

# BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

June 2023

## The financial markets return to the upside in June

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

BearBull PB Investment Strategy « Low Risk »	June	+ 1.38%	Year-to-Date	+ 3.26%
BearBull PB Investment Strategy « Moderate Risk »	June	+ 2.19%	Year-to-Date	+ 4.29%
BearBull PB Investment Strategy « Dynamic Risk »	June	+ 3.00 %	Year-to-Date	+ 5.32%

### Comments (performances in AED)

Financial markets were relatively unprompted by positive inflation news in several geographical areas. Nevertheless, all three BearBull Private Banking Investment Strategies posted positive performances in June. The low-risk approach advanced by +1.38%, while the moderate-risk strategy did better, gaining +2.19%. The dynamic risk strategy turned in the best performance of the month, climbing +3.00%. Since the beginning of the year, our strategies have posted clearly positive performances (+3.26%, +4.29%, +5.32%). Bond markets were once again in the red in June, despite encouraging inflation figures. The international segment declined very slightly by -0.01% this month. The domestic segment followed a similar path, losing -0.06%. Since the start of the year, both asset classes have been in slightly positive territory (+1.43% and +1.98% respectively). Equity markets are all in the green in June after a month of turbulence linked to US debt. The Dubai stock market jumped +6.02%, continuing the positive (+5.78% in April, +1.27% in May). International equities also followed a similar path, gaining +6.05%. Since the start of the year, all three equity segments have been on either side of neutral performance. In fact, only the Abu Dhabi stock market is down -5.00% on a YTD basis, while Dubai equities have posted an excellent cumulative performance of +18.66% since January. The international segment is also positive YTD, with cumulative gains of +15.09%. Emirati real estate is back in positive territory (+2.03%) after suffering of some profit taking in May (-5.63%). Since January, the segment has achieved an exceptional performance of +23.39%. The international class achieved a similar performance of +3.19%, and is now back above the neutral performance mark in cumulative terms (+0.55%). Commodities turned in a positive performance for the first time in 2023 (+4.39%), breaking the long downward trend the segment had been suffering since the end of 2022. Nevertheless, the segment remains negative in cumulative terms since the beginning of the year (-7.54%).

### Financial market developments (performances in AED)

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

+ 6.17%	Private Equity
+ 6.05%	International Equities
+ 6.02%	Dubai Equities
+ 4.39%	Commodities
+ 3.19%	International Real Estate
+ 2.03%	UAE Real Estate
+ 1.53%	Abu Dhabi Equities
+ 0.76%	Hedge Funds
-0.01%	International Bonds
-0.06%	UAE Bonds

##### YTD

+ 23.39%	UAE Real Estate
+ 18.66%	Dubai Equities
+ 15.96%	Private Equity
+ 15.09%	International Equities
+ 1.98%	UAE Bonds
+ 1.43%	International Bonds
+ 0.63%	Hedge Funds
+ 0.55%	International Real Estate
- 5.00%	Abu Dhabi Equities
- 7.54%	Commodities

## COMMENTS BY ASSET CLASS

### 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 in particular, the calm observed contrasted 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.

