

# BEARBULL PRIVATE BANKING INDICES UAE

## September 2022

### Profit taking intensifies in September

#### NEGATIVE PERFORMANCES FOR ALL THE BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE IN SEPTEMBER

BearBull PB Investment Strategy « Low Risk »	Sept	- 5.45%	Year-to-Date	- 10.69%
BearBull PB Investment Strategy « Medium Risk »	Sept	- 5.87%	Year-to-Date	- 9.17%
BearBull PB Investment Strategy « Dynamic Risk »	Sept	- 6.29%	Year-to-Date	- 7.67%

#### Comments (performances in AED)

The negative trend continues in September. Indeed, all three Bearbull Private Banking Investment Strategies UAE achieved negative performances this month. The low-risk strategy had the least decline in performance this month, losing 5.45%. The moderate risk strategy also declined in September (-5.87%). The dynamic-risk approach had the worst performance, falling by -6.29%. All three strategies are below neutral performance on a YTD basis but are much more resilient than international equities or bonds, which suffered much heavier losses (-18.22% and -21.26% respectively). Bond markets are once again in the red and confirm the negative trend by increasing their negative momentum. Both the domestic and international bond markets declined in a similar manner in September (-5.01% and -5.14% respectively). Both segments are clearly negative YTD (-11.61% and -18.22%). The equity markets are no exception to the general correction this month. Nevertheless, despite negative performances (-2.85% in Dubai and -1.18% in Abu Dhabi), the two domestic classes are proving more resilient than the international class which plunged in September (-9.30%). The two domestic segments are among the few asset classes to have gained since the beginning of the year (+7.47% for the Dubai stock market and +14.34% for the Abu Dhabi stock market). Securitized real estate continues to suffer from central banks' monetary policy. The domestic segment is following the trajectory of the international segment, and both are falling sharply (-11.11% and -12.16% respectively). The commodities are no longer an exception and the sector also fell in September (-7.80%). However, the sector remains positive in YTD terms with a cumulative gain of +9.11%. Hedge Funds had the best performance of the month by moving horizontally (-0.96%). Private equity collapsed once again (-14.88%), reflecting investors' particularly strong risk aversion.

#### Financial market developments (performances in AED)

September closed the quarter and the first nine months of the year with negative results for most asset classes over the month, the quarter and YTD in a general sentiment marked by extreme investor anxiety. The last few days of the month were further shaken by high volatility in the capital markets which saw US Treasury yields rise above 4% across all medium and long maturities for the first time since November 2007. The tightening of the Fed's monetary policy remained the main risk factor affecting the financial markets. The Fed's increasingly explicit stance since Jackson Hole left less and less doubt as to its willingness to firmly raise rates to 4.6% by the end of 2023 by 125 bps by the end of 2022, at the risk of causing a recession and a rise in unemployment from 3.7% to 4.4% in 2023. The growing risks of recession, the energy crisis in Europe and persistent inflation, as well as the UK's political problems, also contributed to the climate of uncertainty that led 32 out of 33 asset classes and regions in our investment universe to record negative performance over the month. There were 29 during the quarter and 30 since the beginning of the year, of which the only rising components were raw materials. Cash in US dollars will have benefited greatly from this situation by imposing itself as one of the very few investment solutions in a context of exceptional correlation in the fall.

#### PERFORMANCES BY ASSET CLASS

##### SEPTEMBER

- 0.96%	Hedge Funds
- 1.18%	Abu Dhabi Equities
- 2.85%	Dubai Equities
- 5.01%	UAE Bonds
- 5.14%	International Bonds
- 7.80%	Commodities
- 9.30%	International Equities
- 11.11%	UAE Real Estate
- 12.16%	International Real Estate
- 14.88%	Private Equity

##### YTD

+ 14.34%	Abu Dhabi Equities
+ 9.11%	Commodities
+ 7.47%	Dubai Equities
+ 5.51%	UAE Real Estate
- 3.14%	Hedge Funds
- 11.61%	UAE Bonds
- 18.22%	International Bonds
- 21.26%	International Equities
- 25.61%	International Real Estate
- 34.56%	Private Equity

## COMMENTS BY ASSET CLASS

### Bonds

A strong correlation between bond markets, which are all the same selling pressure in a context strongly affected by the Fed's tightening tone to justify the pace of its monetary tightening. Despite a likely spike in price indices, which should now benefit from falling commodity prices, fears of inflation have pushed long rates to new highs. UK bonds fall by -8.4% this month, while the global index corrected by -5.14%. This sharp rise in yields at the end of the month seems excessive to us and offers attractive new investment opportunities. Already in October, we are likely to see adjustments taking place and a decline in yields caused by further purchases of securities.

