

BearBull Private Banking Investment Strategies Saudi

SAR

+4.02% to +7.65%
Annualized return since 2016

BearBull exclusivity since 2016

November 2023

Return to the upside for the Private banking indices

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

BearBull Saudi PB Investment Strategy « Low risk »	Nov	+ 2.90%	Year-to-Date	+ 4.10%
BearBull Saudi PB Investment Strategy « Moderate risk »	Nov	+ 3.74%	Year-to-Date	+ 6.29%
BearBull Saudi PB Investment Strategy « Dynamic risk »	Nov	+ 4.58%	Year-to-Date	+ 8.49%

Comments (performances in SAR)

After several consecutive periods of profit-taking, the financial markets returned to the upside in November. In fact, all three BearBull KSA private banking investment strategies posted excellent performances this month. The low-risk strategy advanced by +2.90%, while the moderate-risk approach did slightly better, climbing by +3.74%. The dynamic-risk strategy posted the best performance of the month, jumping +4.58%. Since January, the three approaches have posted positive performances of +4.10%, +6.29% and +8.49%. All bond markets returned to positive territory in November. The domestic segment advanced by +1.91%, while the international segment was even more buoyant (+2.51%). Since the beginning of the year, the Saudi segment is still in negative territory (+2.29%), while the international segment has achieved a similar performance (-1.16%). The securitized real estate segment was also in positive territory in November. This asset class, which for a long time had been unfairly penalized by interest rates that we felt were too high, is now benefiting greatly from the trend reversal, jumping +11.88% internationally and +11.70% in Saudi Arabia. Even with this performance, the Saudi segment is still in the red YTD (-12.96%), and the international asset class is following the same path (-9.66%). Equity markets returned to the upside in November. Indeed, the domestic segment climbed +4.74%, while the international segment posted a similar gain of +4.56%. Since January the domestic asset class cumulates a stellar performance of +22.12% and the international equities are in the green as well (+5.94%). The commodities segment was the only one to continue its downward trend this month. The segment declined by -4.39% due to the fall in crude oil prices. Private equity turned in an extraordinary performance in November, jumping +18.40%, putting the segment at the top of the monthly gains.

Investment climate (performances in SAR)

The month of November was almost the exact opposite of October when the financial markets were not spared as 10-year US Treasury yields crossed the 5% threshold. At the time, we announced that this latest move seemed to be in total contradiction with our analysis of fundamental parameters, which were already pointing towards a real risk of a serious slowdown and a further fall in inflation. This temporary rise in financing costs will have a further negative impact on the economy, which has already proven to be significantly less robust than the Fed may have estimated during the month. Better employment figures and 0% inflation in October were key factors in the change in investors' assessment of the real risks of further rate hikes in the US. The markets have therefore finally begun to consider the growing economic risks posed by overly restrictive monetary policy and have gradually adjusted their expectations for the evolution of short rates and the target level of long rates in this new environment. At the beginning of November, we were expecting investment demand to pick up again, with the realization that the aforementioned slowdown was well and truly underway. Today, we note that virtually all segments of our investment universe have registered significant increases. The predicted end of the rate hike cycle seems to be taking shape, with rate cuts observed in all the segments we track, confirming our positive scenario for the markets. This adjustment has already had positive consequences this month for bond markets (+2.51%), securitized real estate (+11.88%), equities (+4.56%) and precious metals (+3.28%). This positive trend is set to continue over the coming months, even if the Fed, ECB and SNB are not yet considering any changes to their restrictive policies. The fall in long-term interest rates is set to continue and will certainly be one of the main supporting factors in early 2024.

PERFORMANCES BY ASSET CLASS

NOVEMBER

+ 18.40%	Private Equity
+ 11.88%	International Real Estate
+ 11.70%	Saudi Real Estate
+ 4.74%	Saudi Equities
+ 4.56%	International Equities
+ 2.51%	International Bonds
+ 1.91%	Saudi Sukuk
- 4.39%	Commodities

YTD

+ 22.12%	Saudi Equities
+ 11.81%	Private Equity
+ 5.94%	International Equities
- 0.99%	Commodities
- 1.16%	International Bonds
- 2.29%	Saudi Sukuk
- 9.66%	International Real Estate
- 12.96%	Saudi Real Estate

COMMENTS BY ASSET CLASSES

Bonds

Complete reversal in the trend for interest rates in November, as markets considered the increased risk of recession and higher inflation. The hawkish rhetoric no longer appealed, and investment demand finally emerged as 10-year Treasury yields touched 5%. The Fed's rigid stance is no longer a cause for concern, and the influx of capital into the bond markets has enabled yields to fall by 75 bps in the space of a month. The correlation is still total in all segments, which are benefiting from massive price rises in the case of the Australian market (+8.09%), or more modest ones in Switzerland (+1.74%) or Europe (+2.72%), but which are on average (+5.04%). This month's performance almost completely wipes out the losses (-5.39%) of the previous three months. Risk scores remain positive, while bond performance averaged over eleven months is finally positive (+1.5%).

