

BearBull Private Banking Investment Strategies Saudi

SAR

+4.33% to +8.11%
Annualized return since 2016

BearBull exclusivity since 2016

August 2023

Slight loss of momentum for the private banking strategies

NEGATIVE PERFORMANCES FOR ALL THE BEARBULL KSA PRIVATE BANKING INVESTMENT STRATEGIES IN AUGUST

BearBull Saudi PB Investment Strategy « Low risk »	Aug	- 0.01%	Year-to-Date	+ 4.76%
BearBull Saudi PB Investment Strategy « Moderate risk »	Aug	+ 0.01%	Year-to-Date	+ 6.76%
BearBull Saudi PB Investment Strategy « Dynamic risk »	Aug	+ 0.02%	Year-to-Date	+ 8.78%

Comments (performances in SAR)

The positive trend softened in August, with the vast majority of asset classes in the red but two of the three BearBull Private Banking investment strategies KSA are once again in positive territory. The low-risk strategy declined very slightly by -0.01%, while the moderate-risk strategy did better, gaining +0.01%. The dynamic-risk approach followed a similar path, adding +0.02%. Since January, the three BearBull Private Banking investment strategies KSA have posted clearly positive performances of +4.76%, +6.76% and +8.78%, respectively. The bond markets were both in negative territory in August. The domestic segment lost +0.27%, while international performance was even less good (-0.37%). Since the beginning of the year, both asset classes have been in positive territory (+0.20% and +1.81%). Equity is on either side of neutral this month. The domestic stock market was in the green in August again (+3.96%) increasing its positive momentum whereas international equities declined lightly again (-0.62%). Since January, the Saudi stock market has largely overperformed the majority of asset classes (+31.57%) whereas the international segment cumulates gains of +8.80%. Real estate segments were both also in the red in August. The domestic asset class gave up -2.47% and is back under neutral (-1.50%), the international class followed a similar path by losing (-2.97%) but is still in the green YTD (+2.79%). Commodities decreased their strong positive momentum this month (+0.46%) despite soaring crude oil prices. The asset class is still not in positive territory YTD yet (-0.67%). Private equity interrupted its meteoric rise this month losing -1.57%. Since the beginning of the year, the private equity segment has posted the second-best cumulated performance (+22.23%).

Investment climate (performances in SAR)

August ended with mixed results for all asset classes, the vast majority of which posted negative results. Indeed, only 4 out of 33 segments in our international universe posted positive results, including energy (+2.94%) and European real estate (+1%). However, August was marked by satisfactory statistics on inflation and employment, suggesting a US soft landing accompanied by a reduction in price pressures. In the US, the CPI stabilized at 3.2%/year for July, while the index excluding food and energy slipped from -0.1% to +4.7%. Annualized GDP growth was revised down to just +2.1%, while the labor market also saw job creation fall from 324k to 177k in August. Such an environment should have been conducive to expectations regarding the evolution of monetary policy and the appropriate level of interest rates. However, this was not the case, with yield curves tightening slightly on the long side. An undoubted oversupply of new Treasury issues, coupled with the Fed's continued policy of reducing the size of its balance sheet, certainly contributed to this opposite trend in interest rates. Ten-year yields thus rose slightly (15bp), while two-year yields remained stable. Overall, investor sentiment is once again somewhat hesitant, while the risk of recession is also diminishing in Europe and other regions. The consolidation seen in the equity markets at the start of the period was followed by some recovery at the end of the month. After significant gains since mid-March, stock markets suffered understandable profit-taking during the summer, in reduced volumes due mainly to the lack of support from capital markets. After a good month in July, securitized real estate segments lacked the catalyst to continue their recovery. However, oil continued its upward trend, turning in one of the best performances in a month of widespread profit-taking.

PERFORMANCES BY ASSET CLASS

AUGUST

+ 3.96%	Saudi Equities
+ 0.46%	Commodities
- 0.27%	Saudi Sukuk
- 0.37%	International Bonds
- 0.62%	International Equities
- 1.57%	Private Equity
- 2.47%	Saudi Real Estate
- 2.97%	International Real Estate

YTD

+ 31.57%	Saudi Equities
+ 22.23%	Private Equity
+ 8.80%	International Equities
+ 2.79%	International Real Estate
+ 1.81%	International Bonds
+ 0.20%	Saudi Sukuk
- 0.67%	Commodities
- 1.50%	Saudi Real Estate

COMMENTS BY ASSET CLASSES

Bonds

Rates continued to rise in August on many maturities, with low volatility and no real positive impact from statistics supporting a possible end to US restrictive policy in the near future. Developments in domestic indices were weak, with the exception of the AUD market decline. Emerging markets (-1.2%) and high-yield bonds (-0.51%) experienced the same trends as developed markets. In the United States, the Treasury's increased financing needs following the debt ceiling agreement and the Fed's shrinking balance sheet added to price pressures. In Europe, rates remained stable and are still too low in relation to price indices.

