

BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

August 2023

Markets dip slightly in August

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

BearBull PB Investment Strategy « Low Risk »	Aug	- 0.87%	Year-to-Date	+ 4.28%
BearBull PB Investment Strategy « Moderate Risk »	Aug	- 0.78%	Year-to-Date	+ 6.32%
BearBull PB Investment Strategy « Dynamic Risk »	Aug	- 0.68 %	Year-to-Date	+ 8.39%

Comments (performances in AED)

A slight consolidation phase on the financial markets in August. This month, all three BearBull Private Banking investment strategies UAE are just below the neutral performance mark. The low-risk strategy declined by -0.87% in August, while the moderate-risk approach fared slightly worse, losing -0.78%. The dynamic-risk strategy recorded a loss of -0.68%. The bond markets were both in the red in August. Indeed, the domestic segment is once again in negative territory (-0.94%), after a jump into positive territory during July (+0.15%). Internationally, the decline is even slightly steeper (-1.37%). Since January, however, both asset classes are still in positive territory (+1.17% and +0.73% respectively). Equity markets posted mixed performances in August. Domestic equities in Dubai (+0.85%) and Abu Dhabi (+0.45%) are in positive territory this month, while international equities lost -2.39%. Since the start of the year, the Dubai stock market has gained +28.11, while the international class is also clearly positive (+16.11%). Only Abu Dhabi shares are down -2.20% YTD. The real estate sector was mixed in August. Indeed, the Emirati class advanced by +2.09%, continuing its ascent with a cumulative gain of +30.05% over the year, and dominating the rest of the asset classes. At the same time, the international segment declined by -3.70% in August, but is still just above the positive performance mark (+0.72%). Commodities are also in positive territory this month, but are advancing only slightly (+0.60%). Since January, the segment has been consistently positive (+3.01%). Hedge funds were in the green in August (+0.33%), while private equity declined by -1.57%.

Financial market developments (performances in AED)

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

+ 2.09%	UAE Real Estate
+ 0.85%	Dubai Equities
+ 0.60%	Commodities
+ 0.45%	Abu Dhabi Equities
+ 0.33%	Hedge Funds
- 0.94%	UAE Bonds
- 1.37%	International Bonds
- 1.57%	Private Equity
- 2.39%	International Equities
- 3.70%	International Real Estate

YTD

+ 30.05%	UAE Real Estate
+ 28.11%	Dubai Equities
+ 22.23%	Private Equity
+ 16.11%	International Equities
+ 3.01%	Commodities
+ 2.56%	Hedge Funds
+ 1.17%	UAE Bonds
+ 0.73%	International Bonds
+ 0.72%	International Real Estate
- 2.20%	Abu Dhabi Equities

COMMENTS BY ASSET CLASS

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 on 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.

Stocks

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

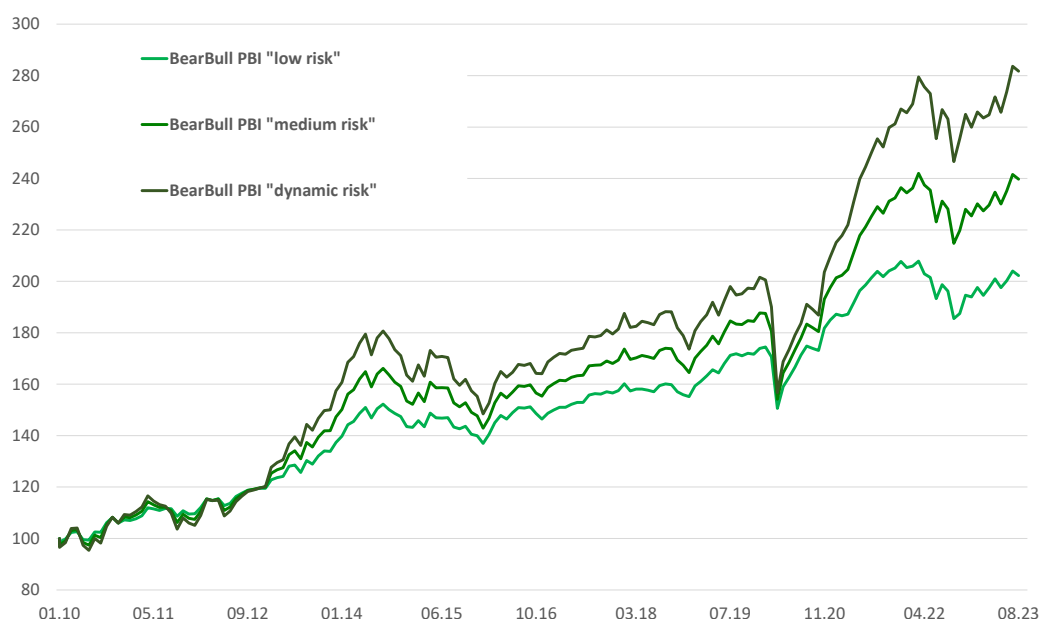
The Russo-Saudi alliance is particularly effective, and represents a challenge for the energy market. Indeed, crude oil prices rose steadily throughout August. This trend is set to continue following the announcement of an extension until the end of the year of the production reduction measures due to 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 of recent months. The asset class loses -3.70% in August but is still slightly positive YTD (+0.72%). The domestic on the other hand continues its meteoric rise by gaining another +2.09%, cumulating a +30.05% increase since January, dominating the other asset classes.

BearBull Private Banking Investment Strategies UAE - Performances in AED										
	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	2010 to this day
BearBull PBI "low risk" (65% fixed income)	1.38%	1.87%	-0.87%	4.28%	1.84%	1.39%			-6.66%	5.29%
BearBull PBI "medium risk" (45% fixed income)	2.19%	2.75%	-0.78%	6.32%	1.85%	2.40%			-4.65%	6.61%
BearBull PBI "dynamic risk" (25% fixed income)	3.00%	3.62%	-0.68%	8.39%	1.85%	3.40%			-2.66%	7.87%
Sub-indices										
UAE Bonds	-0.06%	0.15%	-0.94%	1.17%	1.77%	0.20%			-10.53%	3.26%
International Bonds	-0.01%	0.69%	-1.37%	0.73%	3.01%	-1.53%			-16.25%	0.84%
Dubai Equities	6.02%	7.05%	0.85%	28.11%	4.48%	13.57%			8.18%	10.73%
Abu Dhabi Equities	1.53%	2.48%	0.45%	-2.20%	-6.57%	1.68%			22.95%	14.76%
International Equities	6.05%	3.36%	-2.39%	16.11%	7.73%	6.83%			-18.14%	9.17%
UAE Real Estate	2.03%	3.25%	2.09%	30.05%	11.76%	10.41%			11.80%	13.07%
International Real Estate	3.19%	4.02%	-3.70%	0.72%	0.51%	0.04%			-24.24%	4.51%
Commodities	4.39%	10.74%	0.60%	3.01%	-4.94%	-2.73%			25.99%	-1.67%
Hedge Funds	0.76%	1.59%	0.33%	2.56%	-0.01%	0.64%			-4.40%	1.41%
Private Equity	6.17%	7.08%	-1.57%	22.23%	6.92%	8.46%			-31.09%	11.77%

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 +5.29% (Low risk) to +7.87% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request