

# BearBull Private Banking Investment Strategies Saudi

**SAR**

**+4.33% to +8.46%**  
Annualized return since 2016

BearBull exclusivity since 2016

October 2022

## Strong performances for KSA Private banking strategies in October

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

BearBull Saudi PB Investment Strategy « low risk »	Oct	<b>+0.48%</b>	Year-to-Date	<b>-3.03%</b>
BearBull Saudi PB Investment Strategy « moderate risk »	Oct	<b>+1.68%</b>	Year-to-Date	<b>-2.24%</b>
BearBull Saudi PB Investment Strategy « dynamic risk »	Oct	<b>+2.89%</b>	Year-to-Date	<b>-1.54%</b>

### Comments (performances in SAR)

The Bearbull KSA private banking investment strategies returned to the upside in October. Indeed, the low-risk strategy rose above the neutral performance mark this month, gaining +0.48%. The moderate risk approach gained +1.68% while the dynamic risk strategy posted the best performance of the month, climbing by +2.89%. The three strategies are still in negative territory in October (-3.03%, -2.24% and -1.54% respectively). The bond asset class was the only one to post a negative performance in October. Indeed, the domestic segment still contracted by -1.75% despite a reduction in momentum compared to the last period (-2.39%). International bonds went the same way and lost (-0.76%). Both asset classes are in negative territory in YTD terms (-8.32% and -6.01% respectively). The equity markets returned to the upside after a period in the red. The domestic segment rose by +3.35% in October, while the international segment's movement was even more pronounced (+4.63%). Since January, Saudi equities have performed very well (+23.43%) and are one of only two asset classes to have made a gain YTD. International equities are also proving to be very resilient, losing only -0.04% since January. The securitised real estate sector was severely punished by central banks' monetary policies in 2022 but the market enjoyed a lull in October. The domestic segment is up a modest +0.42% while the international segment is performing slightly better (+1.71%). In YTD terms, both asset classes suffered greatly and accumulated heavy losses (-32.32% and -29.04% respectively). Commodities are back on the rise in October, breaking their downward trend of the last two months. The segment benefited from the positive development of crude oil prices and gained +6.17%. Since the beginning of the year, the sector remains at the top of the table with a cumulative gain of +27.70%. Private equity rebounded strongly in October (+10.33%), reflecting the renewed appeal of risky assets, but is still the worst performer YTD (-33.04%).

### Investment climate (performances in SAR)

October proved to be a more favorable month for risky assets, which instead recorded positive results. Among our universe of 33 asset classes, 22 have indeed achieved a positive performance this month. The stock market rallies are logically to be found in the equity markets, real estate, commodities and private equity. A certain amount of volatility and nervousness marked the interest rate markets, with an initial negative reaction to the announcement of higher-than-expected inflation in September and a low unemployment rate, which temporarily pushed US rates to new highs. A few days of consolidation then allowed yields to stabilize a little lower in most markets. This relative stabilization of yield curves at high levels was still enough to restore some enthusiasm among investors, who took advantage of the opportunity to reposition themselves a little in risky assets. The Fed's next 0.75% rate hike in November to 4% is a foregone conclusion and investors have taken on board the prospect of a continuation of the trend towards a target, now estimated at 5% in June 2023. The risks of a recession are still present, but as of December it now seems likely that the US Federal Reserve will change its policy. We then expect a first decrease in the size of the increase to only 0.5%, which could then be followed by smaller increases (0.25%) in 2023.

### PERFORMANCES BY ASSET CLASS

#### AUGUST

+ 10.33%	Private Equity
+ 6.17%	Commodities
+ 4.63%	International Equities
+ 3.35%	Saudi Equities
+ 1.71%	International Real Estate
+ 0.42%	Saudi Real Estate
- 0.76%	International Bonds
- 1.75%	Saudi Sukuk

#### YTD

+ 27.70%	Commodities
+ 23.43%	Saudi Equities
- 0.04%	International Equities
- 6.01%	International Bonds
- 8.32%	Saudi Sukuk
- 29.04%	International Real Estate
- 32.32%	Saudi Real Estate
- 33.04%	Private Equity

## COMMENTS BY ASSET CLASSES

### Bonds

The high correlation between bond markets remained present in October. The dispersion of performance is thus low, with the exception of the British case, which benefited from the forced change in monetary policy implemented by the BoE, in response to the reaction to the disaster caused on the market, by the "mini budget" and which recorded a rise of +3.25%. The magnitude of the movements is in fact small, with international bonds retracting by -0.76%. The increase in risk premiums in the corporate IG segments but also in high yield is becoming attractive. The current yields seem attractive to us in view of the expected evolution of inflation and the economic slowdowns likely to occur at the end of the year.

### Equities

Equity markets reacted positively, but still without much enthusiasm to the stabilisation of the yield curves in October. Despite the uncertainty linked to the publication of third quarter results, international markets still rebounded by +4.63%, after a correction in September (-3.66%). Risk appetite is thus returning, but it remains extremely uncertain and dependent on the inflation-rate pair. While patience and caution are still required to achieve a greater degree of comfort, we believe that the conditions are more favorable for a constructive allocation.

