

BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

January 2023

Renewed optimism in financial markets in January

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

BearBull PB Investment Strategy « Low Risk »	Jan	+ 1.89%	Year-to-Date	+ 1.89%
BearBull PB Investment Strategy « Moderate Risk »	Jan	+ 2.09%	Year-to-Date	+ 2.09%
BearBull PB Investment Strategy « Dynamic Risk »	Jan	+ 2.29%	Year-to-Date	+ 2.29%

Comments (performances in AED)

The financial markets started the year 2023 with a certain optimism. Indeed, the three BearBull Private Banking investment strategies delivered positive performances in January. The low-risk strategy advanced by +1.89%, while the moderate-risk approach followed a similar path, gaining +2.09%. The dynamic risk strategy was in the lead in January with an increase of +2.29%. Bond markets kicked off the new year on a positive note, with gains observed in the month of January. The domestic segment showed an increase of 1.66%, while the international segment fared even better, with gains of +3.28%. The performance of equity markets in January was less conclusive. At the start of the year, the Emirati stock markets underwent a mild correction, with the Dubai stock market experiencing a decrease of -0.99% and the Abu Dhabi market plunging more steeply by -3.92%. This decline extended the negative trajectory observed since December, which saw the Abu Dhabi market slide by -3.22%. The performance of the real estate markets was rather mixed. Following a challenging year in 2022, during which it suffered a cumulative decline of -24.24%, the international segment of the market experienced a notable upswing since December, which persisted in January with a gain of +8.60%. The domestic segment is still undergoing a correction phase that started in the preceding period, with a decline of -4.62% in December despite being relatively unaffected by rising interest rate conditions throughout the year. In January, the domestic segment was still down by -1.12%. Commodities started the year on a slightly negative note, declining by -0.09%. Despite the impressive performance of gold, the contraction of crude oil prices, fueled by negative growth prospects in 2023, weighed down on the sector's performance. Hedge funds made gains, rising by +1.67% in January. Private equity also returned to positive territory, leaping by +12.42% after a significant decline, consistent with the trend observed in October and November. This trend suggests a shift in investor psychology, once again favoring risky assets in January.

Financial market developments (performances in AED)

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
+ 8.60%	International Real Estate
+ 7.08%	International Equities
+ 3.28%	International Bonds
+ 1.67%	Hedge Funds
+ 1.66%	UAE Bonds
- 0.09%	Commodities
- 0.99%	Dubai Equities
- 1.12%	UAE Real Estate
- 3.92%	Abu Dhabi Equities

YTD

+ 12.42%	Private Equity
+ 8.60%	International Real Estate
+ 7.08%	International Equities
+ 3.28%	International Bonds
+ 1.67%	Hedge Funds
+ 1.66%	UAE Bonds
- 0.09%	Commodities
- 0.99%	Dubai Equities
- 1.12%	UAE Real Estate
- 3.92%	Abu Dhabi Equities

COMMENTS BY ASSET CLASS

Bonds

In December, the monthly inflation rate continued its decline, signaling 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%.

Stocks

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 centered 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

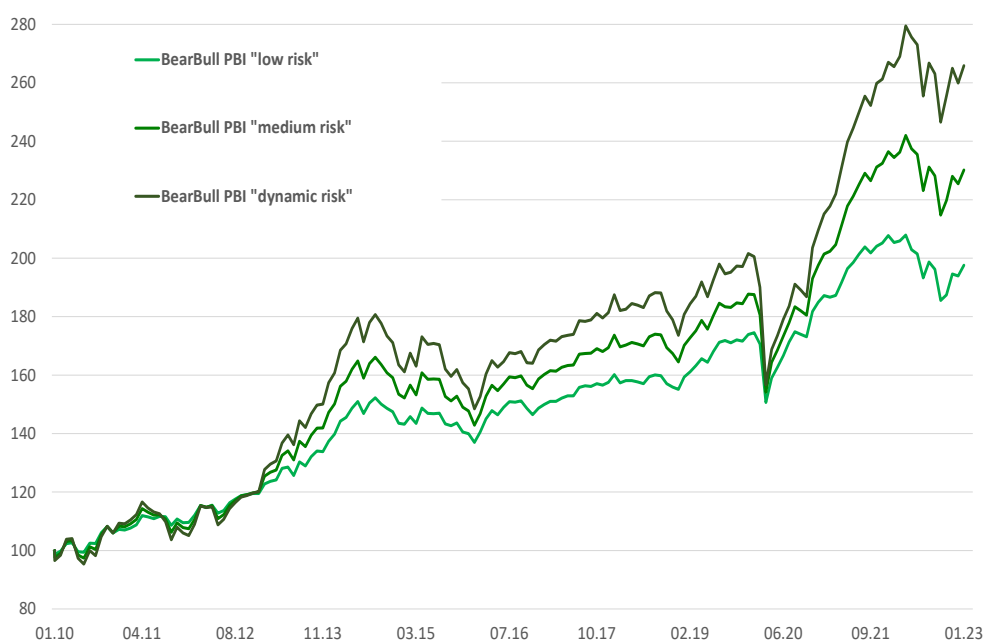
Commodities had a negative start in the first month of 2023. Despite gold's positive performance (+5.72%), the segment is slightly below the neutral performance (-0.09%). Crude oil (-1.73%) has also experienced a decline due to fears of a recession, which is impacting the energy sector's estimates for 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 -24.24% internationally. However, recent inflation data indicating weaker inflation have resulted in positive momentum this month with an increase of +8.60%. In the UAE, the segment was immune to this phenomenon and had cumulative gains of +11.80% in 2022, but retracted into negative territory in January with a decline of -1.12%.

BearBull Private Banking Investment Strategies UAE - Performances in AED										
	3 last months			YTD	Current year				Annualized Perf.	
	January 2023	February 2023	March 2023	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2022	2010 to this day
BearBull PBI "low risk" (65% fixed income)	1.89%			1.89%					-6.66%	5.38%
BearBull PBI "medium risk" (45% fixed income)	2.09%			2.09%					-4.65%	6.62%
BearBull PBI "dynamic risk" (25% fixed income)	2.29%			2.29%					-2.66%	7.81%
Sub-indices										
UAE Bonds	1.66%			1.66%					-10.53%	3.46%
International Bonds	3.28%			3.28%					-16.25%	1.08%
Dubai Equities	-0.99%			-0.99%					8.18%	9.12%
Abu Dhabi Equities	-3.92%			-3.92%					22.95%	15.41%
International Equities	7.08%			7.08%					-18.14%	8.98%
UAE Real Estate	-1.12%			-1.12%					11.80%	11.41%
International Real Estate	8.60%			8.60%					-24.24%	5.35%
Commodities	-0.09%			-0.09%					25.99%	-1.99%
Hedge Funds	1.67%			1.67%					-4.40%	1.42%
Private Equity	12.42%			12.42%					-31.09%	11.69%

Sources: BearBull Global Investments Group Limited, Bloomberg



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The systematic diversified strategies of the BearBull Private Banking Investment Strategies have produced annualized average returns of +5.38% (Low risk) to +7.81% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request