

BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

October 2022

Bullish rally on financial markets in October

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

BearBull PB Investment Strategy « Low Risk »	Oct	+ 1.03%	Year-to-Date	- 9.77%
BearBull PB Investment Strategy « Moderate Risk »	Oct	+ 2.32%	Year-to-Date	- 7.06%
BearBull PB Investment Strategy « Dynamic Risk »	Oct	+ 3.61%	Year-to-Date	- 4.33%

Comments (performances in AED)

The financial markets are off to a positive start in the fourth quarter. Indeed, all three Bearbull private banking investment strategies performed well in October. The low-risk strategy advanced by +1.03% while the moderate-risk strategy did better and climbed by +2.32%. The dynamic risk strategy achieved the best performance (+3.61%). The three Bearbull private banking investment strategies are still in negative territory in YTD terms, but they prove to be more resilient than the classical non-diversified 60/40 approaches (-9.77%, -7.06% and -4.33% respectively). The bond markets are once again below neutral performance this month. Indeed, the domestic segment fell by -1.48% while the international segment declined less strongly (-0.69%). Both asset classes nevertheless reduced their negative momentum (-5.01% and -5.14% in September respectively). The equity markets interrupted their strong downward trend. Indeed, the UAE markets are back in the green numbers. The Dubai stock market advanced by +0.09% while the Abu Dhabi stock market achieved an excellent performance of +6.91% and completely erased the September slump (-1.18%). The two asset classes are still performing positively in cumulative YTD terms (+7.56% and +22.24%). International equities also regained their footing in October, with a strong rise of +7.18%. The international segment, however, is still clearly negative YTD despite this rebound (-15.60%). The real estate market, which was severely punished by the restrictive monetary policy of central banks during the year, is enjoying a lull this month. The domestic segment is up by a timid +0.69%, while the international segment is up by a more pronounced +2.04%. The Emirati segment is up in YTD terms (+6.24%) while regarding the international one the losses are heavy (-24.09%). Commodities are back on the rise after two negative periods (-2.68% in August and -7.80% in September). The sector was driven up by the good performance of crude oil prices and gained +6.70%. Hedge funds were flat in October, while private equity rose by a spectacular 10.33%, reflecting investor optimism during the month.

Financial market developments (performances in AED)

October proved to be a more favourable 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 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

OCTOBER

+ 10.33%	Private Equity
+ 7.18%	International Equities
+ 6.91%	Abu Dhabi Equities
+ 6.70%	Commodities
+ 2.04%	International Real Estate
+ 0.69%	UAE Real Estate
+ 0.09%	Dubai Equities
+ 0.08%	Hedge Funds

- 0.69%	International Bonds
- 1.48%	UAE Bonds

YTD

+ 22.24%	Abu Dhabi Equities
+ 16.42%	Commodities
+ 7.56%	Dubai Equities
+ 6.24%	UAE Real Estate
- 3.06%	Hedge Funds
- 12.91%	UAE Bonds
- 15.60%	International Equities
- 18.78%	International Bonds
- 24.09%	International Real Estate
- 27.80%	Private Equity

COMMENTS BY ASSET CLASS

Bonds

The high correlation between bond markets remained present in October. The dispersion of performance is thus low, except for 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 advancing by +0.75% and Swiss stocks also rising (+0.67%). 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.

Stocks

Equity markets reacted positively, but still without much enthusiasm to the stabilization of the yield curves in October. Despite the uncertainty linked to the publication of third-quarter results, international markets still rebounded by +7.18%, after a very sharp correction in September (-9.30%). 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 favourable for a constructive allocation.

