strategies of the BearBull Private Banking Investment Strategies UAE have produced annualized average returns of +5.80% (Low risk) to +8.43% (Dynamic Risk) since 2010.

The composition of our private banking investment strategies is available on request