

# BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

July 2023

## The positive trend is confirmed in July

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

|   |      |          |              |         |
|---|------|----------|--------------|---------|
| BearBull PB Investment Strategy « Low Risk »      | July | + 1.87%  | Year-to-Date | + 5.19% |
| BearBull PB Investment Strategy « Moderate Risk » | July | + 2.75%  | Year-to-Date | + 7.16% |
| BearBull PB Investment Strategy « Dynamic Risk »  | July | + 3.62 % | Year-to-Date | + 9.13% |

### Comments (performances in AED)

The positive trend continued in July, with all asset classes in the green and all three BearBull private banking investment strategies once again in positive territory. The low-risk strategy advanced by +1.87%, while the moderate-risk strategy did even better, gaining +2.75%. The dynamic-risk approach turned in the best performance of the month, climbing +3.62%. Since January, BearBull Private Banking's three investment strategies have posted clearly positive performances of +5.19%, +7.16% and +9.13%, respectively. The bond markets are both in the green for the first time in 2023. In fact, the domestic segment advanced timidly by +0.15%, while international performance was positive, albeit also hesitant (+0.69%). Since the beginning of the year, both asset classes have been in positive territory (+2.13% each). Equity markets continue their upward trend that begun last month. The Dubai stock market was the best performer in the equity segment of our index, climbing +7.05% in July. Abu Dhabi shares followed suit, advancing by +2.48%, while the international class followed a similar path, gaining +3.36%. Since January, only the Abu Dhabi stock market has underperformed (-2.64%). The International class and Dubai stock exchange excellent performances (+18.96% and +27.03%.) Real estate segments were also in the green in July. The domestic class increased its positive momentum (+2.03% in June and +3.25% in July), while the international segment followed a similar path, gaining +4.02%. The two asset classes have combined YTD gains of +27.40% and +4.59%, respectively. Commodities confirmed their upward trend by a spectacular +10.74% this month, driven mainly by crude oil prices. The asset class is now in positive territory YTD. Hedge funds gained +1.59% and private equity private equity repeated last month's strong gains (+6.17% and +7.08% in July).

### Financial market developments (performances in AED)

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 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

|          |                           |
|----------|---------------------------|
| + 10.74% | Commodities               |
| + 7.08%  | Private Equity            |
| + 7.05%  | Dubai Equities            |
| + 4.02%  | International Real Estate |
| + 3.36%  | International Equities    |
| + 3.25%  | UAE Real Estate           |
| + 2.48%  | Abu Dhabi Equities        |
| + 1.59%  | Hedge Funds               |
| + 0.69%  | International Bonds       |
| + 0.15%  | UAE Bonds                 |

##### YTD

|        |                           |
|--------|---------------------------|
| 27.40% | UAE Real Estate           |
| 27.03% | Dubai Equities            |
| 24.17% | Private Equity            |
| 18.96% | International Equities    |
| 4.59%  | International Real Estate |
| 2.40%  | Commodities               |
| 2.23%  | Hedge Funds               |
| 2.13%  | UAE Bonds                 |
| 2.13%  | International Bonds       |
| -2.64% | Abu Dhabi Equities        |

