BearBull Global Investments Group – Gate village 3 – Level 1
DIFC – Dubai – UAE – www.bearbull.ae

BearBull Global Investments Group

Bearbull Kuwaiti Private Banking Indices — KWD

Bearbull exclusivity since 2016 — January 2022

Kuwaiti Equities and Real Estate in the green despite the widespread loss

NEGATIVE PERFORMANCES FOR ALL THREE BEARBULL KUWAIT PRIVATE BANKING INVESTMENTS STRATEGIES IN JANUARY

Bearbull Kuwaiti Pension Strategy "Low Risk"	**Jan**	**- 1.41%**	**Year-to-Date**	**- 1.41%**
Bearbull Kuwaiti Pension Strategy "Medium Risk"	**Jan**	**- 1.07%**	**Year-to-Date**	**- 1.07%**
Bearbull Kuwaiti Pension Strategy "Dynamic Risk"	**Jan**	**- 0.73%**	**Year-to-Date**	**- 0.73%**

Comments (performances in KWD)

All three Bearbull Kuwait Private Banking strategies posted slightly negative performances in January. Indeed, the low-risk strategy fell the most this month (-1.41%). The moderate-risk strategy did better by only contracting by -1.07%, while the dynamic-risk strategy performed the best by only retracting by -0.73%. The bond markets are in the red for this first month of the year. The domestic segment posted a negative performance of -2.71% while the international market fell less sharply by -2.05%. The equity markets are on either side of the zero performance in January. The international markets are experiencing strong profit-taking for this first month of the year 2022 and are down -5.29%. Domestic equities, on the other hand, seem to be immune to the panic that hit the financial markets in January and even jumped by +5.03%. Real estate markets appear mixed at the beginning of the year. Despite its role as a hedge against inflation, the segment is down by 5.04% internationally. However, the opposite movement was observed in the Kuwaiti segment, which rose by 1.78%. Raw materials unsurprisingly turned in the best performance of the period (+11.63%). Indeed, the sector was once again supported by the rise in energy prices, which has lasted since the beginning of December. Hedge funds also posted a negative performance (-1.47%). The private equity sector attracted a large number of investors looking for alternatives during 2021, with the result that the sector posted the best cumulative gain for the year of +55.92%. The sector started the year very negatively and posted one of the worst performances of the period, falling by -5.41%.

Financial market developments (performances in KWD)

There was a widespread profit-taking trend and falling market prices during the month of January in all asset classes. The investment climate deteriorated rapidly as investors eventually became more worried about the developments in US monetary policy and the corresponding risks to financial markets. The ten-year yields in all the countries were on an ascending trend, driven by US Treasury yields, which reached nearly 1.9%, causing global bond indices to lose approximately -2%. The equity markets globally shrank by 5.3% (MSCI World Index), followed by the international real estate segment (-5%), while private equities suffered a decline of 5.9%. Only the commodity sector managed to post positive returns (+11.6%) thanks to constantly increasing crude oil prices of up to +18.4%. On January 26th, the Federal Reserve also confirmed its commitment to hike its key rates as of March and begin the process of reducing its balance sheet. Investors now know what to expect, which has the paradoxical advantage of eliminating uncertainty. The Fed is certainly behind in its fight against inflation, but investors already seem to be wondering if the worst news are not already there. January thus ended with a significant deterioration in the perception of risk levels and a potential turnaround in the stock markets. While on the whole, risky assets have only fallen by approximately -5%, some regions and sectors have experienced more substantial declines. The Nasdaq's -8.5% fall (-18% since November 20th) already suggests that significant consolidations have taken place, which could eventually also be associated with more attractive valuations. A great number of digital, technology and biotech companies, as well as many other promising stocks of the future economy, but often unprofitable, have been much more severely impacted by this latest "risk off" phase. A "relief rally" is therefore certainly underway for "risky" assets, supported by investors once again in "risk on" mode in February.

PERFORMANCES BY ASSET CLASS

NOVEMBER

+ 11.63%	Commodities
+ 5.03%	Kuwaiti Equities
+ 1.78%	Kuwaiti Real Estate
- 1.47%	Hedge Funds
- 2.05%	International Bonds
- 2.71%	Kuwati sukuk
- 5.04%	International Real Estate
- 5.29%	International Equities
- 7.27%	Private Equity

YTD

+ 11.63%	Commodities
+ 5.03%	Kuwaiti Equities
+ 1.78%	Kuwaiti Real Estate
- 1.47%	Hedge Funds
- 2.05%	International Bonds
- 2.71%	Kuwati sukuk
- 5.04%	International Real Estate
- 5.58%	Kuwaiti Real Estate
- 7.27%	Private Equity

COMMENTS BY ASSET CLASSES

Bonds

Most bond markets have already corrected significantly, and have lost an average of -2% over the month. The global economic expectations were rather negative in January (Omicron effect), but the year should remain sound. The Federal Reserve's policy change remains the most important event of the month for the capital markets. The highly anticipated reduction in liquidity with the tapering is further reinforced by the Fed's announcement that it will reduce its balance sheet. However, we do believe that this eventuality could be overestimated as we do not think it will happen all at once in the course of 2022. Inflation should gradually decline but remain well above central bank targets. Long-term interest rates are therefore expected to continue to rise and shape the financial environment throughout most of 2022.