### Commodities

Commodities also interrupted their downward trend and returned to the upside (+6.17%). The sector is pulled up by the good performance of crude oil prices during the month following the announcement of OPEC+ production cuts. Indeed, the cartel took the decision to drastically reduce its production level in order to address the potential decline in demand due to macroeconomic factors

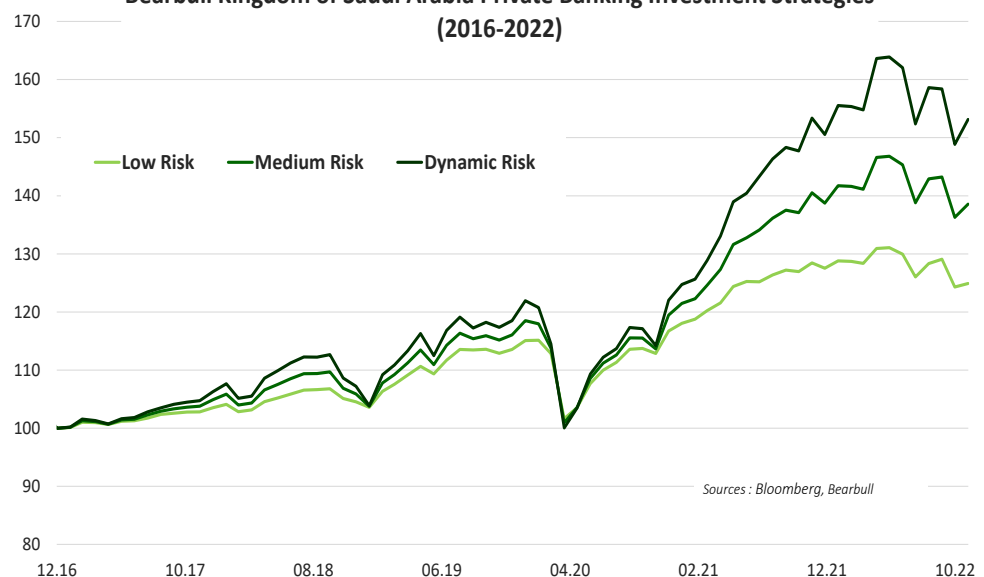
### Real Estate

The securitized real estate segment enjoyed a lull in October. Indeed, the domestic market is up by +0.42%. Internationally, the negative trajectory was interrupted as well this month by a temporary easing of the pressure of interest rates at the end of the period, the sector climbed by +1.71%. Nonetheless, the domestic segment is still down YTD by a heavy -32.32% whereas the international class is cumulating a bit fewer losses since January (-29.04%).

BearBull KSA PB Investment Strategies – Performances in SAR										
	3 last months			YTD	Current year				Annualized Perf.	
	August 2022	September 2022	October 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2016 to this day
Bearbull KSA PBIS "low risk" (65% f.i)	0.58%	-3.69%	0.48%	-3.03%	1.64%	-3.73%	-1.37%		9.10%	4.33%
Bearbull KSA PBIS "medium risk" (45% f.i)	0.22%	-4.86%	1.68%	-2.24%	3.42%	-5.31%	-1.82%		16.68%	6.41%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	-0.13%	-6.02%	2.89%	-1.54%	5.20%	-6.89%	-2.30%		24.70%	8.46%
<b>Sub-indices</b>										
Saudi Sukuk	0.58%	-2.39%	-1.75%	-8.32%	-3.40%	-1.78%	-1.65%		-3.66%	-0.43%
International Bonds	0.13%	-2.15%	-0.76%	-6.01%	-1.59%	-2.42%	-1.37%		-0.64%	3.06%
Saudi Equities	6.21%	-6.02%	3.35%	23.43%	21.64%	-5.17%	3.53%		45.80%	18.57%
International Equities	0.92%	-3.66%	4.63%	-0.04%	1.07%	-7.93%	2.65%		22.98%	7.95%
Saudi Real Estate	-6.50%	-13.84%	0.42%	-32.32%	-5.88%	-18.14%	-12.52%		20.21%	4.41%
International Real Estate	-5.85%	-12.92%	1.71%	-29.04%	-6.48%	-16.25%	-10.93%		44.31%	10.60%
Commodities	-2.97%	-7.51%	6.17%	27.70%	32.38%	1.99%	-10.91%		38.77%	6.95%
Private Equity	-7.36%	-14.88%	10.33%	-33.04%	-11.62%	-24.27%	-9.33%		51.44%	12.84%

Sources: Bloomberg, BearBull Global Investments

### Bearbull Kingdom of Saudi Arabia Private Banking Investment Strategies (2016-2022)



Sources: Bloomberg, BearBull Global Investments

The diversified systematic strategies of the BearBull Saudi Private Banking Investment Strategies have produced annualized returns of +4.33 to +8.46% since 2016 to date.

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