BearBull Private Banking Investment Strategies UAE - Performances in AED										
	3 last months			YTD	Current year				Annualized Perf.	
	July 2022	August 2022	September 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2010 to this day
BearBull PBI "low risk" (65% fixed income)	2.82%	-1.24%	-5.45%	-10.69%	0.06%	-6.15%	-3.99%		12.33%	5.00%
BearBull PBI "medium risk" (45% fixed income)	3.61%	-1.30%	-5.87%	-9.17%	2.35%	-5.57%	-3.74%		19.66%	6.22%
BearBull PBI "dynamic risk" (25% fixed income)	4.41%	-1.37%	-6.29%	-7.67%	4.65%	-5.02%	-3.50%		27.42%	7.38%
<b>Sub-indices</b>										
UAE Bonds	1.55%	-0.14%	-5.01%	-11.61%	-5.21%	-5.33%	-3.67%		0.87%	3.14%
International Bonds	2.13%	-3.95%	-5.14%	-18.22%	-6.16%	-8.26%	-6.94%		-4.71%	0.50%
Dubai Equities	3.63%	3.15%	-2.85%	7.47%	12.49%	-7.80%	3.85%		32.14%	9.42%
Abu Dhabi Equities	3.08%	2.46%	-1.18%	14.34%	18.52%	-5.21%	4.38%		75.89%	15.78%
International Equities	7.94%	-4.18%	-9.30%	-21.26%	-5.15%	-16.19%	-6.19%		21.82%	7.84%
UAE Real Estate	9.08%	0.17%	-11.11%	5.51%	19.37%	-6.70%	-2.88%		32.64%	11.53%
International Real Estate	6.93%	-6.05%	-12.16%	-25.61%	-3.53%	-17.01%	-11.76%		22.01%	4.23%
Commodities	-0.04%	-2.68%	-7.80%	9.11%	33.13%	2.01%	-10.31%		40.35%	-2.29%
Hedge Funds	0.54%	0.95%	-0.96%	-3.14%	-1.35%	-3.75%	0.52%		3.64%	1.31%
Private Equity	14.99%	-7.36%	-14.88%	-34.56%	-11.62%	-24.27%	-9.33%		51.44%	9.88%

### Stocks

The equity markets were obviously not immune to this rise in interest rates and reacted logically to the increase in uncertainties. They quickly lost their early summer enthusiasm to sink into the red figures, with US and international equities falling by around -9.2%. The asset class was therefore penalized by the rise in long-term rates and the prospect of further significant increases in key interest rates. As a result, risk appetite has declined sharply and there has been a generalized sell-off in virtually all sectors.

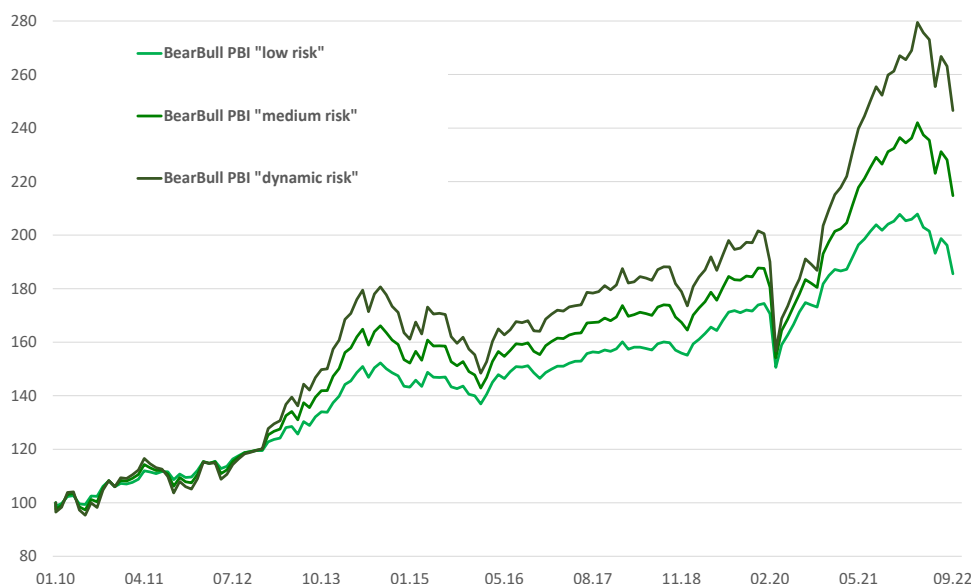
### Commodities

The commodities segment confirms the downward trend started in August (-2.86%) and falls more sharply by -7.80%. Indeed, the sector is weakening under the pressure of falling oil prices once again in September. Expectations of a recession revise crude oil demand projections downwards. However, the recent decision by OPEC+ to cut their crude oil production by about 1 million barrels from November is already supporting a return to higher oil prices.

### Real Estate

The real estate segment is increasingly suffering from the monetary policy of central banks to combat inflation, which they believe is struggling to slow down. However, some of the figures released in August could indicate that the upward momentum is beginning to wane in some geographical areas, which would mean that the pressure on the securitized property could be easing.

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 +5.00% (Low risk) to +7.38% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request