

# BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

November 2023

## Major trend reversal in November

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

BearBull PB Investment Strategy « Low Risk »	Nov	+ 4.38%	Year-to-Date	+ 4.41%
BearBull PB Investment Strategy « Moderate Risk »	Nov	+ 4.78%	Year-to-Date	+ 6.60%
BearBull PB Investment Strategy « Dynamic Risk »	Nov	+ 5.19%	Year-to-Date	+ 8.80%

### Comments (performances in AED)

After several consecutive periods of profit-taking, the financial markets returned to the upside in November. In fact, all three BearBull Private Banking investment strategies UAE posted excellent performance this month. The low-risk strategy advanced by +4.38%, while the moderate-risk approach did slightly better, climbing by +4.78%. The dynamic-risk strategy posted the best performance of the month, jumping +5.19%. Since January, the three approaches have achieved positive performances of +4.41%, +6.60% and +8.80%. All bond markets returned to positive territory in November. The domestic segment advanced by +3.73%, while the international segment was even more buoyant (+5.04%). Since the beginning of the year, the Emirati segment has returned to positive territory (+1.36%), while the international segment has achieved a similar performance (+1.49%). The securitized real estate segment was also in positive territory in November. This asset class, which for a long time was unfairly penalized by interest rates that we felt were too high, is now benefiting greatly from the reversal of the trend, and jumped by +10.06% in the United Arab Emirates, as well as internationally (+10.38%). Despite this performance, the international segment failed to return to positive YTD territory (-0.32%), while the domestic segment continued its meteoric rise, gaining 40.16% since January. Equity markets returned to the upside in November. The domestic segment climbed +3.04%, while the international segment posted a similar gain of +9.38%. The commodities segment was the only one to continue its downward trend this month. The segment declined by -3.64% due to the fall in crude oil prices over the period. Private equity put in an extraordinary performance in November, jumping +18.40%, putting the segment on a cumulative rise of +32.21% since January). Alternative investments also advanced by +1.13% this month, and have remained positive since the beginning of the year (+2.77%).

### Financial market developments (performances in AED)

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 us 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 are pleased to 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 (+5.04%), securitized real estate (+10.38%), equities (+9.38%) 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
+ 10.38%	International Real Estate
+ 10.06%	UAE Real Estate
+ 9.38%	International Equities
+ 5.04%	International Bonds
+ 3.73%	UAE Bonds
+ 3.04%	Dubai Equities
+ 2.38%	Abu Dhabi Equities
+ 1.13%	Hedge Funds
- 3.64%	Commodities

##### YTD

+ 40.16%	UAE Real Estate
+ 32.21%	Private Equity
+ 25.71%	Dubai Equities
+ 18.00%	International Equities
+ 2.77%	Hedge Funds
+ 1.49%	International Bonds
+ 1.36%	UAE Bonds
- 0.32%	International Real Estate
- 0.99%	Commodities
- 4.53%	Abu Dhabi Equities

## COMMENTS BY ASSET CLASS

### Bonds

A 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%).

