

BearBull Private Banking Investment Strategies Saudi

SAR

+4.85% to +9.03%
Annualized return since 2016

BearBull exclusivity since 2016

January 2023

Change of psychology in the markets in 2023

POSITIVE PERFORMANCES FOR ALL THE BEARBULL KSA PRIVATE BANKING INVESTMENT STRATEGIES IN JANUARY

BearBull Saudi PB Investment Strategy « Low risk »	Jan	+ 2.30%	Year-to-Date	+ 2.30%
BearBull Saudi PB Investment Strategy « Moderate risk »	Jan	+ 3.05%	Year-to-Date	+ 3.05%
BearBull Saudi PB Investment Strategy « Dynamic risk »	Jan	+ 3.80%	Year-to-Date	+ 3.80%

Comments (performances in SAR)

The financial markets are starting 2023 with a certain optimism. Indeed, the three BearBull KSA Private Banking investment strategies delivered positive performances in January. The low-risk strategy advanced by +2.30%, while the moderate-risk approach followed a similar path, gaining +3.05%. The dynamic-risk strategy was in the lead this month with an increase of +3.80%. The bond markets have started the new year on a positive note with an upward trend seen in January. In particular, the domestic segment has risen by a substantial +1.63%, while the international segment has closely followed suit with an increase of +1.23%. Similarly, the equity markets have also experienced a positive movement this month, with the Saudi stock market moving into positive territory by +3.31% and recovering from the losses of December (-2.75%), thus breaking its downward trend. Moreover, the international class has also experienced a significant climb of +3.45%, following a setback in the last period (-3.89%). The real estate markets have also seen a positive trend during the first month of the year. In particular, the international segment, which had been severely impacted by the interest rate environment in 2022 with a cumulative decline of -24.48%, has rebounded with a positive momentum in October and November, and continued to gain momentum in January with a significant increase of +10.47%, effectively erasing the contraction seen in the previous month (-4.44%). Similarly, the domestic segment, which had also experienced a slump in 2022, has shown signs of recovery this month with a rise of +8.77%. At the beginning of the year, the performance of commodities was slightly negative, with a decline of 0.09%. This was largely due to the downward pressure on crude oil prices, caused by negative growth expectations for 2023, despite the positive performance of gold. The private equity sector managed to rebound strongly, surging by 12.42% and returning to positive territory following a sharp correction. This trend was consistent with the upward trend observed in October and November, and may indicate a shift in investor sentiment towards a preference for higher-risk assets in January.

Investment climate (performances in SAR)

The year 2023 started with a positive trend for all asset classes. After the window dressing and tax optimization in December, which temporarily penalized asset prices, investors are regaining confidence and reinvesting in the financial markets. The emergence of a macroeconomic scenario favoring a soft landing for the US economy and a less worrying outlook on the inflation front means that the monetary tightening cycle that began in March 2022 pushed key rates from 0.25% to 4.75%, may soon come to an end. Diversified strategies had their best January in over 20 years. The possibility of an upcoming pause in central bank activity and the continuation of a moderate inflation regime in line with the data published over the past six months thus support the assessment of a decrease in risks. Therefore, the three factors that penalized the markets in 2022 seem to be slowly fading, while the main risk remains that of further economic weakness with potentially negative effects on corporate profits. Finally, the return of Chinese growth will also help improve sentiment.

PERFORMANCES BY ASSET CLASS

JANUARY

+ 12.42%	Private Equity
+ 10.47%	International Real Estate
+ 8.77%	Saudi Real Estate
+ 3.45%	International Equities
+ 3.31%	Saudi Equities
+ 1.63%	Saudi Sukuk
+ 1.23%	International Bonds
- 0.09%	Commodities

YTD

+ 12.42%	Private Equity
+ 10.47%	International Real Estate
+ 8.77%	Saudi Real Estate
+ 3.45%	International Equities
+ 3.31%	Saudi Equities
+ 1.63%	Saudi Sukuk
+ 1.23%	International Bonds
- 0.09%	Commodities

COMMENTS BY ASSET CLASSES

Bonds

In December, the monthly inflation rate continued its decline, signalling a shift from the worrisome regime of the first half of 2022 to a significantly more positive one in the second half of the year. The US reported its first negative monthly inflation rate of -0.1%, leading to a positive reaction in capital markets with gains of approximately +3.3%. While the correlation between various bond markets remained high, the ten-year US Treasury yields reacted more strongly than European bonds. Australian dollar yields fell even more sharply, resulting in a segment gain of +7.1%.

