

# Bearbull Private Banking Investment Strategies Kuwait KWD

Bearbull exclusivity since 2016

April 2023

## The positive trend is confirmed in April

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

Bearbull Kuwait Pension Strategy	« Low risk »	Apr	+ 1.13%	Year-to-Date	+ 2.82%
Bearbull Kuwait Pension Strategy	« Medium risk »	Apr	+ 1.35%	Year-to-Date	+ 2.93%
Bearbull Kuwait Pension Strategy	« Dynamic risk »	Apr	+ 1.57%	Year-to-Date	+ 3.04%

### Comments (performances in KWD)

The financial markets seem to have absorbed the various shocks that impacted them a few weeks ago and are performing positively again in April. Indeed, the low-risk strategy advanced by +1.13%, as did the moderate-risk approach, which took a similar path, gaining +1.35%. The dynamic-risk index achieved the best performance of the month by climbing +1.57%. Since the beginning of the year, the three Bearbull Private Banking Kuwait investment strategies have achieved cumulative gains of +2.82%, +2.93% and +3.04% respectively. Bond markets are in the green in April and continue their positive trend. The domestic segment advanced by +0.88% and the international class gained +0.44%. Since January, both asset classes have achieved positive cumulative performance (+2.54% and +3.46% respectively). Equity markets also moved into positive territory in April. The Kuwaiti stock market climbed by +2.11%, internationally the movement was less intense (+1.75%). Since the beginning of the year, one of those asset classes has cumulated very clear gains (+9.62% internationally) the Kuwaiti segment remains in negative territory decreasing by -1.46%. Private equity returned to positive territory in April (+2.96%) and interrupted the downward trend of recent months (-0.29% in February and -4.62% in March). The renewed interest in this risky asset class could mean a return of optimism in the markets after some turbulent weeks. Hedge funds showed a slightly positive trend in April, gaining +0.34%. Since January, the asset class has moved back into positive territory (+0.33%). International real estate interrupted its downward trend (+1.84%) and benefited from improved financing conditions due to lower interest rates. In Kuwait the performance is stunning. The segment interrupts its negative trend by jumping by +7.08% in April. Commodities continued their downward trajectory and lost -0.76% in April. Since the beginning of the year, the segment has fallen by -5.66%.

### Financial market developments (performances in KWD)

A few weeks after the shock of the SVB bankruptcy and the outbreak of the banking crisis, the reactions of governments and central banks seem to have been enough to reassure investors. The month of April was therefore nothing like the previous weeks of uncertainty and concern about inflation and the future of interest rates. A few better statistics in the labour market and a return of inflation to the more reasonable regime observed in the second half of 2022 have together allowed a return to calm. While the effects of the banking crisis seem to be contained, the tightening of access to credit induced by it will have enough of a restrictive impact that central banks will be tempted to modify their monetary policies. The consensus now considers it more likely that the cycle is close to its end in the United States, paving the way for a new period of stabilization of key rates before an eventual decline. The rapid adjustments seen in bond yield curves in March and April supported an increase in prices in most financial markets. April thus marked the return of a soft-landing scenario with positive repercussions for Swiss bonds (+0.84%), as well as for the equity markets. The SPI's rebound in Switzerland (+3.62%) outperformed international equities, which fell slightly (-0.95%), while real estate is just beginning to consider the drop in financing costs in recent weeks. The economic recovery in China has not yet had a major impact on commodities, which are down slightly (-1.13%). April trends should provide a favourable outlook for "risky" assets in the coming months.

#### PERFORMANCES BY ASSET CLASS

##### APRIL

+ 7.08%	Kuwaiti Real Estate
+ 2.96%	Private Equity
+ 2.11%	Kuwaiti Equities
+ 1.84%	International Real Estate
+ 1.75%	International Equities
+ 0.88%	Kuwaiti Sukuk
+ 0.44%	International Bonds
+ 0.34%	Hedge Funds
- 0.76%	Commodities

##### YTD

+ 10.08%	Private Equity
+ 9.62%	International Equities
+ 3.46%	International Bonds
+ 2.54%	Kuwaiti Sukuk
+ 2.37%	International Real Estate
+ 0.33%	Hedge Funds
- 1.46%	Kuwaiti Equities
- 4.24%	Kuwaiti Real Estate
- 5.66%	Commodities



## COMMENTS BY ASSET CLASSES

### Bonds

Bond markets did not react significantly to the weak US economy in Q1 and the drop in monthly inflation to only +0.1% in March. The two-year (4.07%) and ten-year (3.45%) U.S. Treasury yields remained relatively stable, pausing after the more than 100 bps drop in mid-March, pending a more substantial improvement in inflation and confirmation of the end of the restrictive U.S. monetary policy cycle. Scores remain neutral to positive except for the more uncertain eurozone and UK markets, which are expected to suffer from further upward adjustments in yields necessary to curb inflation more drastically. Emerging markets and high yields look the most attractive.

