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BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

Year 2022 Update

No year-end market rally in 2022

NEGATIVE PERFORMANCES FOR THE BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE IN DECEMBER

BearBull PB Investment Strategy	**« Low Risk »**	**Dec**	**-0.34%**	**2022 Performance**	**-6.66%**
BearBull PB Investment Strategy	**« Medium Risk »**	**Dec**	**-1.13%**	**2022 Performance**	**-4.65%**
BearBull PB Investment Strategy	**« Dynamic Risk »**	**Dec**	**-1.91%**	**2022 Performance**	**-2.66%**

Comments (performances in AED)

The last quarter is ending in the same way as 2022. Indeed, all three Bearbull Private Banking investment strategies UAE achieved negative performances. The low-risk strategy fell slightly by -0.34%, the moderate-risk approach follows the same path and falls more sharply (-1.13%), and the dynamic risk approach was the worst performer of the month, falling by -1.91% in December. All three strategies are in the negative territory in YTD terms in a general context of strong correction and correlation of financial assets (-6.66%, -4.65% and -2.66%). However, Bearbull private banking approaches benefit from their diversification to significantly outperform international equities and bonds (-18.14% and -16.25%). Bond markets were up slightly in December. Indeed, the domestic segment even achieved the best performance of the month by gaining +1.18%, while the international class followed a similar trajectory even if the movement was less strong (+0.58%). Since the beginning of the year, the asset classes have nevertheless suffered greatly, and both have had negative performances (-10.53% and -16.25% respectively). Two of the three asset classes that make up our equity segment were in negative territory in December. Indeed, only the Dubai stock market posted a slight gain (+0.58%). The Abu Dhabi segment declined by -3.22% while international equities did even worse, losing -4.25% during the last month of the year. The domestic stock markets are pulling the indices up in YTD terms with excellent performances, particularly in Abu Dhabi (+22.95%). The international class has fallen sharply since January (-18.14%). The securitized real estate segment was severely penalized by the restrictive monetary policy of central banks during the year. The domestic segment fell in December by -4.62%, as did the international segment (-2.62%). Since the beginning of the year, Emirati securitized real estate has nevertheless achieved a positive performance (+11.80%), unlike the international segment, which suffered a severe correction (-24.24%). Commodities continued their slightly downward trend and fell by another -1.38% in December. They nevertheless posted the best YTD gains with a strong increase of +25.99%. Hedge Funds moved horizontally in December (-0.06%) as well as in 2022 and resisted significantly better than many other assets (-4.62% YTD). Private equity fell by -6.26% and had the worst cumulative YTD performance (-31.09%).

Financial market developments (performances in AED)

After nine particularly difficult months for the vast majority of financial markets and, in practice, all asset classes, which often marked historical records for negative performance, the last quarter of 2022 ended on a fairly positive note across the board. The stock market recovery seen mainly in October and November will thus have made it possible to reduce some of the stock market losses of the first nine months and to offer a perhaps finally better outlook for the year 2023, in contrast with the general feeling of extreme anxiety among investors that still prevailed at the end of September. The expectation in the third quarter that the Federal Reserve would slow down significantly as it approached its expected maximum policy rate target for 2023 helped to calm the situation somewhat. The bulk of the expected adjustment in monetary policy seemed to have already been achieved in December with the increase of 0.25% to 4.5% in the discount rate in only ten months, leaving only two potential increases of 0.25% in 2023, if the announced target of 5% were to be maintained. The Q4 stock market recovery still looks fragile, but 2023 should be a calmer year on the inflation and monetary policy fronts, which have been the two most important factors penalizing stock markets. The gradual decline in inflation should be accompanied by a decrease in capital market tensions and provide a more positive environment for financial assets.

PERFORMANCES BY ASSET CLASS

DECEMBER

+ 1.18%	UAE Bonds
+ 0.54%	International Bonds
+ 0.58%	Dubai Equities
- 3.22%	Abu Dhabi Equities
- 4.25%	International Equities
- 4.62%	UAE Real Estate
- 2.62%	International Real Estate
- 1.38%	Commodities
- 0.06%	Hedge Funds
- 6.26%	Private Equity

YTD

+ 25.99%	Commodities
+ 22.95%	Abu Dhabi Equities
+ 11.80%	UAE Real Estate
+ 8.18%	Dubai Equities
- 4.40%	Hedge Funds
- 10.53%	UAE Bonds
- 16.25%	International Bonds
- 18.14%	International Equities
- 24.24%	International Real Estate
- 31.09%	Private Equity

COMMENTS BY ASSET CLASS

Bonds

Despite the publication in December of virtually zero monthly inflation in the United States (+0.1%), fixed-income markets were instead marked by profit-taking at the end of the year. The correlation remained high between the various bond markets, which fell across the board, particularly in Europe (-3.6%) and the UK (-4.3%). Ten-year US Treasury yields rose from 3.6% to 3.85%, while emerging markets (+0.85%) and the high yield segment (+0.66%) were the only ones to record small gains. Current yields still seem attractive in view of the expected inflation and global economic developments in 2023, as well as the positive risk scores.

Stocks

Equity markets also reacted by taking profits before the end of the year after eight weeks of rising prices. Better-than-expected inflation and a softening of US Federal Reserve monetary policy were not enough to improve sentiment significantly to counteract year-end tax optimism selling. However, the year ended with a welcomed but still fragile quarterly stock market recovery, particularly in the technology sector, whose large stocks are not yet benefiting from the improvement in the stock market climate. The beginning of the year should benefit from risk scores that are still favourable.