Equities

Risk factors for equity markets eased at the end of August. Price consolidation has led to a contraction in quantitative and technical scores in several markets. Valuations are still high in the USA, Switzerland, and Japan, and look more favorable in Europe. The increasingly uncertain stock market climate over the summer contributed to an adjustment in overall risk levels. The earnings season brought no major negative surprises, so equity markets will have to rely on new support factors to resume their upward trend.

Commodities

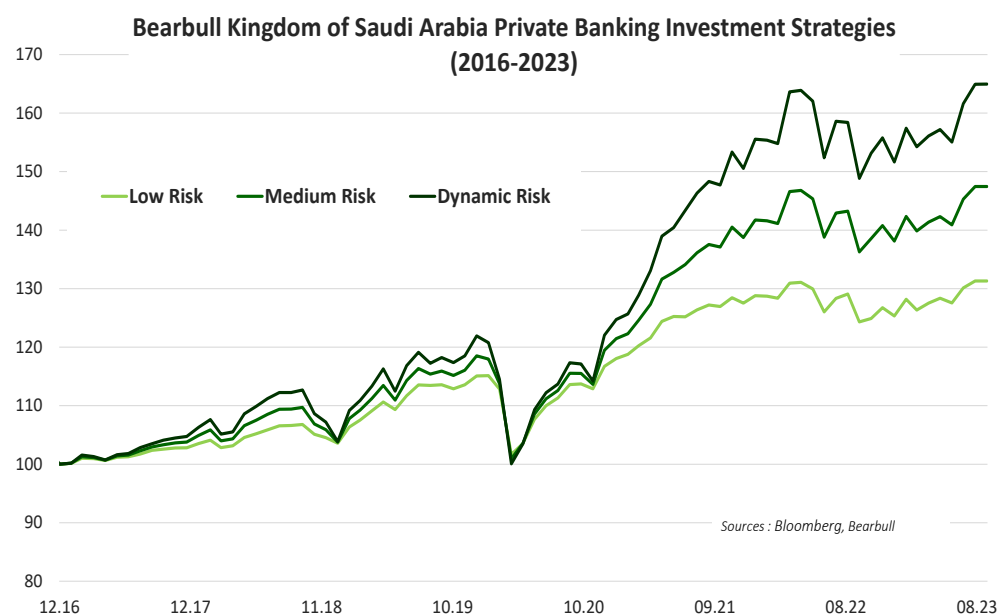
The Russo-Saudi alliance is particularly effective and represents a challenge for the energy market. Indeed, crude oil prices rose steadily throughout August. This trend is set to continue following the announcement of an extension until the end of the year of the production reduction measures due to expire in September. OPEC+ is regaining control of the energy market, and will certainly not reverse its strategy until it is satisfied that inventories are at a satisfactory level, or that macroeconomic factors are sufficiently supportive of demand.

Real Estate

International securitized real estate has also lost its upward momentum in recent months. The asset class lost -2.97% in August but is still positive YTD (+2.79%). The domestic one follows a similar path and gave up -2.47% in August. Since January the asset class is back in negative territory (-1.50%).

BearBull KSA PB Investment Strategies – Performances in SAR										
	3 last months			YTD	Current year				Annualized Perf.	
	June 2023	July 2023	August 2023	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2022	2016 to this day
Bearbull KSA PBIS "low risk" (65% f.i)	2.00%	0.92%	-0.01%	4.76%	1.76%	2.02%			-2.70%	4.33%
Bearbull KSA PBIS "medium risk" (45% f.i)	3.11%	1.49%	0.01%	6.76%	2.34%	2.78%			-2.55%	6.24%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	4.22%	2.06%	0.02%	8.78%	2.93%	3.53%			-2.50%	8.11%
Sub-indices										
Saudi Sukuk	-0.75%	0.10%	-0.27%	0.20%	0.63%	-0.25%			-7.26%	-0.68%
International Bonds	0.72%	0.32%	-0.37%	1.81%	0.70%	1.16%			-2.71%	2.98%
Saudi Equities	12.30%	3.74%	3.96%	31.57%	6.06%	15.02%			14.82%	18.34%
International Equities	4.02%	-0.25%	-0.62%	8.80%	5.54%	3.99%			-1.24%	8.30%
Saudi Real Estate	-0.12%	2.68%	-2.47%	-1.50%	1.30%	-2.90%			-30.65%	0.61%
International Real Estate	4.51%	0.54%	-2.97%	2.79%	4.81%	0.53%			-28.48%	6.97%
Commodities	4.39%	7.70%	0.46%	-0.67%	-5.23%	-3.13%			24.08%	3.33%
Private Equity	6.17%	7.08%	-1.57%	22.23%	6.92%	8.46%			-31.09%	11.44%

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 +4.33% (Low risk) to +8.11% (Dynamic risk) since 2016.

The composition of our strategies is available upon request

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