### Equities

We were expecting a change in momentum at the end of March, which materialized with the return of a certain optimism, largely supported by interest rate factors. The downward adjustment of yields, the likely end of monetary tightening in the US and a macroeconomic scenario oriented towards a moderate economic slowdown should support the equity markets. The risk scores were only marginally altered by the moderate overall increase in the month. Europe retains the riskiest score, along with the UK and Japan. The U.S. market and emerging markets have the highest scores and look the most attractive.

### Commodities

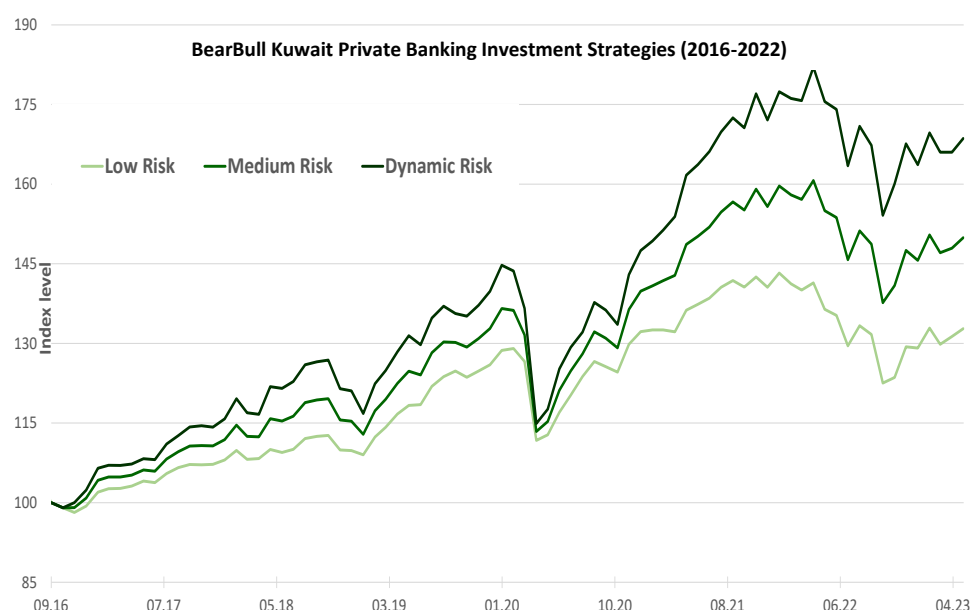
The commodities segment of our index fell once again in April (-0.76%). Indeed, the small increase in crude oil during the month was obviously not enough to pull the whole sector up. The first bullish move following the announcement of OPEC+ production cuts was later partially erased by fears of a global economic slowdown.

### Real Estate

Thanks to the downward movement in interest rates during the month, the international segment seems to reflect the resulting improvement in financing costs and is advancing by +1.84%. The international real estate market is finally breaking its 2-month-long downward trend, and after this strong correction, the segment now offers repositioning opportunities. The domestic segment follows the same direction and breaks its downward trend with a stellar performance of +7.08%. But the asset class remains in negative territory nevertheless (-4.24%).

BearBull Kuwait Private Banking Investment Strategies – Performances in KWD										
	3 last months			YTD	Current year				Annualized Perf.	
	February 2023	March 2023	April 2023	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2022	2016 to this day
Bearbull Kuwaiti PB "low risk" (65% fixed income)	-2.31%	1.14%	1.13%	2.82%	1.67%				-9.85%	4.58%
Bearbull Kuwaiti PB "medium risk" (45% fixed income)	-2.24%	0.57%	1.35%	2.93%	1.56%				-8.78%	6.60%
Bearbull Kuwaiti PB "dynamic risk" (25% fixed income)	-2.16%	0.01%	1.57%	3.04%	1.45%				-7.76%	8.60%
<b>Sub-indices</b>										
Kuwaiti Sukuk	-1.76%	1.26%	0.88%	2.54%	1.65%				-11.62%	1.15%
International Bonds	-3.32%	3.16%	0.44%	3.46%	3.01%				-16.25%	-0.81%
Kuwaiti Equities	-0.52%	-3.03%	2.11%	-1.46%	-3.49%				11.25%	16.90%
International Equities	-2.40%	3.09%	1.75%	9.62%	7.73%				-18.14%	10.11%
Kuwaiti Real Estate	-3.88%	-5.41%	7.08%	-4.24%	-10.58%				-7.48%	15.40%
International Real Estate	-4.51%	-3.08%	1.84%	2.37%	0.51%				-24.24%	0.74%
Commodities	-3.83%	-1.07%	-0.76%	-5.66%	-4.94%				25.99%	5.96%
Hedge Funds	-0.47%	-1.19%	0.34%	0.33%	-0.01%				-4.40%	2.28%
Private Equity	-0.29%	-4.62%	2.96%	10.08%	6.92%				-31.09%	11.56%

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 +8.60% (Dynamic risk) since 2016.**

**The composition of our strategies is available upon request**