

Bearbull Private Banking Investment Strategies Kuwait KWD

Bearbull exclusivity since 2016

March 2023

Bearbull Kuwait Private banking strategies rebound in March

POSITIVE PERFORMANCES FOR THE THREE BEARBULL KUWAIT PRIVATE BANKING INVESTMENT STRATEGIES IN MARCH

Bearbull Kuwait Pension Strategy “Low Risk”	Mar	+ 1.14%	Year-to-Date	+ 1.67%
Bearbull Kuwait Pension Strategy “Medium Risk”	Mar	+ 0.57%	Year-to-Date	+ 0.98%
Bearbull Kuwait Pension Strategy “Dynamic Risk”	Mar	+ 0.01%	Year-to-Date	+ 1.44%

Comments (performances in KWD)

During the month of March, the financial markets were marked by great uncertainty. However, the three BearBull Private Banking investment strategies Kuwait still achieved positive performance. Indeed, the low-risk strategy achieved the best performance of the month, climbing by +1.14%. The medium-risk strategy also rose, gaining +0.57%. The dynamic-risk approach also made a slight gain in March (+0.01%). The bond markets are back on the rise this month. The domestic segment is up +1.26% and almost erases the losses of the previous period (-1.76%). The international segment is also following the same path but the movement is stronger (+3.16%). Both asset classes have been positive since the beginning of the year (+1.65% and +3.01%) despite the downturn in February (-1.76% and -3.32%). The equity markets performed mixed in March and were on either side of neutral performance. Indeed, the domestic segment continued the negative movement that started in February (-0.52%) and even increased the bearish momentum by losing -3.03%. Conversely, the international segment is positive (+3.09%) and erases the losses incurred during the previous period (-2.40%). Since January, international equities have gained +7.73% while the domestic stock market has declined by -3.49%. The real estate segment is again under pressure during the month. Indeed, both the Kuwaiti (-5.41%) and the international (-3.08%) classes are in negative territory. In cumulative terms, the domestic market shows a strong correction (-10.58%) while the international segment resists better (+0.51%). Commodities experienced their 5th consecutive period of decline in March and are still losing (-1.07%). Since the beginning of the year, the sector that had achieved the best cumulative performance in 2023 is in the red (-4.94%). Hedge funds are also continuing the downward trend that began in February and is losing (-1.19%). Private equity is bearing the brunt of the strong uncertainty that hit the markets in March and is falling heavily (-4.62%).

Financial market developments (performances in KWD)

Uncertainty soared in March after a month of February already marked by the appearance of a no-landing scenario that was nevertheless unlikely. The collapse of the SVB and the shock of the disappearance of Credit Suisse in a week of very high risks for the global banking sector and the financial system had repercussions on most financial markets, causing exceptional volatility. They were particularly massive in the capital markets, where yields fell as much as a result of the influx of capital in search of greater security as the return of the more likely soft-landing scenario. The fall in bond yields has been accompanied by a very significant adjustment in Fed Funds, which are now lower than the Federal Reserve's current policy rate for the June maturity. This is a new paradigm for monetary policy, which is now seen as having already reached its zenith and is close to an easing phase. Equity markets were also caught up in this wave of uncertainty about the financial system's stability, only to recover with the assurance that central banks would provide the liquidity needed to keep the banking system functioning. The financial markets have certainly overreacted to the risks of crisis causing, in this phase of panic, exceptional situations on the stock and real estate indices, particularly for the commodities segment. The overall scenario now seems to be more balanced again and we can expect more positive developments for risky assets in the coming months.

PERFORMANCES BY ASSET CLASS

MARCH

+ 3.16%	International Bonds
+ 3.09%	International Equities
+ 1.26%	Kuwaiti Sukuk
- 1.07%	Commodities
- 1.19%	Hedge Funds
- 3.03%	Kuwaiti Equities
- 3.08%	International Real Estate
- 4.62%	Private Equity
- 5.41%	Kuwaiti Real Estate

YTD

+ 7.73%	International Equities
+ 6.92%	Private Equity
+ 3.01%	International Bonds
+ 1.65%	Kuwaiti Sukuk
+ 0.51%	International Real Estate
- 0.01%	Hedge Funds
- 3.49%	Kuwaiti Equities
- 4.94%	Commodities
- 10.58%	Kuwaiti Real Estate



COMMENTS BY ASSET CLASSES

Bonds

The rebound in monthly inflation and job creation has rekindled uncertainties regarding the sustainability of the more positive regime change observed in the second half of 2022. The banking crisis and questions about the stability of the financial system in March led to a complete reversal of forecasts on the future course of monetary policy and a sharp readjustment of expectations on the bond markets. The drop in short-term yields was sharp and completely correlated with the adjustment of expectations for the Fed Fund's Future, but it was also very significant at longer maturities. Scores remain low, the main risks are in Europe and the UK, which should suffer from further upward adjustments in yields.