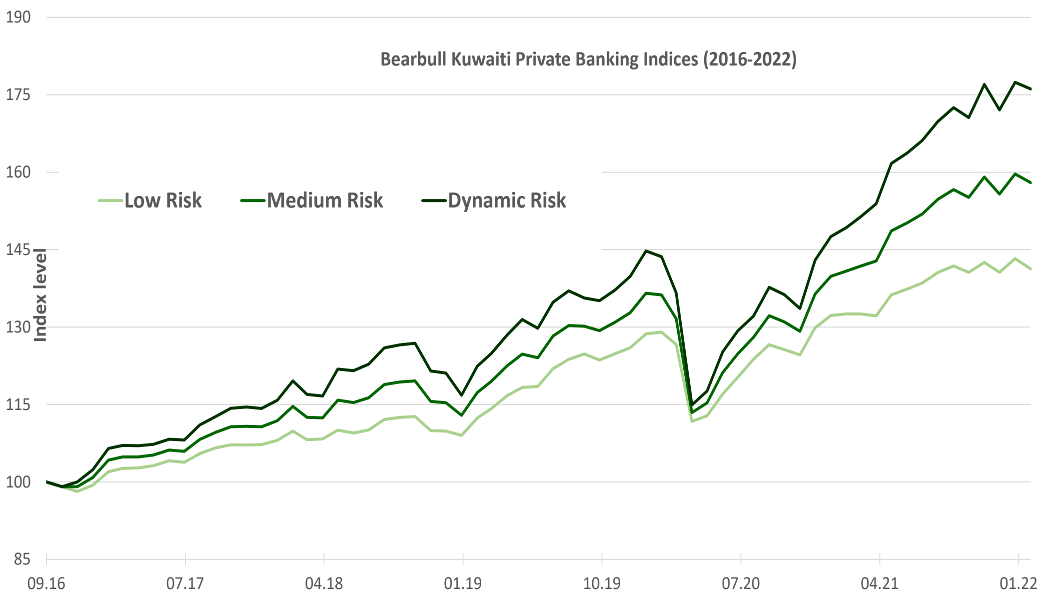
Bearbull Kuwaiti Private Banking Indices - Performances in USD

	3 last months			YTD	Current year				Annualized Perf.	
	January 2022			current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2016 to this day
Bearbull Kuwaiti PB "low risk" (65% fixed income)	-1.41%			-1.41%					8.34%	7.03%
Bearbull Kuwaiti PB "medium risk" (45% fixed incom	-1.07%			-1.07%					14.18%	9.41%
Bearbull Kuwaiti PB "dynamic risk" (25% fixed incom	-0.73%			-0.73%					20.28%	11.78%
Sub-indices										
Kuwaiti Sukuk	-2.71%			-2.71%					0.40%	2.86%
International Bonds	-2.05%			-2.05%					-4.71%	1.41%
Kuwaiti Equities	5.03%			5.03%					30.06%	20.45%
International Equities	-5.29%			-5.29%					21.82%	13.96%
Kuwaiti Real Estate	1.78%			1.78%					41.08%	22.84%
International Real Estate	-5.04%			-5.04%					22.01%	5.02%
Commodities	11.63%			11.63%					40.35%	6.16%
Hedge Funds	-1.47%			-1.47%					3.64%	3.39%
Private Equity	-7.27%			-7.27%					51.44%	19.23%

Sources : BearBull Global Investments Group Limited, Bloomberg

Equities

The aggregate -5.3% decline in the MSCI World Index over the month of January masks more substantial price and valuation adjustments in the technology, digital, biotech and other sectors but also in many other individual companies. The global economic outlook still looks favorable and the corporate profit potentials are not yet consistently called into question. The monetary policy is now anticipated and expected to be tightened. Corrections in the equity markets therefore definitely offer some opportunities for tactical readjustments.



Sources : BearBull Global Investments Group Limited, Bloomberg

Commodities

Despite the still rising number of contaminations in many countries, the travel restrictions seem to have had a smaller impact on the energy market. Crude oil prices have continued to rise since the beginning of last December and have climbed to $85 per barrel. As for gold, it experienced very high volatility during January. It managed to reach a peak of $1,845 but at the end of the month it returned to its level of the first week of the month.

Private Equity

This market sector attracted a massive number of investors looking for alternative investment opportunities in 2021. As a result, it generated spectacular returns of +51.44% during the year. As expected, the asset class started 2022 in a very bearish manner. The fundamental paradigms of central bank monetary policies have changed and the current climate of rising interest rates is much less favorable to risky debt-based investments such as private equity (-7.27%).