Equities

The equity markets started the year in risk-on mode in this more positive context by recording gains of +7% on average. The prospect of an upcoming pause in the Fed's monetary policy and an economic scenario centred on a soft landing are supporting investors' repositioning in equities after a year marked by an 18% drop in global indices. Risk scores are logically rising with the increase in technical and quantitative factors, but they remain in a neutral investment-friendly zone.

Commodities

Commodities had a negative start in the first month of 2023. Despite gold's positive performance (+5.72%), the segment is slightly below the neutral performance (-0.09%). Crude oil (-1.73%) has also experienced a decline due to fears of a recession, which is impacting the energy sector's estimates for 2023. However, the asset's development could be supported by factors such as the potential recovery of the Chinese economy, which could positively impact demand.

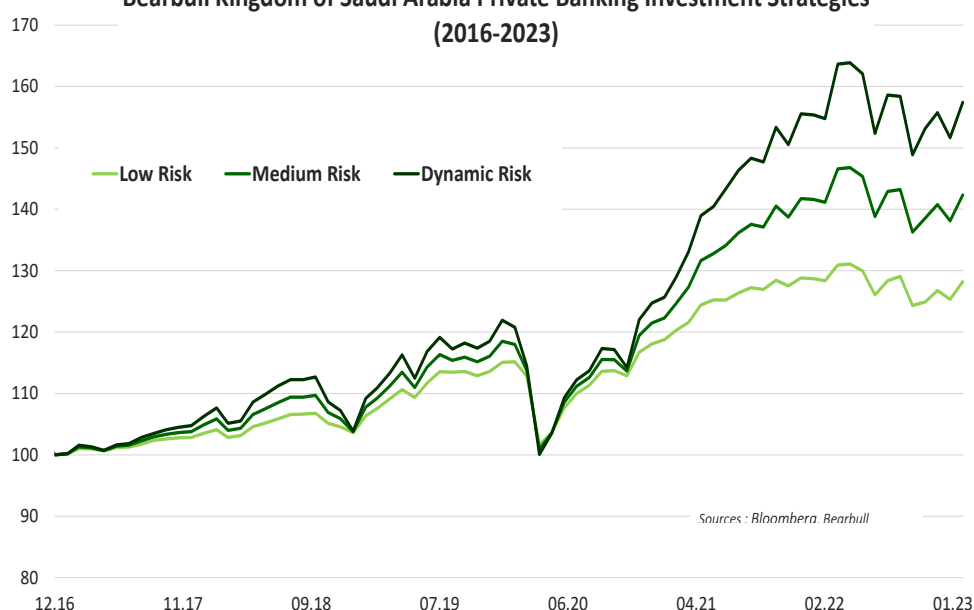
Real Estate

During the year 2022, the securitized real estate segment was strongly penalized by the inflationary environment and the multiple rate hikes that followed, resulting in a negative performance of -28.48% internationally. Recent inflation data pointing to a weaker regime and a lull in inflation have been beneficial for the sector, which has been enjoying positive momentum this month increasing by +10.47%. In the KSA the segment has suffered as well and cumulated losses in 2022 (-30.65%), but it rebounded in January gaining +8.77%.

BearBull KSA PB Investment Strategies – Performances in SAR										
	3 last months			YTD	Current year				Annualized Perf.	
	January 2023	2023	2023	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2022	2016 to this day
Bearbull KSA PBIS "low risk" (65% f.i)	2.30%			2.30%					-2.70%	4.85%
Bearbull KSA PBIS "medium risk" (45% f.i)	3.05%			3.05%					-2.55%	6.95%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	3.80%			3.80%					-2.50%	9.03%
Sub-indices										
Saudi Sukuk	1.63%			1.63%					-7.26%	-0.56%
International Bonds	1.23%			1.23%					-2.71%	3.25%
Saudi Equities	3.31%			3.31%					14.82%	17.54%
International Equities	3.45%			3.45%					-1.24%	8.32%
Saudi Real Estate	8.77%			8.77%					-30.65%	2.41%
International Real Estate	10.47%			10.47%					-28.48%	8.76%
Commodities	-0.09%			-0.09%					24.08%	5.25%
Private Equity	12.42%			12.42%					-31.09%	12.39%

Sources: BearBull Global Investments Group, Bloomberg,

Bearbull Kingdom of Saudi Arabia Private Banking Investment Strategies (2016-2023)



Sources : Bloomberg, Bearbull

Sources: BearBull Global Investments Group, Bloomberg

The systematic diversified strategies of the BearBull Saudi Private Banking Investment Strategies have produced annualized returns of +4.85 (Low risk) to +9.03% (Dynamic risk) since 2016.

The composition of our strategies is available upon request