

BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

March 2022

The BearBull PB Investment Strategies UAE are positive despite the ongoing crisis

POSITIVE PERFORMANCES FOR ALL THE BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE IN MARCH

BearBull PB Investment Strategies « Low Risk »	Year-to-Date +0.06%	Year 2021 +12.33%
BearBull PB Investment Strategies « Medium Risk »	Year-to-Date +2.35%	Year 2021 +19.66%
BearBull PB Investment Strategies « Dynamic Risk »	Year-to-Date +4.65%	Year 2021 +27.42%

Comments (performances in AED)

All three BearBull Private Banking Investment Strategies UAE posted positive performances in March. The low-risk strategy returned to positive territory on a year-to-date basis (+0.06%) thanks to a +0.96% gain this month. The moderate-risk strategy did even better and climbed by +2.42% while the dynamic-risk strategy soared by +3.89% in March-2022. All strategies are now moving above the zero-performance level for the first time since the beginning of the year (+4.65%). Bond markets continued their downward trend in March and extended their momentum. The international segment plunged by -3.05% and stands at -6.16% year-to-date. The domestic segment resisted a little better and only dropped by -1.74%. Equity markets were once again clearly in the green. The domestic segments of Dubai and Abu Dhabi performed very well once more with respectively +7.16% and +7.93%. They largely outperformed the international segment even though it returned to an upward trend in March (+2.74%). The real estate market remained in positive territory this month. The domestic segment achieved a very impressive performance of +14.94% in March. The international segment also experienced an improvement, jumping +4.16% and interrupting its negative trend. Commodities continued their spectacular growth and increased by +19.63% during the period, still supported by the geopolitical environment and the sanctions imposed on Russia. Hedge funds continued their relatively neutral and slightly positive trend in March (+0.48%). The private equity segment regained its footing and stopped its free fall (+0.27%).

Financial market developments (performances in AED)

The financial markets were heavily impacted in March by the probable consequences of the war in Ukraine on many levels. Among them, the risks of major disruptions in the supply of commodities impacted the prices of energy (Natural Gas +21.4%, Brent +6.75%), agricultural products (Cotton +10.25%) and metals (Nickel +29.59%). In a matter of a few weeks, the acknowledgement of these new uncertainties caused significant rises in the prices of the commodity investment strategies (+9.63%) and raised major concerns about the future of inflation. While inflation metrics were already hitting recent all-time highs (>7.5%/year), the risks of disruptions in gas, oil and other commodity supplies reinforced rising expectations. The economic sanctions imposed on Russia could indeed be followed by significant increases of the inflation developing beyond Europe. The last five weeks have also been marked by hopes for diplomatic progress followed by disappointments which increased the volatility of financial markets, sometimes causing rapid and temporary trend reversals. At the end of the month, the announcement of the release of oil products from the American strategic reserves came at the right time, while Russia demanded payment in rubles for gas purchases on the same day in order to maintain its deliveries to its customers. Europe does not seem to want to comply with these demands and is therefore prepared to suffer the possible consequences. A new global paradigm for inflation and growth prospects is now taking shape, which could well be referred to as "stagflation". European households have not yet fully felt the effects of this crisis on their purchasing power, but when they do, the negative impact on consumption may well lead to a return to economic contraction in some countries during the second quarter. Fixed income markets reacted to this increase in inflationary risks by dropping a further 3.05% on average, while international equity markets did not seem to be affected and recovered partially with a gain of +2.74%.

PERFORMANCES BY ASSET CLASS

March

+ 19.63%	Commodities
+ 14.94%	UAE Real Estate
+ 7.93%	Abu Dhabi Equities
+ 7.16%	Dubai Equities
+ 4.16%	International Real Estate
+ 2.74%	International Equities
+ 0.48%	Hedge Funds
+ 0.27%	Private Equity
- 1.74%	UAE Bonds
- 3.05%	International Bonds

YTD

+ 33.13%	Commodities
+ 19.37%	UAE Real Estate
+ 18.52%	Abu Dhabi Equities
+ 12.49%	Dubai Equities
- 1.35%	Hedge Funds
- 3.53%	International Real Estate
- 5.15%	International Equities
- 5.21%	UAE Bonds
- 6.16%	International Bonds
- 11.62%	Private Equity

COMMENTS BY ASSET CLASS

Fixed Income

Continued pressure on the bond markets in March. Yield curves underwent upward readjustments that were already relatively significant in one month, averaging around 50 basis points. The markets suffered losses of around -3.05% for the US bonds. Inflationary fears remain the main factor affecting the evolution of financial markets in March. While geopolitical pressures are creating concerns about significant impacts on the supply and the prices of commodities, the threats of such increases on household consumption and growth are still insufficiently taken into consideration. Yet, rising energy prices significantly threaten household purchasing power and consumer growth. While Inflation may not decline as quickly as anticipated, the risks of a slowdown in the economy, a cyclical contraction could come back to the foreground and raise the prospect of some kind of stagflation in 2022.

