

BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

June 2022

The negative trend increases in June

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

BearBull PB Investment Strategy « Low Risk »	Year-to-Date -6.98%	Year 2021 +12.33%
BearBull PB Investment Strategy « Moderate Risk »	Year-to-Date -5.64%	Year 2021 +19.66%
BearBull PB Investment Strategy « Dynamic Risk »	Year-to-Date -4.32%	Year 2021 +27.42%

Comments (performances in AED)

The negative trend in the financial markets continued in June, dragging the Bearbull Private Banking Investment Strategies UAE down. Indeed, the low-risk strategy fell by -4.09% this month while the moderate-risk strategy followed the same path, losing -5.26%. The dynamic risk strategy is the worst performer, falling by -6.42%. This month, the three indices all fell below the neutral performance mark in YTD terms (-6.98%, -5.64%, and -4.32%). The bond markets are both in the red this month. The domestic segment is down -1.64% while the international segment is down more (-3.21%). Equity markets are strongly impacted by the general downtrend. The UAE stock market is still declining in June, the Dubai stock market loses -3.70% but nevertheless reduces its downward momentum (-10% in May) and the Abu Dhabi stock market on the contrary accentuates its negative trend (-0.25% in May then -6.76% in June). The international class is following the same trajectory and is falling in a similar manner (-8.66%). The Emirati real estate segment performed very poorly this month and plunged by -14.04% in June; the international class also experienced a strong correction (-8.47%). The commodities sector ended its first month of decline since the beginning of the year 2022. Indeed, the sector's performance was negatively impacted by the contraction of crude oil prices during the month of June, which interrupted five consecutive months of increases. The sector is still clearly positive since the beginning of the year and has a cumulative gain of +21.65%. Hedge funds declined by -1.80% this month but proved to be more resilient than many asset classes. Private equity collapses again in June (-14.92%).

Financial market developments (performances in AED)

The first half of the year turned out to be one of the worst in history, with all asset classes declining from -10% (Swiss bonds) to -27% (PE), except for commodities (+35.8%). The month ended with a new unexpected rebound with the publication of the Atlanta Fed's GDPNow, which went from +0.7% on June 28 to -2.08% on July 1 and suggests that the US economy is already in recession. Expectations of an economic softening induced by the fall in household purchasing power following the rise in prices were projected for the end of the year and will have to be reassessed. After having suffered a brutal exacerbation of fears of uncontrolled inflation with the June 10 release of the US CPI (+8.6% YoY), which simultaneously caused a jump of more than 50 basis points in most long-term yields in three days, a drop of about -10% in the equity markets and a forced 75 bp hike by the Fed, fear of recession is once again the main source of concern. The spectre of recession has thus relegated inflationary fears to the background, and rightly so in our view, as a number of indicators are already pointing logically to a reduction in tensions in the context of growing economic weakness. The financial markets are at a loss and so is the Fed, which will certainly appear to be at odds once again in this context. The financial markets are at a loss and so is the Fed, which will certainly appear to be at odds with the current economic situation once again in this context. Barely three days of rate hikes will have been enough to cause panic in all sectors, but normalization is already taking place in the financial markets, with long-term yields adjusting quickly to this new paradigm. The rise in rates was thus short-lived and did not withstand the increasing signs of economic slowdown. Yield curves quickly contracted back below the levels that prevailed before June 10. WTI crude oil (-7.7%), US gas (-33.4%) and agricultural commodities (-11.9%) also fell sharply in June and will contribute to the loss of inflation momentum in the coming weeks.

PERFORMANCES BY ASSET CLASS

JUNE

-1.64%	UAE Bonds
-1.80%	Hedge Funds
-3.21%	International Bonds
-3.70%	Dubai Equities
-6.76%	Abu Dhabi Equities
-7.64%	Commodities
-8.47%	International Real Estate
-8.66%	International Equities
-14.04%	UAE Real Estate
-14.92%	Private Equity

YTD

+ 21.65%	Commodities
+ 9.55%	Abu Dhabi Equities
+ 8.64%	UAE Real Estate
+ 3.48%	Dubai Equities
- 3.64%	Hedge Funds
- 8.24%	UAE Bonds
- 12.11%	International Bonds
- 15.69%	International Real Estate
- 16.06%	International Equities
- 27.82%	Private Equity

COMMENTS BY ASSET CLASS

Bonds

The changes in expectations were extreme in June extreme in June, ranging from +50 bps in a generalized panic over the risks of a relaunch of an uncontrolled inflationary spiral, before correcting these excesses with stronger cuts in the more rational perspective of a slowing economy. The capital markets are now more markets are now more afraid of recession than of inflation, which could already be curbed by the increasingly visible decline in consumption. Ten-year US Treasury yields initially rose by 50 bps to 3.49% before falling rapidly to 2.88% at the end of the month. In Europe and Switzerland, ten-year government yields ten-year government yields, which had reached 1.92% and 1.59% respectively in the context of the panic mentioned above, fell back to 1.18% and 0.92%, despite inflation rising to +3.4% YoY in Switzerland.

