

Bearbull Private Banking Investment Strategies Kuwait KWD

Bearbull exclusivity since 2016

November 2022

The positive intensifies in November

POSITIVE PERFORMANCES FOR ALL THREE BEARBULL KUWAIT PRIVATE BANKING INVESTMENT STRATEGIES IN NOVEMBER

Bearbull Kuwait Pension Strategy “Low Risk”	Nov	+ 4.67%	Year-to-Date	- 9.70%
Bearbull Kuwait Pension Strategy “Medium Risk”	Nov	+ 4.70%	Year-to-Date	- 7.61%
Bearbull Kuwait Pension Strategy “Dynamic Risk”	Nov	+ 4.73%	Year-to-Date	- 5.52%

Comments (performances in KWD)

The financial markets are continuing the positive trend that began in October. Indeed, all three Bearbull Kuwait Private Banking investment strategies performed well in November. The low-risk strategy advanced by +4.67%. The moderate-risk approach also advanced (+4.70%) while the dynamic-risk strategy followed a similar path (+4.73%) posting the best performance of the month. All three strategies are still accumulating losses since the beginning of the year (-9.70%, -7.61% and -5.52%) but are still proving more resilient than the classic international equity/bond combinations (-14.51% and -16.70%). Both bond markets are in the green in November. The domestic segment advanced by +4.58% and finally interrupted its downward trend. The international market performed even better, jumping by +4.71%. Despite these two very good performances, the asset classes are still accumulating losses since January (-13.85% and -16.70% respectively). The two asset classes that make up our equity segment are in positive territory this month. The Kuwaiti stock market advanced by +4.00%, continuing the positive trend of last month (+5.40%). The international equity markets achieved the best performance of the segment and jumped by +6.95%. Real estate markets continue to benefit from the easing of interest rate pressure in November. The domestic segment achieved a good performance of +4.25%, further increasing its positive momentum (+2.27% in October). The international segment followed the same path and jumped by +7.93%. However, the sector was severely penalised by the interest rate environment in 2022 and the international class is still in negative territory in YTD terms (-22.21%) whereas the domestic segment held up better (-1.90% YTD). Commodities fell below the neutral performance mark in November (-1.71%), driven by the contraction in crude oil prices. Hedge Funds moved horizontally again in November (+0.15%). Private equity reiterated last month's performance of last month (+10.33%) by jumping +9.78%. A strong upward trend that could represent a lasting change in investor psychology.

Financial market developments (performances in KWD)

October proved to be a more favorable month for risky assets, which instead recorded positive results. Among our universe of 33 asset classes, 22 have indeed achieved a positive performance this month. The stock market rallies are logically to be found in the equity markets, real estate, commodities and private equity. A certain amount of volatility and nervousness marked the interest rate markets, with an initial negative reaction to the announcement of higher-than-expected inflation in September and a low unemployment rate, which temporarily pushed US rates to new highs. A few days of consolidation then allowed yields to stabilize a little lower in most markets. This relative stabilization of yield curves at high levels was still enough to restore some enthusiasm among investors, who took advantage of the opportunity to reposition themselves a little in risky assets. The Fed's last 0.75% rate hike in November to 4% is a foregone conclusion and investors have taken on board the prospect of a continuation of the trend towards a target, now estimated at 5% in June 2023. The risks of a recession are still present, but as of December it now seems likely that the US Federal Reserve will change its policy. We then expect a first decrease in the size of the increase to only 0.5%, which could then be followed by smaller increases (0.25%) in 2023.

PERFORMANCES BY ASSET CLASS

NOVEMBER

+ 9.78%	Private Equity
+ 7.93%	International Real Estate
+ 6.95%	International Equities
+ 4.71%	International Bonds
+ 4.58%	Kuwaiti Sukuk
+ 4.25%	Kuwaiti Real Estate
+ 4.00%	Kuwaiti Equities
+ 0.15%	Hedge Funds
- 1.71%	Commodities

YTD

+ 27.75%	Commodities
+ 16.79%	Kuwaiti Equities
- 1.90%	Kuwaiti Real Estate
- 4.34%	Hedge Funds
- 13.85%	Kuwaiti Sukuk
- 14.51%	International Equities
- 16.70%	International Bonds
- 22.21%	International Real Estate
- 26.49%	Private Equity

COMMENTS BY ASSET CLASSES

Bonds

Correlation remained high between the various bond markets in November. The dispersion of performance was low within the developed markets, which rose by around +3%. Emerging markets (+6.63%) and the high yield segment (+5.01%) benefited the most from the significant improvement in investors' risk perception. The trend reversal observed in the United States is therefore spreading and improving the general sentiment of investors who are more inclined to reconstitute bond positions in a new context of reduced inflationary risks.

Equities

Equity markets reacted positively again in November to these developments, but uncertainty still prevails about the outlook for companies and their profits. Substantial stocks seem to be benefiting more of this renewed confidence, while technology stock indices are still poorly supported by lower interest rates. Risk appetite is returning, but it remains extremely uncertain and dependent on the inflation-rate relationship. While patience and caution are still required to achieve a greater degree of comfort, we believe that the conditions are more favourable for a constructive allocation.

