

BearBull Private Banking Investment Strategies Saudi

SAR

+4.19% to +7.77%
Annualized return since 2016

BearBull exclusivity since 2016

June 2023

Private banking strategies return to the upside

POSITIVE PERFORMANCES FOR ALL THE BEARBULL KSA PRIVATE BANKING INVESTMENT STRATEGIES IN JUNE

BearBull Saudi PB Investment Strategy « Low risk »	Jun	+ 2.00%	Year-to-Date	+ 3.82%
BearBull Saudi PB Investment Strategy « Moderate risk »	Jun	+ 3.11%	Year-to-Date	+ 5.19%
BearBull Saudi PB Investment Strategy « Dynamic risk »	Jun	+ 4.22%	Year-to-Date	+ 6.56%

Comments (performances in SAR)

After a turbulent May due to the uncertainty surrounding US debt, all three Bearbull Private Banking Investment Strategies KSA are back in positive territory. The low-risk strategy advanced by +2.00% and the moderate-risk strategy followed suit, gaining +3.11%. The dynamic-risk approach posted the best performance of the month, jumping +4.22%. Since the beginning of the year, the three strategies have achieved cumulative gains of +3.82%, +5.19%, and +6.56%, respectively. Bond markets were on either side of neutral in June. Indeed, the domestic segment declined slightly by -0.75%, while the international segment posted a positive performance (+0.72%). Since January, both asset classes have been positive (+0.37% and +1.86% respectively). Equity markets moved into positive territory in June. The domestic class posted an exceptional performance of +12.30%, reaching a cumulative +21.99% since the start of the year and topping the table. The international segment also returned to the upside, climbing +4.02% and confirming the trend begun last month (+0.08%). Since the beginning of the year, international equities have gained +9.76%. The two real estate segments posted mixed performances in June. In the Kingdom of Saudi Arabia, the sector continued last month's downward trajectory, declining by -0.12%, but demonstrated a sharp reduction in negative momentum (-4.76% in May). Internationally, the trend is reversed, with the asset class jumping +4.51% to break the trend (-0.81% in April and -3.03% in May). Since January, the domestic class has posted a cumulative loss of -1.64%, while international performance has been positive (+5.36%). Commodities recorded their first gain of the year (+4.39%), breaking the long downtrend that has lasted since the end of 2022. In cumulative terms, however, the segment remains negative (-8.20%). Private equity also returned to the upside in June (+6.17%), posting an excellent gain of +15.96% YTD.

Investment climate (performances in SAR)

The best inflation figures (CPI) recently published in several countries, including the USA (4%/year) and Switzerland (1.7%/year), suggest that the new, more reasonable inflation regime we announced in the summer of 2022 has indeed taken hold. Current inflation figures are already below central bank forecasts for the whole of 2023 and are close to our targets set in 2022 for June 2023. However, this more favorable environment for a further fall in yield curves has yet to develop significant effects in the capital markets and in the securitized real estate segments. The latter is still suffering from concerns about the expectations of central banks, which are still highly motivated to share their determination to fight inflation on a long-term basis. Despite an already clear downward trend in consumer and producer prices, the risks of several further rises evoked by central bankers are still being taken into consideration, and are holding back the recovery in these two asset classes. Equity markets, on the other hand, were less sensitive to this factor and benefited from a recovery in the price readjustment phase initiated in Q4 2022. Initially driven by leading technology stocks, particularly those involved in the development of Artificial Intelligence (AI), equity markets gradually broadened their participation in this advance to other sectors, as the risks of a severe US recession seemed to fade in favor of a gradual slowdown in activity. While bond markets ended the month virtually unchanged in most regions, international securitized real estate began to recover on the stock market (+3.19%), albeit not to the same extent as the +6.05% rise recorded by the MSCI World index. Despite a timid recovery in China, commodities also found favor with investors, rising +4.39% thanks to a +5.99% rise in energy prices.

PERFORMANCES BY ASSET CLASS

JUNE

+ 12.30%	Saudi Equities
+ 6.17%	Private Equity
+ 4.51%	International Real Estate
+ 4.39%	Commodities
+ 4.02%	International Equities
+ 0.72%	International Bonds
- 0.12%	Saudi Real Estate
- 0.75%	Saudi Sukuk

YTD

+ 21.99%	Saudi Equities
+ 15.96%	Private Equity
+ 9.76%	International Equities
+ 5.36%	International Real Estate
+ 1.86%	International Bonds
+ 0.37%	Saudi Sukuk
- 1.64%	Saudi Real Estate
- 8.20%	Commodities

COMMENTS BY ASSET CLASSES

Bonds

Interest rates proved relatively non-volatile in June in most countries. With the exception of emerging markets (+1.49%) and high yield (+2.55%), regional performances were close to zero over the month. In the United States, the calm observed contrasts with the good results obtained on the inflation front. Investors seemed stunned by the Fed's rhetoric, despite its decision to pause in June. Key rates of 5.25% are already 125 bps above annual inflation (+4%), and this gap could very quickly reach 225 bps if the CPI estimate of +3% for June is confirmed. The eurozone is not benefiting from the same paradigm and is likely to see its yield curve rise further.

