

# BearBull Private Banking Investment Strategies Saudi

**SAR**

**+4.34% to +8.11%**  
Annualized return since 2016

BearBull exclusivity since 2016

July 2023

## Positive trend extends through July

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

BearBull Saudi PB Investment Strategy « Low risk »	Jul	+ 0.92%	Year-to-Date	+ 4.77%
BearBull Saudi PB Investment Strategy « Moderate risk »	Jul	+ 1.49%	Year-to-Date	+ 6.76%
BearBull Saudi PB Investment Strategy « Dynamic risk »	Jul	+ 2.06%	Year-to-Date	+ 8.76%

### Comments (performances in SAR)

The positive trend continued in July, with the vast majority of asset classes in the green and all three Bearbull KSA private banking investment strategies once again in positive territory. The low-risk strategy advanced by +0.92%, while the moderate-risk strategy did even better, gaining +1.49%. The dynamic-risk approach turned in the best performance of the month, climbing +2.06%. Since January, Bearbull KSA Private Banking's three investment strategies have posted clearly positive performances of +4.77%, +6.76% and +8.76%, respectively. The bond markets are both in positive territory in July. The domestic segment advanced lightly by 0.10%, while international performance was better (+0.32%). Since the beginning of the year, both asset classes have been in positive territory (+0.47% and 2.19%). Equity are on either sides of neutral this month. The domestic stock market was in the green in July again (+3.74%), whereas international equities declined lightly (-0.25%). Since January, the Saudi stock market has largely overperformed the majority of asset classes (+26.55%) whereas the international segment cumulates gains of +9.48%. Real estate segments were both also in the green in July. The domestic asset class gained +2.68% and is back above neutral (-0.12% in June) while the international reduced its positive momentum (+0.54% in July and +4.51% in June). The two asset classes have cumulated YTD gains of +0.99% and +5.93%, respectively. Commodities confirmed their upward trend by a large gain of +7.70% this month, driven mainly by crude oil prices. The asset class is still not in positive territory YTD yet (-1.13%). Private equity repeated last month's strong gains (+6.17% and +7.08% in July). Since the beginning of the year the private equity segment posts the second best cumulated performance (+24.18%).

### Investment climate (performances in SAR)

The month of July shed new, more positive light on the evolution of inflation and the economic conjunction. In the USA, CPI fell from 4% to 3%/year at the end of June, which is still the lowest level since March 2021. Without having reached the Fed's often-announced target of 2%, the current level of CPI, like the deflator (+3%), is well below that reached in June 2022 (+9.1%). The situation is similar in Japan (+3.3%), Switzerland (+1.7%) and China (0%), while the decline is less marked in Europe (+5.3%). On the economic front, Q2 results clearly averted the risk of recession in the USA, with real growth of +2.4%, while the Eurozone returned to positive growth of +0.3%. The new inflation regime announced during the summer of 2022 has thus been effectively implemented over the past twelve months, but we now believe it will be more difficult to see price indices slide with the same momentum. The fall in producer prices should continue to have a positive impact on other measures of inflation, which will then decline only gradually. The Fed's latest rate hike to 5.5% is likely to give way to a pause, while US economic momentum shows no signs of collapsing. This environment should favor a softening of dollar-denominated yield curves, which is not yet the case for most segments. Equity markets have already reacted favorably to the changed economic scenario, but capital markets are still hesitant. The securitized real estate segments are beginning to take lower risks into account, and as expected, they achieved one of the best performances of the month in Europe (+9.55%), thanks to valuations that had reached extreme levels. A certain amount of rotation has taken place in the equity markets, as participation in the upside has widened. Commodities recorded the month's strongest performance, up +10.74%, driven mainly by energy prices (+16%).

#### PERFORMANCES BY ASSET CLASS

##### JULY

+ 7.70%	Commodities
+ 7.08%	Private Equity
+ 3.74%	Saudi Equities
+ 2.68%	Saudi Real Estate
+ 0.54%	International Real Estate
+ 0.32%	International Bonds
+ 0.10%	Saudi Sukuk
- 0.25%	International Equities

##### YTD

+ 26.55%	Saudi Equities
+ 24.18%	Private Equity
+ 9.48%	International Equities
+ 5.93%	International Real Estate
+ 2.19%	International Bonds
+ 0.99%	Saudi Real Estate
+ 0.47%	Saudi Sukuk
-1.13%	Commodities

## COMMENTS BY ASSET CLASSES

### Bonds

Volatility was reduced during the month, as interest rates changed little in July, despite good statistics in the United States in particular. Movements in national indices were less than +1%. Emerging markets (+1.18%) and high-yield bonds (+1.96%) benefited slightly more from better inflation data. In the US, uncertainty persists over further Fed rate hikes, weighing on bond markets. In Europe, rates are still too low in relation to inflation, despite ECB statements. The key rate of 5.5% is now 250 bps above the US CPI, which already seems excessive to us and would justify the end of the cycle in the US.