Equities

The international equity markets recovered in March by +2.74% after having attained a paroxysm of concern during the first week of the month. This could be just a technical rebound after a flash bear market during this first quarter. Margins and earnings growth could come under severe pressure during the next quarter.

Commodities

The commodities sector continues its spectacular bull run, with a cumulative return of an outstanding +33.13% since the beginning of the year. The war in Ukraine responsible for this geopolitical crisis has provoked a sharp increase in the tensions between Russia and Europe. Growing supply risks of energy and other commodities like industrial metals and agricultural products are causing prices of these assets to soar, a move that is expected to further dampen the recovery and lead to more increases of global inflation, which is already at record levels with no end in view.

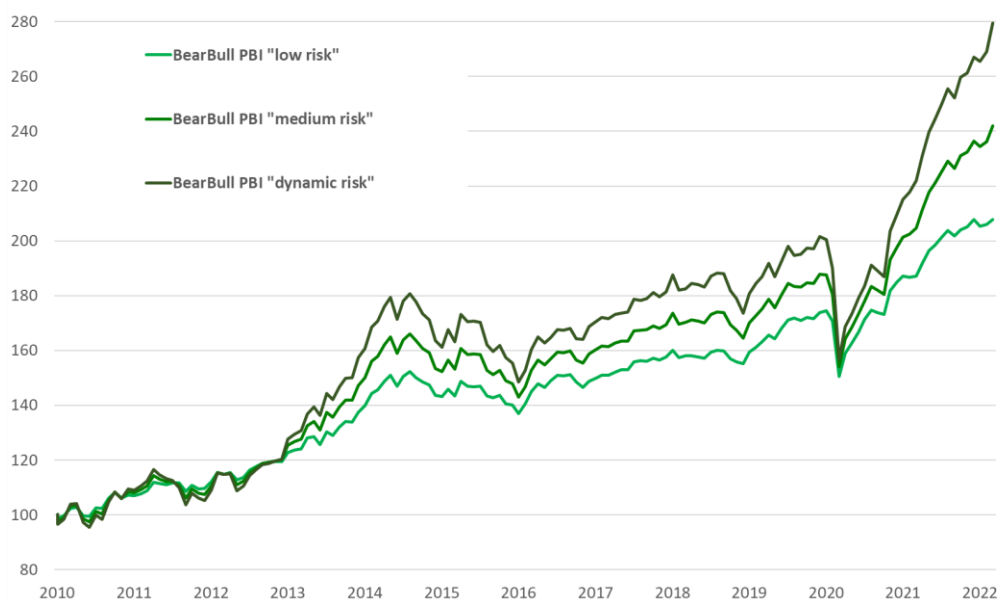
Real Estate

The real estate market is regaining a certain attractiveness within the financial markets. The international segment reversed its downward trend and posted one of the best performances in March. The extremely high level of inflation in Europe and the US seems to reinforce its appeal of sectors that provide significant protection against this phenomenon. The Emirati segment managed to achieve one of the best performances for the month of March with a return of +14.94%, reinforcing its bullish trend since the beginning of the year and reaching nearly 20% on a year-to-date basis.

BearBull Private Banking Investment Strategies UAE - Performances in AED

	3 last months			YTD current year	Current year				Annualized Perf.	
	January 2022	February 2022	March 2022		1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2010 to this day
BearBull PBI "low risk" (65% fixed income)	-1.15%	0.26%	0.96%	0.06%	0.06%				12.33%	6.20%
BearBull PBI "medium risk" (45% fixed income)	-0.85%	0.78%	2.42%	2.35%	2.35%				19.66%	7.53%
BearBull PBI "dynamic risk" (25% fixed income)	-0.56%	1.30%	3.89%	4.65%	4.65%				27.42%	8.81%
Sub-indices										
UAE Bonds	-2.21%	-1.35%	-1.74%	-5.21%	-5.21%				0.87%	4.06%
International Bonds	-2.05%	-1.19%	-3.05%	-6.16%	-6.16%				-4.71%	1.83%
Dubai Equities	0.22%	4.73%	7.16%	12.49%	12.49%				32.14%	10.22%
Abu Dhabi Equities	2.54%	7.09%	7.93%	18.52%	18.52%				75.89%	16.58%
International Equities	-5.29%	-2.53%	2.74%	-5.15%	-5.15%				21.82%	10.34%
UAE Real Estate	2.52%	1.30%	14.94%	19.37%	19.37%				32.64%	12.95%
International Real Estate	-5.04%	-2.46%	4.16%	-3.53%	-3.53%				22.01%	7.12%
Commodities	11.63%	8.77%	9.63%	33.13%	33.13%				40.35%	-1.67%
Hedge Funds	-1.47%	-0.36%	0.48%	-1.35%	-1.35%				3.64%	1.64%
Private Equity	-7.27%	-4.96%	0.27%	-11.62%	-11.62%				51.44%	13.77%

Sources: BearBull Global Investments Group Limited, Bloomberg



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The systematic diversified strategies of the BearBull Private Banking Investment Strategies UAE has produced annualized average returns of +6.20% (Low risk) to +8.81% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request.