### Stocks

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

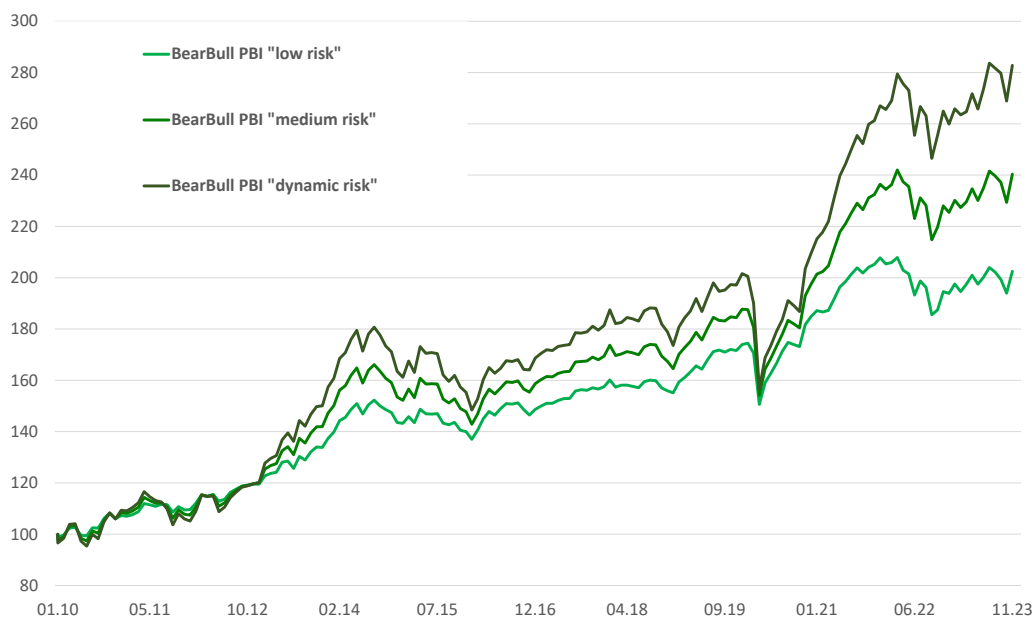
The downward trend in commodity prices continued in November. Investors' concerns about the strength of China's economic recovery, which still leaves much to be desired, pulled crude prices down. Production, meanwhile, is expanding in the USA, and Iran in particular, reaching its highest level for the 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 +10.38% rebound.

BearBull Private Banking Investment Strategies UAE - Performances in AED										
	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	2010 to this day
BearBull PBI "low risk" (65% fixed income)	-1.42%	-2.69%	4.38%	4.41%	1.84%	1.39%	-0.45%		-6.66%	5.20%
BearBull PBI "medium risk" (45% fixed income)	-1.07%	-3.29%	4.78%	6.60%	1.85%	2.40%	0.86%		-4.65%	6.50%
BearBull PBI "dynamic risk" (25% fixed income)	-0.71%	-3.88%	5.19%	8.80%	1.85%	3.40%	2.18%		-2.66%	7.76%
<b>Sub-indices</b>										
UAE Bonds	-1.64%	-1.81%	3.73%	1.36%	1.77%	0.20%	-2.42%		-10.53%	3.21%
International Bonds	-2.92%	-1.20%	5.04%	1.49%	3.01%	-1.53%	-3.59%		-16.25%	0.88%
Dubai Equities	2.05%	-6.67%	3.04%	25.71%	4.48%	13.57%	10.17%		8.18%	10.38%
Abu Dhabi Equities	-0.20%	-4.45%	2.38%	-4.53%	-6.57%	1.68%	2.73%		22.95%	14.28%
International Equities	-4.31%	-2.90%	9.38%	18.00%	7.73%	6.83%	-3.46%		-18.14%	9.12%
UAE Real Estate	8.92%	-10.09%	10.06%	40.16%	11.76%	10.41%	14.81%		11.80%	13.43%
International Real Estate	-5.80%	-4.83%	10.38%	-0.32%	0.51%	0.04%	-5.64%		-24.24%	4.35%
Commodities	4.12%	-4.18%	-3.64%	-0.99%	-4.94%	-2.73%	15.99%		25.99%	-1.92%
Hedge Funds	-0.10%	-0.82%	1.13%	2.77%	-0.01%	0.64%	1.82%		-4.40%	1.40%
Private Equity	-0.84%	-7.87%	18.40%	32.21%	6.92%	8.46%	4.52%		-31.09%	12.18%

Sources: BearBull Global Investments Group Limited, Bloomberg



Sources: BearBull Global Investments Group Limited, Bloomberg

The systematic diversified strategies of the BearBull Private Banking Investment Strategies have produced annualized average returns of +5.20% (Low risk) to +7.76% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request