### Equities

Equity market risk scores rose again in July, with most indices performing well, with the notable exception of the SPI (+0.44%), which lagged 2023. The persistently positive stock market climate pushed indices a little higher, particularly in Europe (+21.29%) and the USA (+20.64%). Technical, quantitative and valuation factors contributed to the rise in overall risk levels. Emerging markets, Canada and Switzerland appear less risky. Downward interest-rate adjustments as inflation declines should further support a continuation of current trends, but risks are increasing and again warrant greater vigilance.

### Commodities

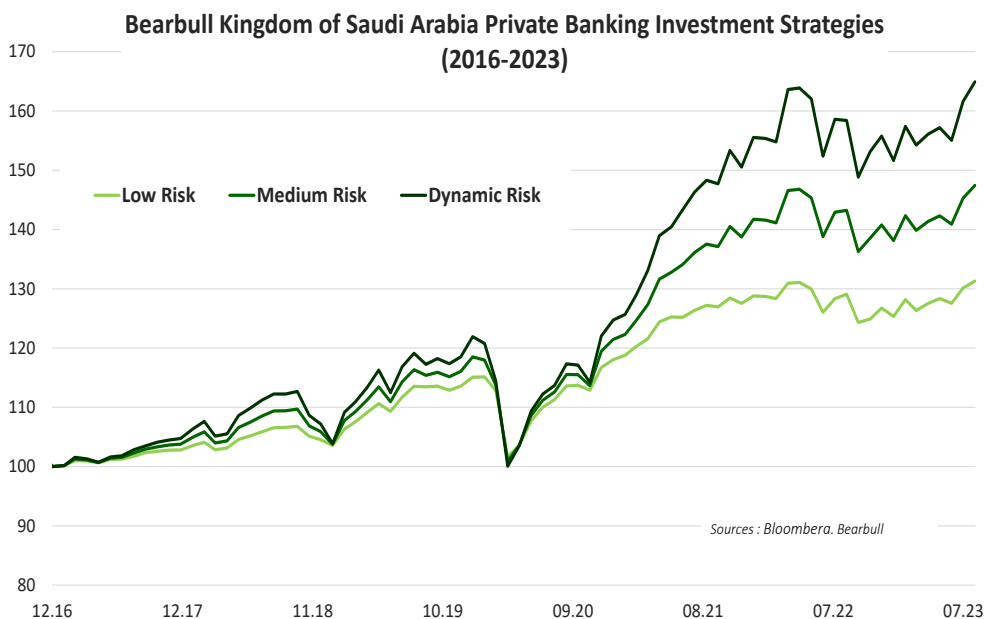
Commodities continued the upward momentum begun in June (+4.39%), and significantly increased their positive momentum in July (+7.08%). OPEC+'s production cutback policy, particularly Saudi Arabia's, seems to be bearing fruit, and crude oil prices in particular are reacting positively. The United States also signaled its decision to replenish its strategic stocks with a purchase offer of 6 million barrels, which was positively interpreted by the market. The economic stimulus measures announced by the Chinese government for the construction sector also benefited crude oil prices in July.

### Real Estate

Securitized real estate is gradually taking into account the reduced inflationary risks and improved medium-term debt conditions. The domestic segment advanced by +2.68%, while the trend was stronger internationally (+0.54%).

BearBull KSA PB Investment Strategies – Performances in SAR										
	3 last months			YTD	Current year				Annualized Perf.	
	May 2023	June 2023	July 2023	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2022	2016 to this day
Bearbull KSA PBIS "low risk" (65% f.i)	-0.63%	2.00%	0.92%	4.77%	1.76%	2.02%			-2.70%	4.34%
Bearbull KSA PBIS "medium risk" (45% f.i)	-0.99%	3.11%	1.49%	6.76%	2.34%	2.78%			-2.55%	6.24%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	-1.35%	4.22%	2.06%	8.76%	2.93%	3.53%			-2.50%	8.11%
<b>Sub-indices</b>										
Saudi Sukuk	-0.32%	-0.75%	0.10%	0.47%	0.63%	-0.25%			-7.26%	-0.70%
International Bonds	0.13%	0.72%	0.32%	2.19%	0.70%	1.16%			-2.71%	3.06%
Saudi Equities	-0.26%	12.30%	3.74%	26.55%	6.06%	15.02%			14.82%	18.85%
International Equities	0.08%	4.02%	-0.25%	9.48%	5.54%	3.99%			-1.24%	8.52%
Saudi Real Estate	-4.76%	-0.12%	2.68%	0.99%	1.30%	-2.90%			-30.65%	0.62%
International Real Estate	-3.03%	4.51%	0.54%	5.93%	4.81%	0.53%			-28.48%	7.16%
Commodities	-6.23%	4.39%	7.70%	-1.13%	-5.23%	-3.13%			24.08%	3.41%
Private Equity	-0.77%	6.17%	7.08%	24.18%	6.92%	8.46%			-31.09%	11.75%

Sources: BearBull Global Investments Group, Bloomberg



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**The systematic diversified strategies of the BearBull Saudi Private Banking Investment Strategies have produced annualized returns of +4.34% (Low risk) to +8.11% (Dynamic risk) since 2016.**

The composition of our strategies is available upon request

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