

# BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

April 2022

## ANOTHER STRONG MONTH OF RELATIVE PERFORMANCES FOR BEARBULL PB INVESTMENT STRATEGIES

BearBull PB Investment Strategy « Low Risk »	Year-to-Date <b>-2.32%</b>	Year 2021 <b>+12.33%</b>
BearBull PB Investment Strategy « Medium Risk »	Year-to-Date <b>+0.42%</b>	Year 2021 <b>+19.66%</b>
BearBull PB Investment Strategy « Dynamic Risk »	Year-to-Date <b>+3.22%</b>	Year 2021 <b>+27.42%</b>

### Comments (performances in AED)

All BearBull Private Banking Investment Strategies UAE continue to deliver strong relative performances year-to-date, despite very challenging global macroeconomic and geopolitical landscape. In April all three BearBull UAE Private Banking Investment Strategies posted negative performances for the first time this year. Indeed, the low-risk strategy fell the most, losing -2.32%, the moderate-risk strategy also ended the month in the red, losing -1.88%, while the dynamic-risk approach suffered less but remained negative (-1.37%). The fixed income markets continued suffering from the strong negative trend in April. The international segment was the hardest hit and lost -5.48% while the domestic class also fell substantially (-3.29%). Equity markets were mixed in April, with the international geopolitical and macroeconomic context putting strong pressure on the asset class, which plunged by -8.31%, erasing the gains of March (+2.74%). At the same time, Emirati equities continued their very strong positive trends, with the Dubai stock market climbing +6.39% and the Abu Dhabi stock market posting +1.92%. Both local equity markets have performed very well since the beginning of the year, with cumulative gains of +19.40% and +17.80% respectively. The Emirati real estate sector once again achieved a spectacular increase in April (+17.67%) and even surpassed that of March (+14.94%), the real estate sector is thus taking the lead in YTD performance ahead of commodities (+37.01%). Internationally, the real estate segment fell sharply (-5.28%) and erased the gains made last month (+4.16%). The commodities asset class is the only international class to benefit from the current geopolitical context (+5.12%) and has made a substantial gain since the beginning of the year 2022 (+25.36%). The alternative investment segment has evolved slightly negatively (-0.90%). The private equity segments plunged this month by losing -13.19%, the asset class achieved its worst performance since the beginning of the year -17.27%.

### Financial market developments (performances in AED)

After a short pause in March, April marked the return of the downward trend, which again affected all asset classes except commodities. The war in Ukraine remained the main factor destabilizing the markets through its indirect consequences on inflation and growth. The return to the forefront of Covid in China was also a major concern for the global macroeconomic scenario, which was also threatened by monetary tightening in the US. Energy prices rose as tensions between the European and Russian governments escalated. Europe is seeking to free itself from its dependence on Russian supplies and realizes that alternatives are costly and difficult to implement. While Europe is looking for new suppliers, a new step has now been taken by Russia, which has decided to stop supplying Poland and Bulgaria. The spiral leading to a halt in Russian deliveries to Europe has thus been set in motion. While inflation is spreading around the world, sometimes reaching historic highs, economic growth is already collapsing. The -1.4% contraction of US GDP in Q1 surprises all observers after the +6.9% increase in Q4. Europe should also logically announce a clear downturn in its economy. We predicted a new global paradigm for inflation and growth prospects that is already materializing, validating our stagflation scenario. Fixed income markets have continued to adjust to this unprecedented new situation, falling by a further -5.48% in one month. A similar decline hit the equity markets (-8.31%), while private equity collapsed by -8.31%. These asset classes have lost -9.45%, -8.17% and -17.27% respectively since the beginning of the year. Real estate, which performs better in a period of stagflation, only slipped by -5.84% (YTD) and rose sharply in the UAE (+17.67%), while commodities were one of the only ones to benefit from this environment, advancing by +5.12% over one month and +25.36% since the beginning of the year.

