

# BearBull Private Banking Investment Strategies Saudi

**SAR**

**+4.98% to +9.16%**  
Annualized return since 2016

BearBull exclusivity since 2016

August 2022

## KSA Private banking strategies hold up despite the correction

### POSITIVE PERFORMANCES FOR TWO OF THE BEARBULL KSA PRIVATE BANKING INVESTMENT STRATEGIES IN AUGUST

BearBull Saudi PB Investment Strategy « Low Risk »	Aug	+ 0.58%	Year-to-Date	+ 0.21%
BearBull Saudi PB Investment Strategy « Moderate Risk »	Aug	+ 0.22%	Year-to-Date	+ 1.05%
BearBull Saudi PB Investment Strategy « Dynamic Risk »	Aug	- 0.13%	Year-to-Date	+ 1.83%

### Comments (performances in SAR)

Bearbull Kingdom of Saudi Arabia private banking strategies are holding up well in August despite the general correction. Indeed, two of the three strategies are moving into positive territory. The low-risk strategy advanced by +0.58% while the moderate-risk strategy followed a similar path (+0.22%). The dynamic-risk approach, on the other hand, fell back very slightly by -0.13%. In a very negative global economic context, the three Bearbull KSA Private Banking strategy have made cumulative gains since the beginning of the year (+0.21%, +1.05%, +1.83%) thanks to their diversification, while the classic international performance indices have suffered heavy losses (S&P500 -17%, Nasdaq -27%). The bond markets confirmed their positive trend in August. The domestic segment was the biggest gainer, advancing by +0.58%, while the international segment was similar (+0.13%). The two asset classes are nevertheless in negative territory in YTD terms (-4.40% and -3.21% respectively). The equity markets are also in the green this month. In the international markets, the increase is slight (+0.92%) and reflects a loss of momentum (+5.59% in July). Saudi stocks continued their strong upward trend (+6.21%) and even increased their positive momentum (+3.72% in July). The domestic asset class also achieved the second best cumulative performance since the beginning of the year (+27.08%) and largely outperformed international equities, which declined (-0.84%). The real estate segment started to decline again in August. The Saudi Arabian market fell sharply by -6.50% and erased most of the gains made in July (+8.57%). The movement is similar for the international class which loses -5.85% in August after a surge last month (+8.64%). Both segments have shown high volatility over the last three months and are in negative territory YTD (-21.78% and -19.89% respectively). Commodities are also in the red this month. Despite growing European energy tensions, the fall in crude oil prices weighed on the segment's performance and it fell by -2.97%. However, the asset class still made a spectacular cumulative gain of +30.04% since January, significantly outperforming the vast majority of asset classes. Private equity fell again in August after a spectacular rebound of +14.99% in July.

### Investment climate (performances in SAR)

Widespread return of volatility in August after six weeks of financial market recovery. The hope that inflation had perhaps finally stopped rising in July is no longer sustaining the enthusiasm of investors who are now worried that a new downward trend in prices will not be enough to change the Federal Reserve's monetary policy. The Fed's comments have raised concerns that it is pursuing a potentially overly dogmatic and risky strategy for an economy already in recession, which would still involve another 75 bp rate hike in September. This eventuality supports a dynamic that would bring key rates to nearly 4% at the end of the first quarter of 2023 and is already causing a rapid rise in long-term rates above 3.2%. While this prospect is still favorable for the dollar, it has rekindled the short-term fears of investors worried about the rise in long-term rates. At the end of the month, the majority of asset classes reacted in the same way, suffering declines that partially offset the increases of July. International bond markets fell by an average of -3.95%, with Gilts even falling by -8.5%. International equities also lost a little more than -4%, while yield curve pressures further penalized securitized real estate (-6.05%) and private equity (-7.36%). Commodities also ended lower (-2.68%), led by the fall in oil (-4.48%) in the context of growing recession risks.

#### PERFORMANCES BY ASSET CLASS

##### AUGUST

+ 6.21%	Saudi Equities
+ 0.92%	International Equities
+ 0.58%	Saudi Sukuk
+ 0.13%	International Bonds
- 2.97%	Commodities
- 5.85%	International Real Estate
- 6.50%	Saudi Real Estate
- 7.36%	Private Equity

##### YTD

+ 30.04%	Commodities
+ 27.08%	Saudi Equities
- 0.84%	International Equities
- 3.21%	International Bonds
- 4.40%	Saudi Sukuk
- 19.89%	International Real Estate
- 21.78%	Saudi Real Estate
- 28.70%	Private Equity

## COMMENTS BY ASSET CLASSES

### Bonds

The effects of changing expectations were again very strong in August in most markets. Recession risks took a back seat. The Fed's policy has put the heat back on by overemphasizing its desire to fight inflation at any cost. Despite a likely price spike supported by a drop in commodities, the fear of inflation has once again pushed long rates to new highs. The United Kingdom led the way this month with a 100 bp increase in 10-year yields, followed closely by the increase in Europe (80 bp). Yield curves are again close to their mid-June levels.