Commodities

Commodities ended the last month of the year down. Indeed, the segment has been particularly volatile over the year 2022. With the announcement of Russia's entry into Ukraine, crude oil prices soared, and gas followed the same trajectory. Since then, energy supply fears have eased and the winter is proving less severe than usual, resulting in a massive correction in oil and gas in the second half of the year. Fears of a recession in 2023 completed a rather negative picture for energy at the end of the year as well as for industrial metals. The segment fell by -1.38% in December but remains the best performer for the year (+25.99%).

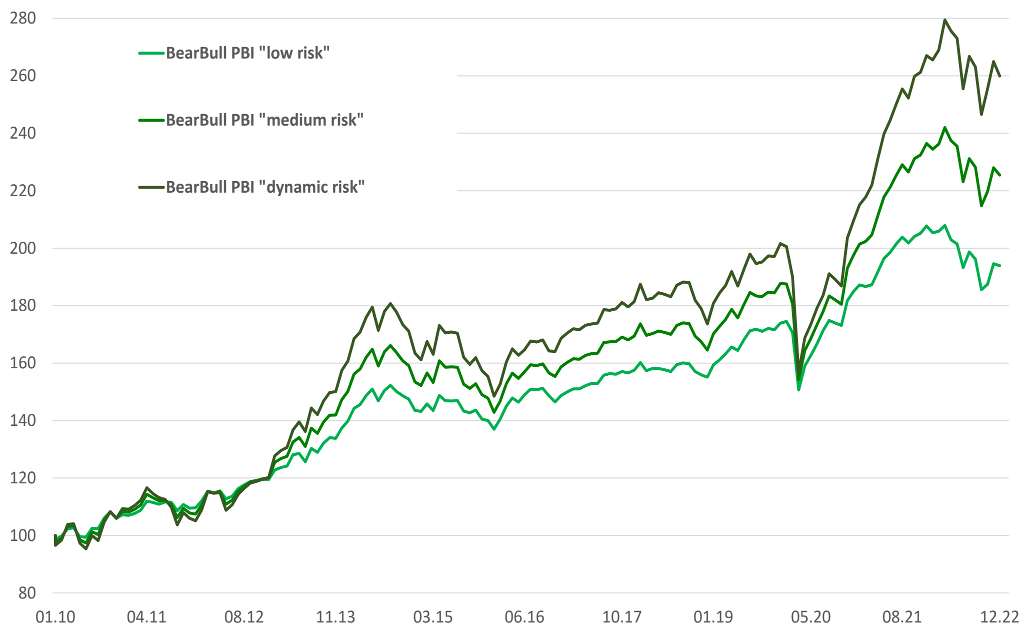
Real Estate

The restrictive monetary policy of central banks will have an overall negative impact on the securitized real estate sector during 2022. Only the recent relief from interest rate pressure has been able to support the market through October and November. Both asset classes return to the red this month (-4.62% and -2.62%). The domestic segment nevertheless is positive YTD (+11.80%) whereas the international class cumulated heavy losses (-24.24%).

BearBull Private Banking Investment Strategies UAE - Performances in AED

	3 last months			YTD	Current year				Annualized Perf.	
	October 2022	November 2022	December 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2010 to this day
BearBull PBI "low risk" (65% fixed income)	1.03%	3.81%	-0.34%	-6.66%	0.06%	-6.15%	-3.99%	4.52%	12.33%	5.23%
BearBull PBI "medium risk" (45% fixed income)	2.32%	3.77%	-1.13%	-4.65%	2.35%	-5.57%	-3.74%	4.98%	19.66%	6.45%
BearBull PBI "dynamic risk" (25% fixed income)	3.61%	3.72%	-1.91%	-2.66%	4.65%	-5.02%	-3.50%	5.42%	27.42%	7.62%
Sub-indices										
UAE Bonds	-1.48%	3.83%	1.18%	-10.53%	-5.21%	-5.33%	-3.67%	3.50%	0.87%	3.33%
International Bonds	-0.69%	4.71%	0.54%	-16.25%	-6.16%	-8.26%	-6.94%	4.55%	-4.71%	0.83%
Dubaï Equities	0.09%	-0.23%	0.58%	8.18%	12.49%	-7.80%	3.85%	0.43%	32.14%	9.21%
Abu Dhabi Equities	6.91%	1.35%	-3.22%	22.95%	18.52%	-5.21%	4.38%	4.86%	75.89%	15.77%
International Equities	7.18%	6.95%	-4.25%	-18.14%	-5.15%	-16.19%	-6.19%	9.77%	21.82%	8.41%
UAE Real Estate	0.69%	7.62%	-4.62%	11.80%	19.37%	-6.70%	-2.88%	3.36%	32.64%	11.50%
International Real Estate	2.04%	7.93%	-2.62%	-24.24%	-3.53%	-17.01%	-11.76%	7.24%	22.01%	4.69%
Commodities	6.70%	-1.71%	-1.38%	25.99%	33.13%	2.01%	-10.31%	3.44%	40.35%	-1.98%
Hedge Funds	0.08%	0.15%	-0.06%	-4.40%	-1.35%	-3.75%	0.52%	0.17%	3.64%	1.29%
Private Equity	10.33%	9.78%	-6.26%	-31.09%	-11.62%	-24.27%	-9.33%	13.54%	51.44%	10.69%

Sources: BearBull Global Investments Group Limited, Bloomberg



Sources: BearBull Global Investments Group Limited, Bloomberg

The systematic diversified strategies of the BearBull Private Banking Indices UAE have produced annualized average returns of +5.23% (Low risk) to +7.62% (Dynamic Risk) since 2010.

The composition of our indices is available on request