

BearBull Private Banking Investment Strategies Saudi

SAR

+4.62% to +8.81%
Annualized return since 2016

BearBull exclusivity since 2016

November 2022

The positive trend confirms in November

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

BearBull Saudi PB Investment Strategy « low risk »	Nov	+1.48%	Year-to-Date	-1.59%
BearBull Saudi PB Investment Strategy « moderate risk »	Nov	+1.59%	Year-to-Date	-0.68%
BearBull Saudi PB Investment Strategy « dynamic risk »	Nov	+1.71%	Year-to-Date	+0.14%

Comments (performances in SAR)

The positive trend in the financial markets continued in November. The three Bearbull KSA private banking investment strategies once again achieved positive performance. The low-risk approach advanced by +1.48% this month, while the moderate-risk strategy did slightly better, gaining +1.59%. The dynamic risk strategy is the best performer with a gain of +1.71%. Since the beginning of the year, two of the three strategies have been in negative territory (-1.59% and -0.68%), while the dynamic risk strategy is back above the neutral performance bar in November (+0.14%). Bond markets are back on the rise this month. Indeed, the domestic segment gained +1.63%, almost recovering the losses of October (-1.75%). The international segment is doing even better, gaining +2.48%. Despite these positive performances, both bond segments are still in the red from YTD perspective (-6.82% and -3.68% respectively). The equity markets are on either side of neutral performance in November. Indeed, the Saudi Arabian stock market is down by -4.35% this month, however, the segment still totals an impressive gain of 18.06% since January. Internationally, the movement is of more limited intensity, the segment gained +2.79% in November and is also positive in YTD terms (+2.75%). The securitised real estate market, which was most penalised by the general environment of rising interest rates during 2022, once again benefited from a certain lull in November. Indeed, the easing of pressure on rates in November again had the effect of attracting investors to this segment, which had been in decline. The domestic segment jumped by +6.81%, while the international segment experienced a similar increase (+5.46%). Nevertheless, these good performances do not erase the numerous negative periods during the year and the sector remains globally very negative in YTD (-27.71% and -25.16% respectively). Commodities fell back into the red in November (-1.19%), penalised by the contraction in crude oil prices over the period. Private equity repeated its spectacular performance of October (+10.33%) by jumping +9.78%. Two very strong consecutive increases could indicate a significant change in investor psychology at the end of 2022.

Investment climate (performances in SAR)

The US inflation figures for October were the main factor affecting investor sentiment and the financial outlook in November. Inflation of +0.4% below expectations (+0.6%) for the overall index and +0.3% vs. +0.5% excluding food and energy triggered an adjustment of expectations largely favourable to all asset classes. Among our universe of 33 asset classes, 30 have indeed achieved a positive performance this month. The rather dramatic reversal in bond yields is a clear sign of this change in expectations. Ten-year US Treasury rates fell by 30 basis points on 10 November alone, triggering a downward trend that continued until the end of the month. This welcome decline in yields clearly relieved investors, who logically adjusted their outlook. However, recession risks were still present and still weighing on equity markets, although this factor has been partly relegated to the background. November's inflation may show a stabilisation allowing the Fed to reduce its next rate hike in December to 0.5%, with the maximum point of monetary tightening still expected to be 5% in June 2023. If the lower inflation regime persists, the yield curves could stabilise and provide the conditions for a recovery in financial assets.

PERFORMANCES BY ASSET CLASS

NOVEMBER

+ 9.78%	Private Equity
+ 6.81%	Saudi Real Estate
+ 5.46%	International Real Estate
+ 2.79%	International Equities
+ 2.48%	International Bonds
+ 1.63%	Saudi Sukuk
- 1.19%	Commodities
- 4.35%	Saudi Equities

YTD

+ 26.18%	Commodities
+ 18.06%	Saudi Equities
+ 2.75%	International Equities
- 3.68%	International Bonds
- 6.82%	Saudi Sukuk
- 25.16%	International Real Estate
- 26.49%	Private Equity
- 27.71%	Saudi Real Estate

COMMENTS BY ASSET CLASSES

Bonds

The correlation remained high between the various bond markets in November. The dispersion of performance was low within the developed markets, which rose by around +3%. Emerging markets (+6.63%) and the high yield segment (+5.01%) benefited the most from the significant improvement in investors' risk perception. The trend reversal observed in the United States is therefore spreading and improving the general sentiment of investors who are more inclined to reconstitute bond positions in a new context of reduced inflationary risks.

Equities

Equity markets reacted positively again in November to these developments, but uncertainty still prevails about the outlook for companies and their profits. Substantial stocks seem to be benefiting more from this renewed confidence, while technology stock indices are still poorly supported by lower interest rates. Risk appetite is returning, but it remains extremely uncertain and dependent on the inflation-rate relationship. While patience and caution are still required to achieve a greater degree of comfort, we believe that the conditions are more favourable for a constructive allocation.

