

# BearBull Private Banking Investment Strategies Saudi

**SAR**

**+4.60% to +8.45%**  
Annualized return since 2016

BearBull exclusivity since 2016

December 2023

## The positive trend is confirmed in December

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

BearBull Saudi PB Investment Strategy « Low risk »	Dec	+ 3.84%	Year-to-Date	+ 8.10%
BearBull Saudi PB Investment Strategy « Moderate risk »	Dec	+ 4.47%	Year-to-Date	+ 11.04%
BearBull Saudi PB Investment Strategy « Dynamic risk »	Dec	+ 5.10%	Year-to-Date	+ 14.02%

### Comments (performances in SAR)

The upward trend continues for the BearBull private banking investment strategies Saudi Arabia. In fact, all three strategies posted excellent performances this month. The low-risk strategy advanced by +3.84%, while the moderate-risk approach did slightly better, climbing by +4.47%. The dynamic-risk strategy posted the best performance of the month, jumping +5.10%. Since January, the three approaches have posted positive performances of +8.10%, +11.04% and +14.02%. All bond markets are still in positive territory in December. The domestic segment advanced by +2.66%, while the international followed a similar path (+2.44%). Since the beginning of the year, the Saudi segment is still slightly in negative territory (-0.43%), while the international segment is now positive (+1.32%). The securitized real estate segment was also in positive territory in December. 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 +9.12% internationally and +7.26% in Saudi Arabia. Even with this performance, the Saudi segment is still in the red YTD (-2.78%) but recovered a lot of its past losses, and the international asset class is now in the green (+1.07%). Equity markets continued their positive trend. Indeed, the domestic segment jumped +13.63%, while the international segment posted a gain of +3.59%. Since January the domestic asset class cumulates a stellar performance of +27.91% and the international equities are in the green as well (+10.76%). The commodities segment was the only one to continue its downward trend this month. The segment declined by -3.00% due to the fall in crude oil prices over the period. Private equity turned in a stellar performance once again in December, jumping +8.38%.

### Investment climate (performances in SAR)

The month of December was marked by a gradual strengthening of several new convictions that had gradually taken hold in investors' minds during November, significantly altering the consensus economic scenario. The economic data published reinforced the prospects of a slowdown in the US economy and were accompanied by increasingly favorable statistics on the inflation front, allowing interest rates to accelerate their downward adjustment. The financial scenario then began to take increasing account of the growing likelihood of a change in Fed monetary policy sooner than initially expected, and possibly as early as March 2024. Our expectations of a likely correction in interest rates were confirmed by a fall in ten-year US Treasury yields from 5% in October to just 3.85% at the end of the month. Once again, better employment figures and a deflator of -0.1% in November, and only +2.6% year-on-year, contributed to this 115 bp drop in long-term yields. Over the month, virtually all segments of our investment universe registered significant gains, with European real estate taking the honors, up +10.04%. The predicted end of the rate hike cycle seems to be taking shape, with rate cuts observed in all segments monitored, confirming our positive scenario for the markets. This adjustment again had positive consequences this month for bond markets (+4.16%), securitized real estate (+9.02%), equities (+4.91%), and industrial metals (+3.80%). This positive trend should continue over the next few months if expectations of an economic slowdown are confirmed and inflation follows suit. The Fed now seems receptive to the idea of lowering its key rates before the PCE index reaches 2%, raising hopes of monetary easing as early as March. In Europe, the faster-than-expected decline in inflation has also come as a surprise, supporting expectations of faster rate cuts.

#### PERFORMANCES BY ASSET CLASS

##### DECEMBER

+ 13.63%	Saudi Equities
+ 9.12%	International Real Estate
+ 8.38%	Private Equity
+ 7.26%	Saudi Real Estate
+ 3.59%	International Equities
+ 2.66%	Saudi Sukuk
+ 2.44%	International Bonds
- 3.00%	Commodities

##### YTD

+ 32.38%	Private Equity
+ 27.91%	Saudi Equities
+ 10.76%	International Equities
+ 1.32%	International Bonds
+ 1.07%	International Real Estate
- 0.43%	Saudi Sukuk
- 2.78%	Saudi Real Estate
- 5.34%	Commodities

## COMMENTS BY ASSET CLASSES

### Bonds

Another complete change in investor sentiment after the panic of October, investors are now convinced that the Fed will modify its monetary policy as early as March to adopt a more flexible stance. Expectations of rate cuts have quickly resurfaced, with Fed funds rates now forecast at 5.25% in March and 4.75% in June, i.e. almost 75 bps of rate cuts. The correlation is still total in all segments, which are benefiting from massive price rises in the case of the Australian market (+6.01%), or more modest ones in Switzerland (+1.26%) or Europe (+3.33%), but averaging +4.16%. In the end, it was a positive year for bond indices, all of which posted significant gains. Risk scores are rising, but remain neutral, while the prospects of capital gains have diminished significantly in this recent context.