#### PERFORMANCES BY ASSET CLASS

##### APRIL

+ 17.67% UAE Real Estate  
+ 6.39% Dubai Equities  
+5.12% Commodities  
+1.92% Abu Dhabi Equities

- 0.90% Hedge Funds  
- 3.29% UAE Bonds  
- 5.28% International Real Estate  
- 5.48% International Bonds  
- 8.31% International Equities  
- 13.19% Private Equity

##### YTD

+ 37.01% UAE Real Estate  
+ 25.36% Commodities  
+ 19.40% Dubai Equities  
+ 17.80% Abu Dhabi Equities

- 0.78% Hedge Funds  
- 3.77% International Real Estate  
- 6.26% UAE Bonds  
- 8.17% International Equities  
- 9.45% International Bonds  
- 17.27% Private Equity

## COMMENTS BY ASSET CLASS

### Bonds

Interest rate adjustments continue in April on the bond markets. The yield curves are rising further in line with the continued pressure on the various inflation measures. Ten-year Treasury yields are still rising quite strongly from 2.33% to 2.90% in one month, while 5-year yields also rose from 2.45% to 2.92%. In Europe, the trend is similar, with ten-year rates rising from 0.54% to 0.94%. The markets suffered further losses of around -3.29% for UAE bonds and -5.48% for international bonds. Inflationary risks continue to rise with the threat of renewed pressure on energy prices and commodity supply disruptions. The US economy could enter a recession as early as the second quarter and confirm the stagflation scenario announced. The bond markets are therefore still under pressure. However, some opportunities could selectively arise in investment grade segment with short maturities.

BearBull Private Banking Investment Strategies UAE - Performances in AED										
	3 last months			YTD	Current year				Annualized Perf.	
	February 2022	March 2022	April 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2010 to this day
BearBull PBI "low risk" (65% fixed income)	0.26%	0.96%	-2.38%	-2.32%	0.06%				12.33%	5.91%
BearBull PBI "medium risk" (45% fixed income)	0.78%	2.42%	-1.88%	0.42%	2.35%				19.66%	7.26%
BearBull PBI "dynamic risk" (25% fixed income)	1.30%	3.89%	-1.37%	3.22%	4.65%				27.42%	8.57%
<b>Sub-indices</b>										
UAE Bonds	-1.35%	-1.74%	-3.29%	-6.26%	-5.21%				0.87%	3.72%
International Bonds	-1.19%	-3.05%	-5.48%	-9.45%	-6.16%				-4.71%	1.34%
Dubai Equities	4.73%	7.16%	6.39%	19.40%	12.49%				32.14%	10.63%
Abu Dhabi Equities	7.09%	7.93%	1.92%	17.80%	18.52%				75.89%	16.52%
International Equities	-2.53%	2.74%	-8.31%	-8.17%	-5.15%				21.82%	9.42%
UAE Real Estate	1.30%	14.94%	17.67%	37.01%	19.37%				32.64%	14.26%
International Real Estate	-2.46%	4.16%	-5.28%	-3.77%	-3.53%				22.01%	6.55%
Commodities	8.77%	9.63%	5.12%	25.36%	33.13%				40.35%	-1.25%
Hedge Funds	-0.36%	0.48%	-0.90%	-0.78%	-1.35%				3.64%	1.54%
Private Equity	-4.96%	0.27%	-13.19%	-17.27%	-11.62%				51.44%	12.28%

Sources: BearBull Global Investments Group Limited, Bloomberg

### Equities

Equity markets are not expected to react positively to the stagflation scenario that is taking hold. Margins and earnings prospects will be under pressure in several key sectors of the equity indices. Rising interest rates also threaten the previous expansionary cycle of PE, which is now expected to contract. The environment of monetary tightening and reduced liquidity is no longer favorable for equities. We believe that the next few months could still be difficult for equity markets. In the UAE the trend is still highly positive, Dubai and Abu Dhabi stock markets kept rising in April (+6.39% and +1.92%).



Sources: BearBull Global Investments Group Limited, Bloomberg

### Commodities

The commodities sector continues to rise. Indeed, the asset class once again achieved one of the best performances of the month, climbing by +5.12%. Geopolitical tensions in Europe have not eased and pressure on the energy market remains strong. The sector reached a peak of +25.36% in cumulative performance since the beginning of the year, which places it far ahead of other international asset classes.

### Real Estate

After a clear rebound of +4.16% in international real estate segment in March, the sector has fallen back below neutral performance. However, compared to other asset classes, it is more resilient to the global bearish movement that affected the markets in April. Indeed, historically, the real estate sector performs better in times of stagflation, a situation that seems to be materializing judging by the quarterly economic growth figures in Europe and the United States. In the United Arab Emirates, the trend is still very strongly positive (+17.67%), with the segment posting the best gain since the beginning of the year (+37.01%).

The systematic diversified strategies of the BearBull Private Banking Investment Strategies UAE have produced annualized average returns of +5.91% (Low risk) to +8.57% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request