Commodities

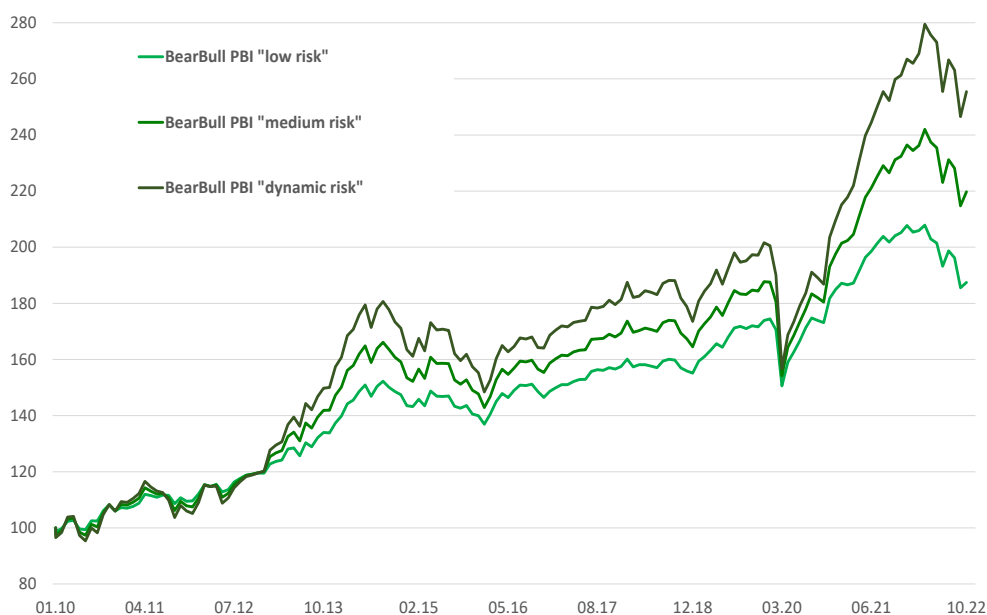
Commodities also interrupted their downward trend and returned to the upside (+6.70%). The sector is pulled up by the good performance of crude oil prices during the month following the announcement of OPEC+ production cuts. Indeed, the cartel took the decision to drastically reduce its production level in order to address a potential decline in demand due to macroeconomic factors.

Real Estate

The securitized real estate segment had a mixed month in October. Indeed, the domestic market is slightly up by +0.69%. Internationally, however, the negative trajectory was interrupted this month by a temporary easing of the pressure of interest rates at the end of the month, the sector climbed by +2.04%. Nonetheless, the domestic segment is still up YTD by +6.24% whereas the international class has been cumulating losses since January (-24.09%).

BearBull Private Banking Investment Strategies UAE - Performances in AED										
	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	2010 to this day
BearBull PBI "low risk" (65% fixed income)	-1.24%	-5.45%	1.03%	-9.77%	0.06%	-6.15%	-3.99%		12.33%	5.09%
BearBull PBI "medium risk" (45% fixed income)	-1.30%	-5.87%	2.32%	-7.06%	2.35%	-5.57%	-3.74%		19.66%	6.41%
BearBull PBI "dynamic risk" (25% fixed income)	-1.37%	-6.29%	3.61%	-4.33%	4.65%	-5.02%	-3.50%		27.42%	7.69%
Sub-indices										
UAE Bonds	-0.14%	-5.01%	-1.48%	-12.91%	-5.21%	-5.33%	-3.67%		0.87%	3.02%
International Bonds	-3.95%	-5.14%	-0.69%	-18.78%	-6.16%	-8.26%	-6.94%		-4.71%	0.44%
Dubai Equities	3.15%	-2.85%	0.09%	7.56%	12.49%	-7.80%	3.85%		32.14%	9.43%
Abu Dhabi Equities	2.46%	-1.18%	6.91%	22.24%	18.52%	-5.21%	4.38%		75.89%	16.39%
International Equities	-4.18%	-9.30%	7.18%	-15.60%	-5.15%	-16.19%	-6.19%		21.82%	8.43%
UAE Real Estate	0.17%	-11.11%	0.69%	6.24%	19.37%	-6.70%	-2.88%		32.64%	11.59%
International Real Estate	-6.05%	-12.16%	2.04%	-24.09%	-3.53%	-17.01%	-11.76%		22.01%	4.40%
Commodities	-2.68%	-7.80%	6.70%	16.42%	33.13%	2.01%	-10.31%		40.35%	-1.79%
Hedge Funds	0.95%	-0.96%	0.08%	-3.06%	-1.35%	-3.75%	0.52%		3.64%	1.32%
Private Equity	-7.36%	-14.88%	10.33%	-27.80%	-11.62%	-24.27%	-9.33%		51.44%	10.74%

Sources: BearBull Global Investments Group Limited, Bloomberg



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The systematic diversified strategies of the BearBull Private Banking Investment Strategies UAE have produced annualized average returns of +5.09% (Low risk) to +7.69% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request