Equities

As we had estimated the previous month, the interest rate factor proved to be the main driving force behind a very sharp rebound in indices in November. The fall in rates came at a time when valuation levels were already attractive and technical and quantitative factors were at their lowest. The +9.38% rise in the MSCI World index and the SPI (+4.55%) were significant, enabling equities to be up by a substantial +17.99% in 2023, with just one month to go before the end of the year. Despite this high volatility and rising share prices, risk levels have risen only slightly, and thus remain favorable for equity markets over the coming months.

Commodities

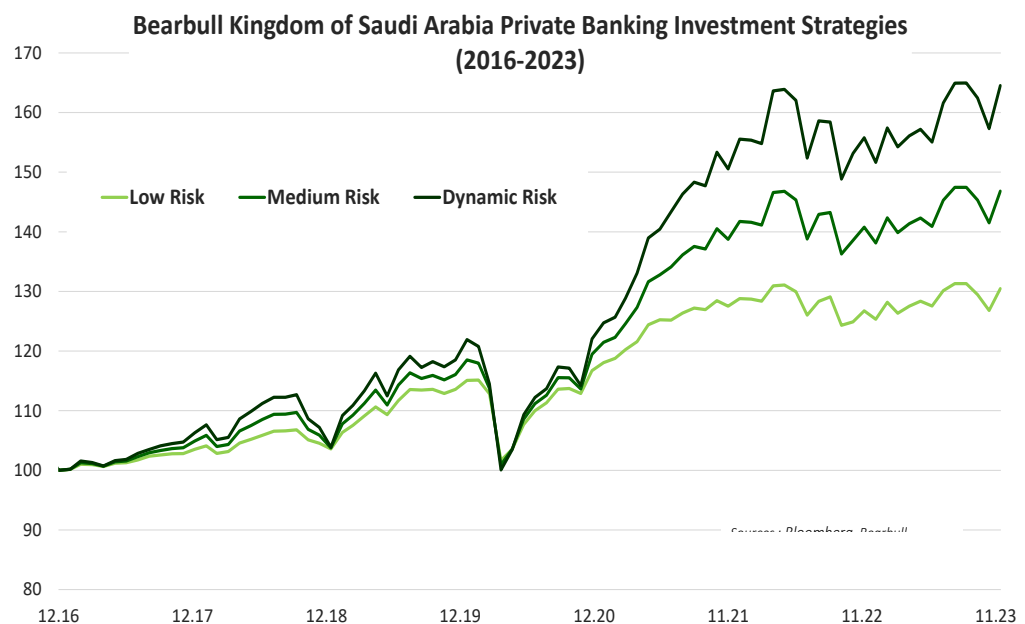
The downward trend in commodity prices continued in November. Investors' concerns about the strength of China's economic recovery, which still leaves much to be desired, pulled crude prices down. Production, meanwhile, is expanding in the USA, and Iran in particular, reaching its highest level for the third consecutive period. At their last meeting, OPEC+ member countries announced a production cut of 900k/b for 2024, in the hope of keeping crude oil prices at satisfactory levels and offsetting weak demand.

Real Estate

Securitized real estate, hitherto penalized by the risk of higher financing costs, is benefiting from lower rates. Sentiment is improving, and risk scores are still very favorable, despite the +10.88% rebound.

BearBull KSA PB Investment Strategies – Performances in SAR										
	3 last months			YTD	Current year				Annualized Perf.	
	September 2023	October 2023	November 2023	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2022	2016 to this day
Bearbull KSA PBIS "low risk" (65% f.i)	-1.40%	-2.06%	2.90%	4.10%	1.76%	2.02%	0.92%		-2.70%	4.02%
Bearbull KSA PBIS "medium risk" (45% f.i)	-1.46%	-2.61%	3.74%	6.29%	2.34%	2.78%	1.49%		-2.55%	5.85%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	-1.53%	-3.16%	4.58%	8.49%	2.93%	3.53%	2.06%		-2.50%	7.65%
Sub-indices										
Saudi Sukuk	-1.22%	-1.28%	1.91%	-2.29%	0.63%	-0.25%	-1.39%		-7.26%	-1.04%
International Bonds	-1.29%	-1.65%	2.51%	-1.16%	0.70%	1.16%	-1.34%		-2.71%	2.42%
Saudi Equities	-5.72%	-1.55%	4.74%	22.12%	6.06%	15.02%	1.68%		14.82%	17.64%
International Equities	1.01%	-3.61%	4.56%	5.94%	5.54%	3.99%	0.13%		-1.24%	7.44%
Saudi Real Estate	-7.14%	-4.84%	11.70%	-12.96%	1.30%	-2.90%	-7.01%		-30.65%	-1.18%
International Real Estate	-7.07%	-5.42%	11.88%	-9.66%	4.81%	0.53%	-9.34%		-28.48%	4.37%
Commodities	3.73%	-3.91%	-4.39%	-0.99%	-5.23%	-3.13%	12.24%		24.08%	4.34%
Private Equity	-0.84%	-7.75%	18.40%	11.81%	6.92%	8.46%	4.52%		-31.09%	10.42%

Sources: BearBull Global Investments Group, Bloomberg



Sources: BearBull Global Investments Group, Bloomberg

The systematic diversified strategies of the BearBull Saudi Private Banking Investment Strategies have produced annualized returns of +4.02% (Low risk) to +7.65% (Dynamic risk) since 2016.

The composition of our strategies is available upon request

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