Stocks

Unlike the bond markets, the equity markets remained frozen in their post rate shock of June 10, with no real positive reaction following the impressive decline in yields observed afterwards in most markets. Risk appetite has not yet recovered. Investors still fear the onset of the earnings and the fact that the PE correction has mainly been realized in the form of falling prices (P). The economic factor is weighing on the profit outlook.

Commodities

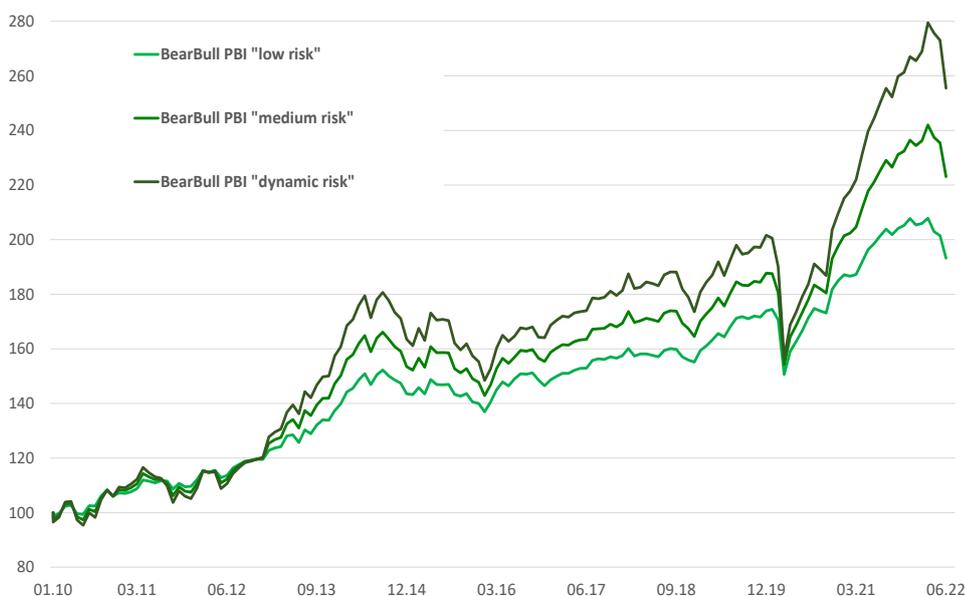
The commodities sector is experiencing its first period of decline since the beginning of the year. The asset class lost -7.64% in June, dragged down by the price of crude oil, which fell by -7.7%. Gas is not left behind either, as the commodity collapsed by about -33%. A drop that could relieve somewhat the inflationary pressures inflationary pressures that have been the focus of investors' attention for some months. The sector is still clearly in the lead in the YTD table and is even the only asset class in positive territory with a cumulative gain of +32.79%.

Real Estate

The real estate segment is continuing its downward trend in June. The domestic class is the hardest hit this month and loses -14.04% but remains positive YTD (+8.64%). The international segment also suffered a strong correction in June (-8.47%), with a cumulative loss of -15.69% since January.

BearBull Private Banking Investment Strategies UAE - Performances in USD										
	3 last months			YTD	Current year				Annualized Perf.	
	April 2022	May 2022	June 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2010 to this day
BearBull PBIS "low risk" (65% fixed income)	-2.38%	-0.71%	-4.09%	-6.98%	0.06%	-6.15%			12.33%	5.41%
BearBull PBIS "med risk" (45% fixed income)	-1.88%	-0.83%	-5.26%	-5.64%	2.35%	-5.57%			19.66%	6.63%
BearBull PBIS "dyna risk" (25% fixed income)	-1.37%	-0.95%	-6.42%	-4.32%	4.65%	-5.02%			27.42%	7.79%
Sub-indices										
UAE Bonds	-3.29%	-0.48%	-1.64%	-8.24%	-5.21%	-5.33%			0.87%	3.49%
International Bonds	-5.48%	0.27%	-3.21%	-12.11%	-6.16%	-8.26%			-4.71%	1.08%
Dubai Equities	6.39%	-10.00%	-3.70%	3.48%	12.49%	-7.80%			32.14%	9.22%
Abu Dhabi Equities	1.92%	-0.25%	-6.76%	9.55%	18.52%	-5.21%			75.89%	15.61%
International Equities	-8.31%	0.08%	-8.66%	-16.06%	-5.15%	-16.19%			21.82%	8.50%
UAE Real Estate	17.67%	-7.76%	-14.04%	8.64%	19.37%	-6.70%			32.64%	11.96%
International Real Estate	-5.28%	-4.28%	-8.47%	-15.69%	-3.53%	-17.01%			22.01%	5.34%
Commodities	5.12%	5.07%	-7.64%	21.65%	33.13%	2.01%			40.35%	-1.47%
Hedge Funds	-0.90%	-1.10%	-1.80%	-3.64%	-1.35%	-3.75%			3.64%	1.29%
Private Equity	-13.19%	2.54%	-14.92%	-27.82%	-11.62%	-24.27%			51.44%	10.89%

Sources: BearBull Global Investments Group Limited, Bloomberg



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The systematic diversified strategies of the BearBull Private Banking Investment Strategies UAE have produced annualized average returns of +5.41% (Low risk) to +7.79% (Dynamic Risk) since 2010.

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