Commodities

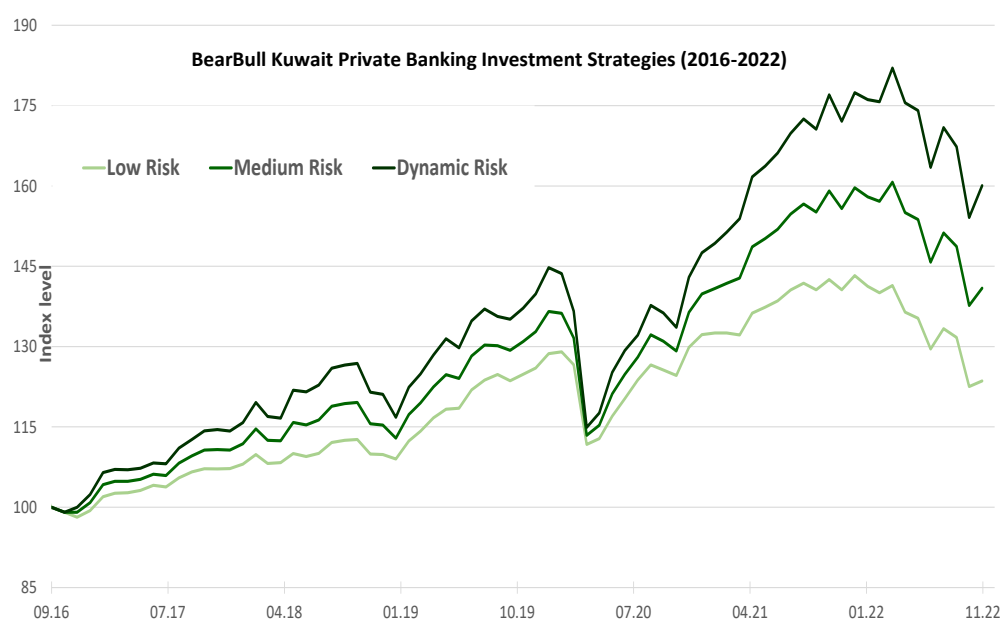
Commodities fall back into negative territory in November (-1.71%) as the European embargo on Russian crude oil and derivatives comes into effect. The simultaneous arrival of a cold snap in Europe is already impacting gas reserves. OPEC countries have maintained their decision to reduce production by 2 million barrels per day until the summer of 2023. Despite some fears of a possible recession next year, there is a possibility of increased tension in the energy market.

Real Estate

The international securitised real estate segment continues its upward trend and is benefiting from a certain revival of interest from investors during the month of November. Indeed, after 9 months of decline over the first 10 periods of the year, the segment is benefiting from the easing of pressure on interest rates. The domestic segment advanced by +4.25% while the international went in the same path and gained +7.93%. Nevertheless, the international asset class is still cumulating losses since January (-22.21%) whereas the UAE market is widely overperforming (+1.90%).

BearBull Kuwait Private Banking Investment Strategies – Performances in KWD										
	3 last months			YTD	Current year				Annualized Perf.	
	September 2022	October 2022	November 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2016 to this day
Bearbull Kuwaiti PB "low risk" (65% fixed income)	-6.95%	0.85%	4.67%	-9.70%	-1.30%	-8.39%	-13.33%		8.34%	4.45%
Bearbull Kuwaiti PB "medium risk" (45% fixed income)	-7.42%	2.35%	4.70%	-7.61%	0.64%	-9.30%	-14.33%		14.18%	6.79%
Bearbull Kuwaiti PB "dynamic risk" (25% fixed income)	-7.89%	3.86%	4.73%	-5.52%	2.60%	-10.21%	-15.34%		20.28%	9.12%
Sub-indices										
Kuwaiti Sukuk	-6.62%	-2.48%	4.58%	-13.85%	-5.91%	-3.96%	-3.95%		0.40%	0.37%
International Bonds	-5.14%	-0.69%	4.71%	-16.70%	-6.16%	-5.22%	-6.94%		-4.71%	-1.52%
Kuwaiti Equities	-7.65%	5.40%	4.00%	16.79%	20.02%	-4.19%	-4.59%		30.06%	19.46%
International Equities	-9.30%	7.18%	6.95%	-14.51%	-5.15%	-8.24%	-6.19%		21.82%	9.96%
Kuwaiti Real Estate	-5.16%	2.27%	4.25%	-1.90%	5.24%	-4.00%	-0.25%		41.08%	18.59%
International Real Estate	-12.16%	2.04%	7.93%	-22.21%	-3.53%	-9.33%	-11.76%		22.01%	0.84%
Commodities	-7.80%	6.70%	-1.71%	27.75%	33.13%	10.45%	-10.31%		40.35%	7.70%
Hedge Funds	-0.96%	0.08%	0.15%	-4.34%	-1.35%	-1.99%	0.52%		3.64%	2.39%
Private Equity	-14.88%	10.33%	9.78%	-26.49%	-11.62%	-10.99%	-9.33%		51.44%	11.83%

Sources : BearBull Global Investments Group Limited, Bloomberg



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The diversified systematic strategies of the Bearbull Kuwait Private Banking Investment Strategies have produced returns of +4.45% to +9.12% annualized since 2016 to date.

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