Equities

The rapid fall of the banking sectors after the SVB bankruptcy led to increased uncertainty in most other sectors, pushing the markets down at the beginning of the month. Already in risk-off mode, the markets initially fell further before being reassured by the statements of the central banks and the fairly rapid removal of systemic risks. The downward adjustment of yields, the probable end of monetary tightening in the United States and a macroeconomic scenario oriented towards a moderate economic slowdown should support the equity markets. Risk scores have improved in this context, with Europe retaining the highest risk.

Commodities

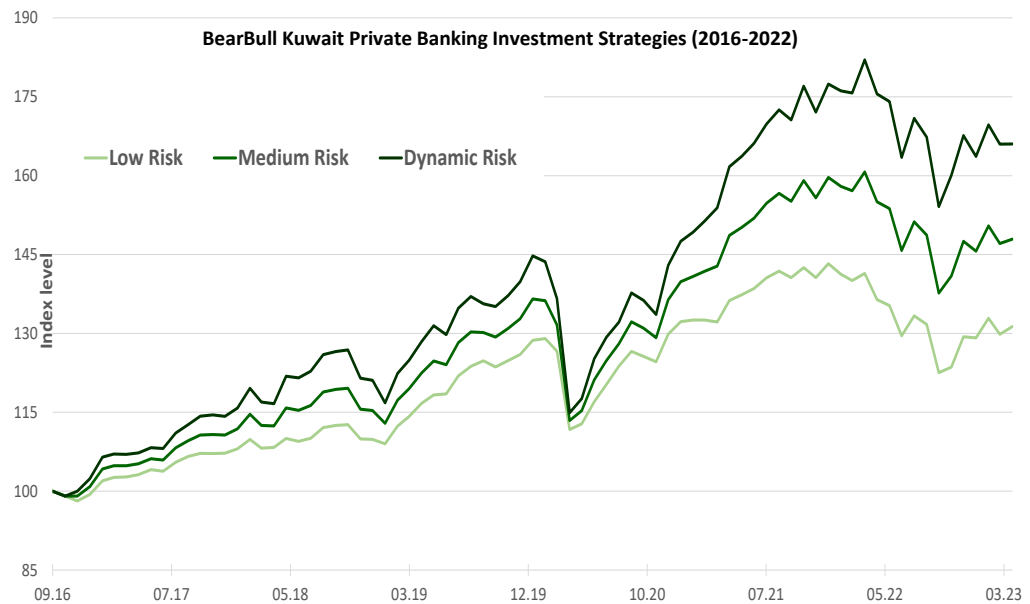
Commodities continued their decline and posted a negative performance for the 5th consecutive time. Indeed, the trend was exacerbated by the severe disruption in the banking sector that took place during the month of May as well as the growing recession fears that pulled the energy market down. China's economic recovery remains a major factor in the evolution of crude oil demand, which still seems to be below expectations. However, the very recent announcement of OPEC production cuts could tip the balance in the coming weeks and support crude prices.

Real Estate

The real estate segment bore the brunt of the tensions in the banking sector and fears of credit restrictions in March and fell internationally (-3.08%) but the downward adjustment of Fed Funds should still benefit the sector, which is very sensitive to rate changes. The domestic segment follows a similar path, the sector loses -5.41% and confirms yet again the downward trend that started a few months ago.

BearBull Kuwait Private Banking Investment Strategies – Performances in KWD										
	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	2016 to this day
Bearbull Kuwaiti PB "low risk" (65% fixed income)	2.91%	-2.31%	1.14%	1.67%	1.67%				-9.85%	4.58%
Bearbull Kuwaiti PB "medium risk" (45% fixed income)	3.30%	-2.24%	0.57%	1.56%	1.56%				-8.78%	6.65%
Bearbull Kuwaiti PB "dynamic risk" (25% fixed income)	3.69%	-2.16%	0.01%	1.45%	1.45%				-7.76%	8.69%
Sub-indices										
Kuwaiti Sukuk	2.19%	-1.76%	1.26%	1.65%	1.65%				-11.62%	1.05%
International Bonds	3.28%	-3.32%	3.16%	3.01%	3.01%				-16.25%	-0.91%
Kuwaiti Equities	0.04%	-0.52%	-3.03%	-3.49%	-3.49%				11.25%	17.25%
International Equities	7.08%	-2.40%	3.09%	7.73%	7.73%				-18.14%	10.24%
Kuwaiti Real Estate	-1.64%	-3.88%	-5.41%	-10.58%	-10.58%				-7.48%	14.78%
International Real Estate	8.60%	-4.51%	-3.08%	0.51%	0.51%				-24.24%	0.47%
Commodities	-0.09%	-3.83%	-1.07%	-4.94%	-4.94%				25.99%	6.35%
Hedge Funds	1.67%	-0.47%	-1.19%	-0.01%	-0.01%				-4.40%	2.32%
Private Equity	12.42%	-0.29%	-4.62%	6.92%	6.92%				-31.09%	11.53%

Sources : BearBull Global Investments Group Limited, Bloomberg



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The systematic diversified strategies of the Bearbull Kuwait Private Banking Investment Strategies have produced annualized returns of +4.58% (Low risk) to +8.69% (Dynamic risk) since 2016.

The composition of our strategies is available upon request