### Stocks

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

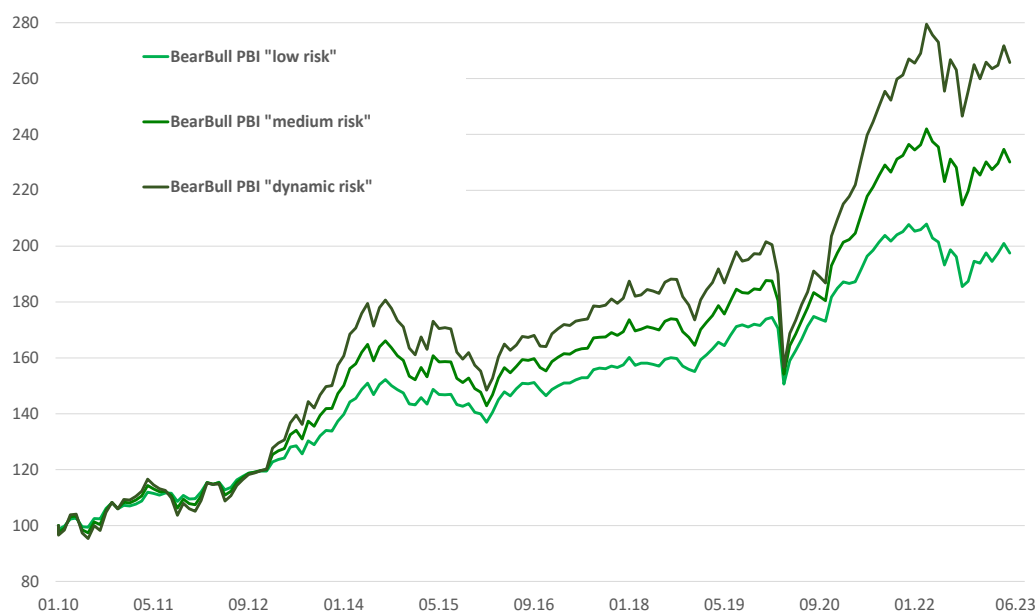
Commodities post their first upward month of 2023, interrupting the very long downtrend that has lasted since the end of 2022. The announcement of a further production cut by Saudi Arabia at the beginning of the month temporarily supported the development of crude prices. Nevertheless, the Chinese recovery 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 +3.19% gain and should further be supported by the new inflation regime which will ease the interest pressure in the coming weeks. In the UAE, the real estate segment is back in the green as well (+2.03%) after undergoing some logical profit-taking last month.

BearBull Private Banking Investment Strategies UAE - Performances in AED										
	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	2010 to this day
BearBull PBI "low risk" (65% fixed income)	1.76%	-1.72%	1.38%	3.26%	1.84%	1.39%			-6.66%	5.28%
BearBull PBI "medium risk" (45% fixed income)	2.20%	-1.96%	2.19%	4.29%	1.85%	2.40%			-4.65%	6.54%
BearBull PBI "dynamic risk" (25% fixed income)	2.64%	-2.20%	3.00%	5.32%	1.85%	3.40%			-2.66%	7.74%
<b>Sub-indices</b>										
UAE Bonds	0.94%	-0.67%	-0.06%	1.98%	1.77%	0.20%			-10.53%	3.36%
International Bonds	0.44%	-1.95%	-0.01%	1.43%	3.01%	-1.53%			-16.25%	0.90%
Dubai Equities	5.78%	1.27%	6.02%	18.66%	4.48%	13.57%			8.18%	10.24%
Abu Dhabi Equities	4.20%	-3.88%	1.53%	-5.00%	-6.57%	1.68%			22.95%	14.71%
International Equities	1.75%	-1.00%	6.05%	15.09%	7.73%	6.83%			-18.14%	9.21%
UAE Real Estate	14.67%	-5.63%	2.03%	23.39%	11.76%	10.41%			11.80%	12.80%
International Real Estate	1.84%	-4.81%	3.19%	0.55%	0.51%	0.04%			-24.24%	4.55%
Commodities	-0.76%	-6.11%	4.39%	-7.54%	-4.94%	-2.73%			25.99%	-2.48%
Hedge Funds	0.34%	-0.46%	0.76%	0.63%	-0.01%	0.64%			-4.40%	1.29%
Private Equity	2.96%	-0.77%	6.17%	15.96%	6.92%	8.46%			-31.09%	11.49%

Sources: BearBull Global Investments Group Limited, Bloomberg



Sources: BearBull Global Investments Group Limited, Bloomberg

The systematic diversified strategies of the BearBull Private Banking Investment Strategies have produced annualized average returns of +5.28% (Low risk) to +7.74% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request