Equities

Equity market risk scores have risen, particularly in the USA and Japan, and remain high in Europe. Technical, quantitative, and valuation factors are the main drivers of this rise in risk. Downward interest rate adjustments and the possibility of future monetary policy easing are factors supporting a continuation of the uptrend in the markets. Japan's risk score joins that of the eurozone and moves into the danger zone. Emerging markets and Swiss equities continue to benefit from low-risk levels.

Commodities

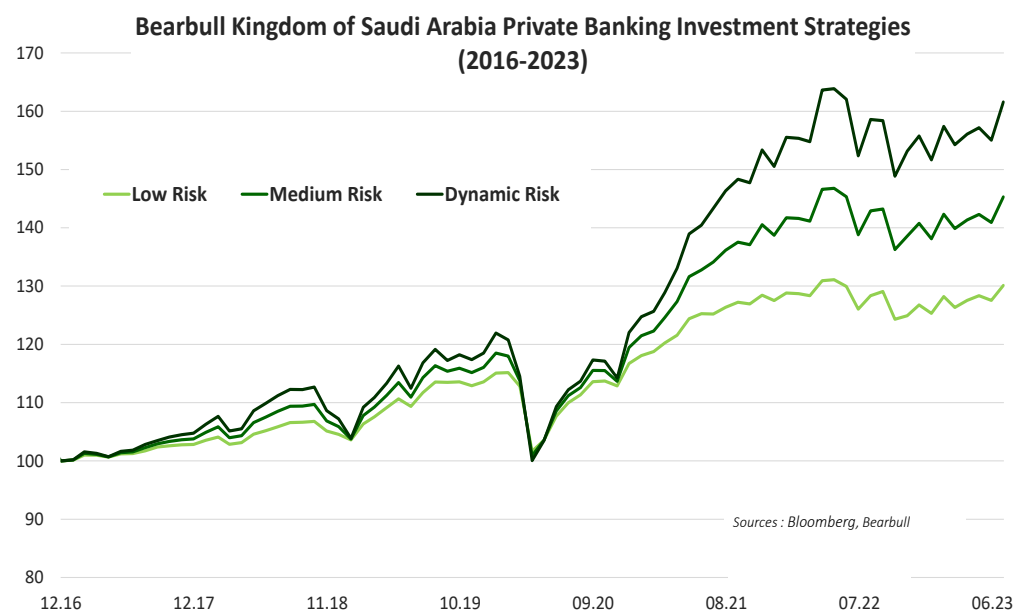
Commodities post their first upward month of 2023, interrupting the very long downtrend that has lasted since the end of 2022. The announcement of a further production cut by Saudi Arabia at the beginning of the month temporarily supported the development of crude prices. Nevertheless, the Chinese recovery continues to disappoint investors, and combined with relatively weak demand from OECD countries, is still weighing on oil prices.

Real Estate

International securitized real estate is back in positive territory in June. Indeed, the asset class posted a +4.51% gain and should further be supported by the new inflation regime which will ease the interest pressure in the coming weeks. In the KSA, the real estate segment is in negative territory and posts a decline of -0.12% but shows a decline in negative momentum (-4.76% in May).

BearBull KSA PB Investment Strategies – Performances in SAR										
	3 last months			YTD	Current year				Annualized Perf.	
	April 2023	May 2023	June 2023	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2022	2016 to this day
Bearbull KSA PBIS "low risk" (65% f.i)	0.65%	-0.63%	2.00%	3.82%	1.76%	2.02%			-2.70%	4.19%
Bearbull KSA PBIS "medium risk" (45% f.i)	0.67%	-0.99%	3.11%	5.19%	2.34%	2.78%			-2.55%	5.99%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	0.70%	-1.35%	4.22%	6.56%	2.93%	3.53%			-2.50%	7.77%
Sub-indices										
Saudi Sukuk	0.83%	-0.32%	-0.75%	0.37%	0.63%	-0.25%			-7.26%	-0.70%
International Bonds	0.31%	0.13%	0.72%	1.86%	0.70%	1.16%			-2.71%	3.06%
Saudi Equities	2.68%	-0.26%	12.30%	21.99%	6.06%	15.02%			14.82%	18.85%
International Equities	-0.10%	0.08%	4.02%	9.76%	5.54%	3.99%			-1.24%	8.52%
Saudi Real Estate	2.08%	-4.76%	-0.12%	-1.64%	1.30%	-2.90%			-30.65%	0.62%
International Real Estate	-0.81%	-3.03%	4.51%	5.36%	4.81%	0.53%			-28.48%	7.16%
Commodities	-1.04%	-6.23%	4.39%	-8.20%	-5.23%	-3.13%			24.08%	3.41%
Private Equity	2.96%	-0.77%	6.17%	15.96%	6.92%	8.46%			-31.09%	11.75%

Sources: BearBull Global Investments Group, Bloomberg



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