Commodities

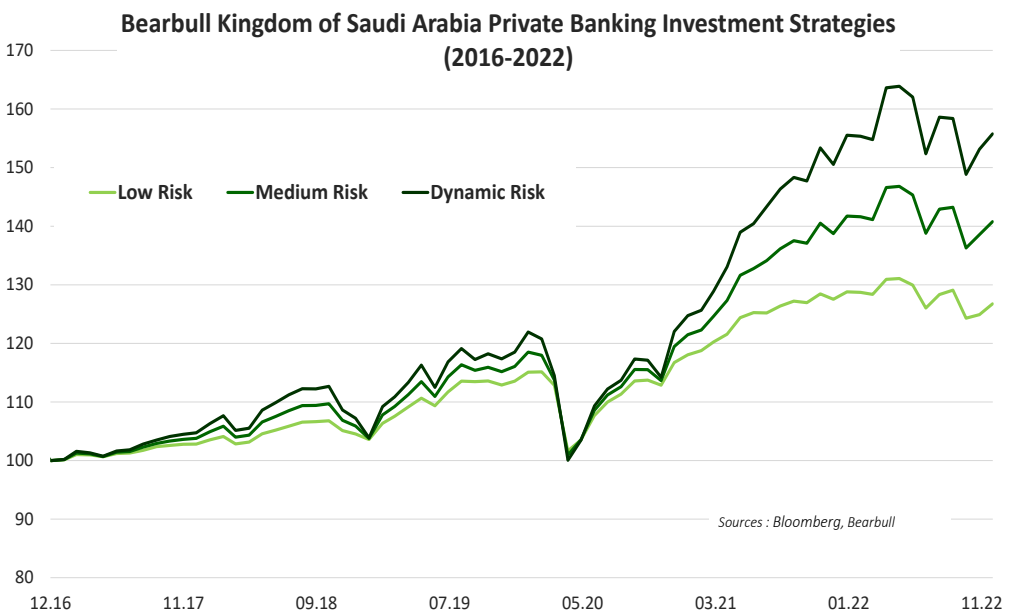
Commodities fall back into negative territory in November (-1.19%) as the European embargo on Russian crude oil and derivatives comes into effect. The simultaneous arrival of a cold snap in Europe is already impacting gas reserves. OPEC countries have maintained their decision to reduce production by 2 million barrels per day until the summer of 2023. Despite some fears of a possible recession next year, there is a possibility of increased tension in the energy market.

Real Estate

The international securitised real estate segment continues its upward trend and is benefiting from a certain revival of interest from investors during the month of November. Indeed, after 9 months of decline over the first 10 periods of the year, the segment is benefiting from the easing of pressure on interest rates. The domestic segment advanced by +6.81% while the international went on the same path and gained +5.46%. Nevertheless, the international asset class is still cumulating losses since January (-25.16%) as well as the KSA market which suffered heavy losses (-27.71%).

BearBull KSA PB Investment Strategies – Performances in SAR										
	3 last months			YTD	Current year				Annualized Perf.	
	September 2022	October 2022	November 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2016 to this day
Bearbull KSA PBIS "low risk" (65% f.i)	-3.69%	0.48%	1.48%	-1.59%	1.64%	-3.73%	-1.37%		9.10%	4.62%
Bearbull KSA PBIS "medium risk" (45% f.i)	-4.86%	1.68%	1.59%	-0.68%	3.42%	-5.31%	-1.82%		16.68%	6.73%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	-6.02%	2.89%	1.71%	0.14%	5.20%	-6.89%	-2.30%		24.70%	8.81%
Sub-indices										
Saudi Sukuk	-2.39%	-1.75%	1.63%	-6.82%	-3.40%	-1.78%	-1.65%		-3.66%	-0.75%
International Bonds	-2.15%	-0.76%	2.48%	-3.68%	-1.59%	-2.42%	-1.37%		-0.64%	2.86%
Saudi Equities	-6.02%	3.35%	-4.35%	18.06%	21.64%	-5.17%	3.53%		45.80%	17.45%
International Equities	-3.66%	4.63%	2.79%	2.75%	1.07%	-7.93%	2.65%		22.98%	8.42%
Saudi Real Estate	-13.84%	0.42%	6.81%	-27.71%	-5.88%	-18.14%	-12.52%		20.21%	1.68%
International Real Estate	-12.92%	1.71%	5.46%	-25.16%	-6.48%	-16.25%	-10.93%		44.31%	7.76%
Commodities	-7.51%	6.17%	-1.19%	26.18%	32.38%	1.99%	-10.91%		38.77%	5.57%
Private Equity	-14.88%	10.33%	9.78%	-26.49%	-11.62%	-24.27%	-9.33%		51.44%	11.40%

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 +4.62 to +8.81% since 2016 to date.

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