### Equities

With the end of the corporate earnings season, which on average was better than expected, the equity markets were affected by changing sentiment and less favourable expectations regarding monetary policy. The asset class was penalized by the rise in long-term interest rates and the prospect of more significant increases in key interest rates in September. Risk appetite decreased after an already substantial six-week stock market rally. Technology stocks were again subject to profit taking at the end of the month.

### Commodities

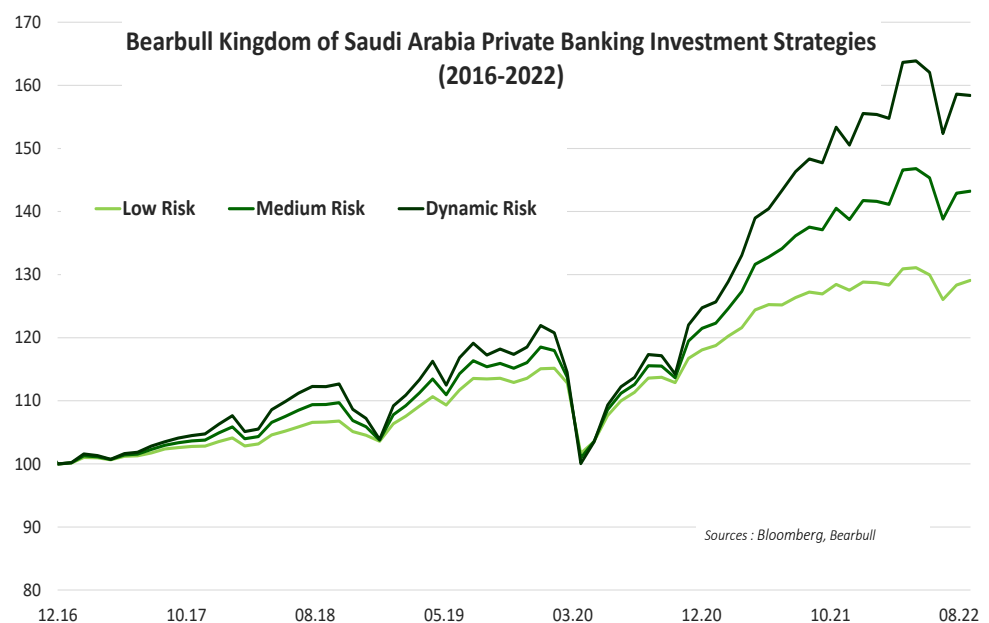
The commodities segment fell slightly in August (-2.97%). Nevertheless, the asset class remains the only international one to achieve a positive performance since the beginning of the year (+30.04%). In a global context of historically high inflation, commodities are proving to be an effective means of protection where other financial assets are suffering from the restrictive monetary policies of central banks.

### Real Estate

Fears that the central banks will continue to pursue an overly aggressive monetary policy have once again put pressure on interest rates. The securitized real estate segment, which is very sensitive to these factors, gave up some of the profits during July and returned to the red figures in August. Internationally, the drop was great (-5.85%) as well as in the kingdom of Saudi Arabia where the asset class lost -6.50%.

BearBull KSA PB Investment Strategies – Performances in SAR										
	3 last months			YTD	Current year				Annualized Perf.	
	June 2022	July 2022	August 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2016 to this day
Bearbull KSA PBIS "low risk" (65% f.i)	-3.02%	1.83%	0.58%	0.21%	1.64%	-3.73%			9.10%	4.98%
Bearbull KSA PBIS "medium risk" (45% f.i)	-4.50%	2.96%	0.22%	1.05%	3.42%	-5.31%			16.68%	7.08%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	-5.98%	4.10%	-0.13%	1.83%	5.20%	-6.89%			24.70%	9.16%
<b>Sub-indices</b>										
Saudi Sukuk	-0.69%	0.17%	0.58%	-4.40%	-3.40%	-1.78%			-3.66%	-0.43%
International Bonds	-1.10%	0.67%	0.13%	-3.21%	-1.59%	-2.42%			-0.64%	3.06%
Saudi Equities	-5.76%	3.72%	6.21%	27.08%	21.64%	-5.17%			45.80%	18.57%
International Equities	-7.39%	5.59%	0.92%	-0.84%	1.07%	-7.93%			22.98%	7.95%
Saudi Real Estate	-9.09%	8.57%	-6.50%	-21.78%	-5.88%	-18.14%			20.21%	4.41%
International Real Estate	-6.98%	8.64%	-5.85%	-19.89%	-6.48%	-16.25%			44.31%	10.60%
Commodities	-7.75%	-0.74%	-2.97%	30.04%	32.38%	1.99%			38.77%	6.95%
Private Equity	-14.92%	14.99%	-7.36%	-28.70%	-11.62%	-24.27%			51.44%	12.84%

Sources: BearBull Global Investments Group, Bloomberg



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The diversified systematic strategies of the BearBull Saudi Private Banking Investment Strategies have produced annualized returns of +4.98% to +9.16% since 2016 to date.

The composition of our private banking investment strategies is available upon request