## COMMENTS BY ASSET CLASS

### 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.

### Stocks

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

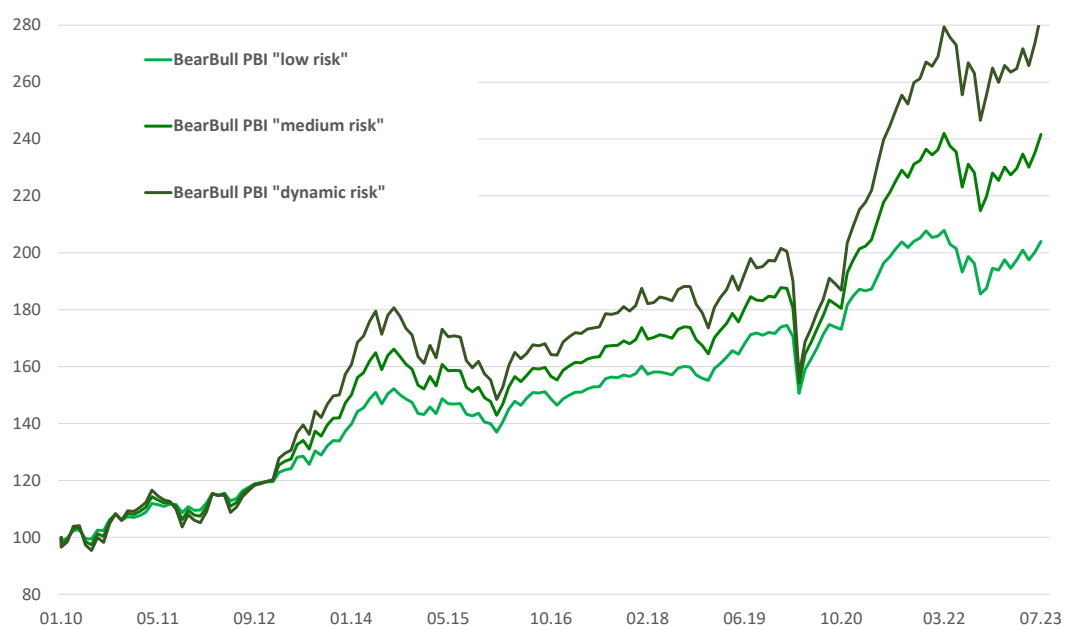
Commodities continued the upward momentum begun in June (+4.39%), and significantly increased their positive momentum in July (+10.74%). OPEC+'s production cutback policy, particularly Saudi Arabia's, seems to be bearing fruit, and crude oil prices are reacting positively. The United States also signaled 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 considering the reduced inflationary risks and improved medium-term debt conditions. The domestic segment advanced by +3.25%, while the trend was stronger internationally (+4.02%).

| 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)                               | -1.72%        | 1.38%    | 1.87%     | 5.19%        | 1.84%        | 1.39%       |             |             | -6.66%           | 5.39%            |
| BearBull PBI "medium risk" (45% fixed income)                            | -1.96%        | 2.19%    | 2.75%     | 7.16%        | 1.85%        | 2.40%       |             |             | -4.65%           | 6.71%            |
| BearBull PBI "dynamic risk" (25% fixed income)                           | -2.20%        | 3.00%    | 3.62%     | 9.13%        | 1.85%        | 3.40%       |             |             | -2.66%           | 7.98%            |
| <b>Sub-indices</b>   |               |          |           |              |              |             |             |             |                  |                  |
| UAE Bonds  | -0.67%        | -0.06%   | 0.15%     | 2.13%        | 1.77%        | 0.20%       |             |             | -10.53%          | 3.35%            |
| International Bonds  | -1.95%        | -0.01%   | 0.69%     | 2.13%        | 3.01%        | -1.53%      |             |             | -16.25%          | 0.95%            |
| Dubai Equities   | 1.27%         | 6.02%    | 7.05%     | 27.03%       | 4.48%        | 13.57%      |             |             | 8.18%            | 10.73%           |
| Abu Dhabi Equities   | -3.88%        | 1.53%    | 2.48%     | -2.64%       | -6.57%       | 1.68%       |             |             | 22.95%           | 14.82%           |
| International Equities   | -1.00%        | 6.05%    | 3.36%     | 18.96%       | 7.73%        | 6.83%       |             |             | -18.14%          | 9.42%            |
| UAE Real Estate  | -5.63%        | 2.03%    | 3.25%     | 27.40%       | 11.76%       | 10.41%      |             |             | 11.80%           | 12.98%           |
| International Real Estate  | -4.81%        | 3.19%    | 4.02%     | 4.59%        | 0.51%        | 0.04%       |             |             | -24.24%          | 4.83%            |
| Commodities  | -6.11%        | 4.39%    | 10.74%    | 2.40%        | -4.94%       | -2.73%      |             |             | 25.99%           | -1.73%           |
| Hedge Funds  | -0.46%        | 0.76%    | 1.59%     | 2.23%        | -0.01%       | 0.64%       |             |             | -4.40%           | 1.40%            |
| Private Equity   | -0.77%        | 6.17%    | 7.08%     | 24.17%       | 6.92%        | 8.46%       |             |             | -31.09%          | 11.98%           |

Sources: BearBull Global Investments Group Limited, Bloomberg



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The systematic diversified strategies of the BearBull Private Banking Investment Strategies have produced annualized average returns of +5.39% (Low risk) to +7.98% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request