

# BearBull Private Banking Investment Strategies Saudi

**SAR**

**+4.87% to +9.18%**  
Annualized return since 2016

BearBull exclusivity since 2016

July 2022

## KSA Private banking strategies back in the green in July

### POSITIVE PERFORMANCES FOR THE BEARBULL KSA PRIVATE BANKING INVESTMENT STRATEGIES IN JULY

BearBull Saudi PB Investment Strategy « low risk »	July	<b>+1.83%</b>	Year-to-Date	<b>-0.36%</b>
BearBull Saudi PB Investment Strategy « moderate risk »	July	<b>+2.96%</b>	Year-to-Date	<b>+0.83%</b>
BearBull Saudi PB Investment Strategy « dynamic risk »	July	<b>+4.10%</b>	Year-to-Date	<b>+1.97%</b>

### Comments (performances in SAR)

The negative trend that affected the financial markets during the first part of the year was interrupted in July. Indeed, all three Bearbull KSA Private Banking Investment Strategies are performing positively this month. Two of the three strategies are now in positive territory YTD and demonstrate the benefits of a 6-asset class diversification compared to the performance of international stocks (-1.74%) and bonds (-3.34%). The low-risk strategy advanced by +1.83% while the moderate-risk strategy did even better by gaining +2.96%. The dynamic strategy is in the lead with a gain of +4.10%. Fixed income markets are back in positive territory, with the domestic segment advancing by +0.17% while the international class is up as well (+0.67%). The equity markets regained their breath in July and interrupted their downward trend. The international segment jumped by +5.59% and in the Saudi stock market, the movement is positive as well (+3.72%). Despite this excellent performance, international equities are in the negative territory from a year-to-date perspective (-1.74%) whereas Saudi equities have accumulated positive performances since January (+19.65%). The private equity segment achieved the best performance of the month across all asset classes by jumping +14.99%. This spectacular performance could represent a change in risk appreciation by investors who are reconsidering risky assets. However, the asset class is still responsible for the biggest cumulative loss since the beginning of the year (-23.03%). The real estate sector also returned to the upside in July. The asset classes made gains of +8.57% domestically and +8.64% internationally. Commodities were just below the neutral performance mark this month and declined by -0.74%, a movement due to the correction in crude oil prices. The asset class remains nevertheless the big winner of these first 7 months of the year (+34.02%).

### Investment climate (performances in SAR)

July ended with a positive performance for most financial assets. The S&P500 index even recorded its best monthly result (+9.2%) since November 2020 and international bonds ended the month in positive territory (+0.67). This period was however rich in negative surprises with in particular the publication of a still persistent US inflation (+9.1%) and a surprise negative growth of the US GDP (-0.9%) in the 2nd quarter, against the backdrop of a 0.75 bp increase in the US Federal Reserve's key rates. The financial markets thus took the opposite view of these elements, certainly relieved by the rapid reversal of the trend in long-term rates. Hedge funds (-0.54%) largely underperformed during this period of recovery in international equities (+3.72%), real estate (+8.64%) and private equity (+14.99%) and do not seem to have anticipated the stock market recovery that has begun. The fears that had caused financial assets to fall have thus become a reality in recent weeks with the exception of those linked to the evolution of company results. Indeed, the earnings season has so far gone better than many had feared, with a high proportion of companies exceeding analysts' expectations. The rapid adjustment in 10-year bond yields (-100 bps) has largely contributed to the change in risk perception and will support fund flows into risky assets. A stabilisation of long rates at current levels is likely in the coming months if the inflation trajectory finally shows the expected signs of easing.

### PERFORMANCES BY ASSET CLASS

#### JULY

+ 14.99%	Private Equity
+ 8.64%	International Real Estate
+ 8.57%	Saudi Real Estate
+ 5.59%	International Equities
+ 3.72%	Saudi Equities
+ 0.67%	International Bonds
+ 0.17%	Saudi Sukuk
- 0.74%	Commodities

#### YTD

+ 34.02%	Commodities
+ 19.65%	Saudi Equities
- 1.74%	International Equities
- 3.34%	International Bonds
- 4.95%	Saudi Sukuk
- 14.91%	International Real Estate
- 16.35%	Saudi Real Estate
- 23.03%	Private Equity

## COMMENTS BY ASSET CLASSES

### Bonds

The effects of changing expectations were even more extreme in July than in June in most markets. Consideration of recession risks outweighed inflationary fears and thus caused long rates to accelerate downwards by about 50 bps. As a result, ten-year rates have corrected by almost 100 bps since their peak level in June. Yields have fallen from 1.5% to 0.5% in Switzerland, from 3.5% to 2.5% in the US and from 1.75% to 0.77% in Germany. The yield curves are now lower at the end of July than they were in June and even in May, especially in the central part.

### Equities

Equity markets finally reacted favorably in July to lower interest rates after being rather cautious in June. A Better than anticipated earnings season also encouraged some risk-taking. Risk appetite partly returned in July, particularly in technology stocks, which were particularly badly hit in the first half of the year. Enthusiasm is not yet total as we note the still exceptional level of short positions by large speculative investors and historically very low allocations by institutional investors. The sentiment remains cautious but it could be difficult to hold the massive shorts still held by hedge funds if the S&P500 manages to rise above its 100-day average of 4,120 points.

### Commodities

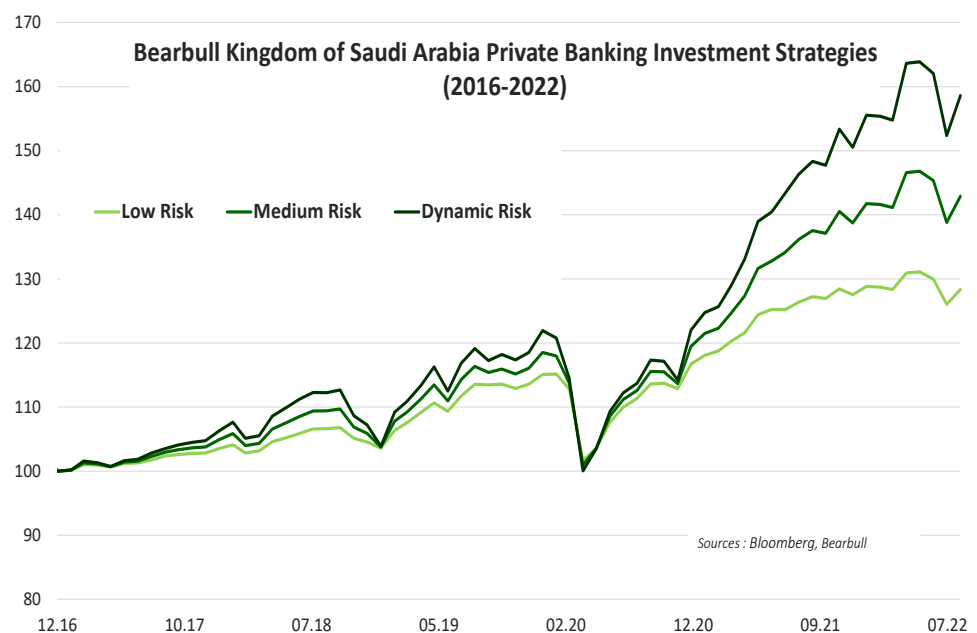
The commodities sector is once again evolving above the neutral performance mark in July. Indeed, after a lightning correction in June (-7.75%), is still slightly negative due to the correction in crude oil prices, which even reached 87 dollars during the month, under the pressure of the recession outlook. The asset class remains the big winner of the first 7 months of the year, with a spectacular cumulated gain of +34.02%.

### Real Estate

The sector suffered greatly in the first part of the year from the tightening of monetary policy by central banks and the increase in interest rates. However, securitised real estate investments benefited in July from the easing of the interest rate trend and are regaining investor interest. Both asset classes are positive this month (+8.75% domestically and +8.64% internationally).

BearBull KSA PB Investment Strategies – Performances in SAR										
	3 last months			YTD	Current year				Annualized Perf.	
	May 2022	June 2022	July 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2016 to this day
Bearbull KSA PBIS "low risk" (65% f.i)	-0.86%	-3.02%	1.83%	-0.36%	1.64%	-3.73%			9.10%	4.87%
Bearbull KSA PBIS "medium risk" (45% f.i)	-0.99%	-4.50%	2.96%	0.83%	3.42%	-5.31%			16.68%	7.04%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	-1.12%	-5.98%	4.10%	1.97%	5.20%	-6.89%			24.70%	9.18%
<b>Sub-indices</b>										
Saudi Sukuk	-0.48%	-0.69%	0.17%	-4.95%	-3.40%	-1.78%			-3.66%	-0.44%
International Bonds	-0.17%	-1.10%	0.67%	-3.34%	-1.59%	-2.42%			-0.64%	3.10%
Saudi Equities	-6.22%	-5.76%	3.72%	19.65%	21.64%	-5.17%			45.80%	18.87%
International Equities	0.25%	-7.39%	5.59%	-1.74%	1.07%	-7.93%			22.98%	8.08%
Saudi Real Estate	-5.29%	-9.09%	8.57%	-16.35%	-5.88%	-18.14%			20.21%	4.47%
International Real Estate	-7.46%	-6.98%	8.64%	-14.91%	-6.48%	-16.25%			44.31%	10.76%
Commodities	5.74%	-7.75%	-0.74%	34.02%	32.38%	1.99%			38.77%	7.06%
Private Equity	2.54%	-14.92%	14.99%	-23.03%	-11.62%	-24.27%			51.44%	13.04%

Sources: Bloomberg, BearBull Global Investments



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**The diversified systematic strategies of the BearBull Saudi Private Banking Investment Strategies have produced annualized returns of +4.87% to +9.18% since 2016 to date.**

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