### Equities

As we had predicted in October, the interest rate factor proved to be the main driving force behind the sharp rebound in indices in December. The fall in interest rates was the driving force behind the rise in equity markets, which, thanks to a further average increase of +4.91% over the month, ended the year with an excellent average performance of +23.79%. The Swiss market continued to be heavily penalized by the rise in the Swiss franc, with an increase of just +6.09%. Technical and quantitative factors deteriorated as prices rose. Risk levels are rising, pointing to a growing risk of temporary consolidation before prices pick up again.

### Commodities

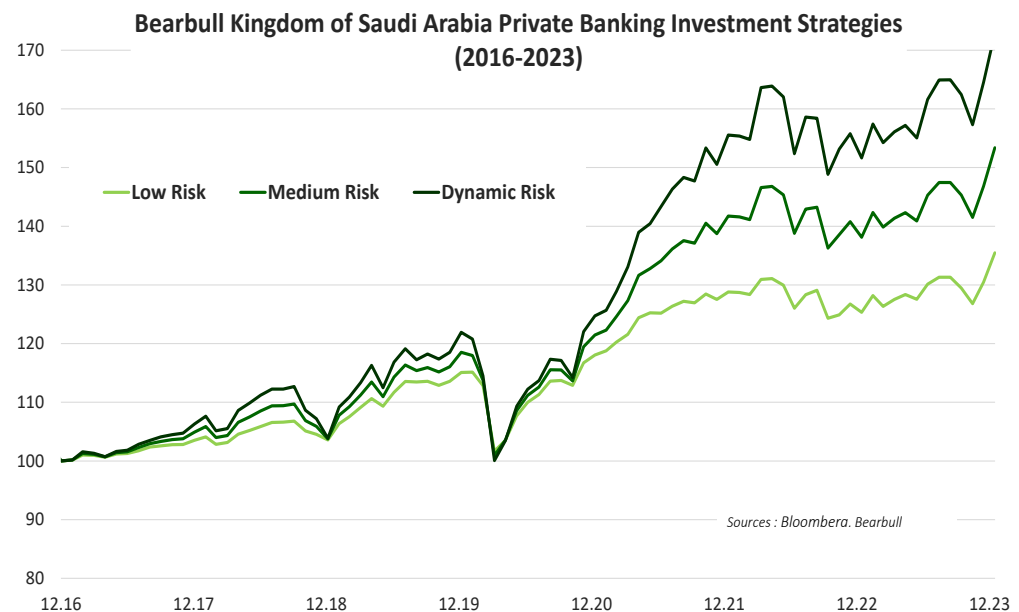
The downward trend in commodities continued in December. Investors' concerns about the strength of China's economic recovery, which still leaves much to be desired, pulled crude prices down. Production in the USA, meanwhile, continued to expand. At the end of the month, tensions in the Middle East were back in the spotlight due to disruptions to the Red Sea supply route via the Suez Canal, which is now endangered by rebels in Yemen. This reorganization of around 10% of the world's crude will certainly have implications for prices in the medium term.

### Real Estate

Finally, securitized real estate benefited greatly from lower rates and an adjusted outlook internationally. The domestic is back still in positive territory (+7.26%), while the international segment climbed by +9.12%.

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)	-2.06%	2.90%	3.84%	8.10%	1.76%	2.02%	-0.50%	4.65%	-2.70% 4.60%
Bearbull KSA PBIS "medium risk" (45% f.i)	-2.61%	3.74%	4.47%	11.04%	2.34%	2.78%	0.01%	5.55%	-2.55% 6.54%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	-3.16%	4.58%	5.10%	14.02%	2.93%	3.53%	0.52%	6.45%	-2.50% 8.45%
<b>Sub-indices</b>									
Saudi Sukuk	-1.28%	1.91%	2.66%	-0.43%	0.63%	-0.25%	-1.39%	3.28%	-7.26% -0.77%
International Bonds	-1.65%	2.51%	2.44%	1.32%	0.70%	1.16%	-1.34%	3.27%	-2.71% 2.79%
Saudi Equities	-1.55%	4.74%	13.63%	27.91%	6.06%	15.02%	1.68%	17.17%	14.82% 18.43%
International Equities	-3.61%	4.56%	3.59%	10.76%	5.54%	3.99%	0.13%	4.41%	-1.24% 8.13%
Saudi Real Estate	-4.84%	11.70%	7.26%	-2.78%	1.30%	-2.90%	-7.01%	14.01%	-30.65% 0.41%
International Real Estate	-5.42%	11.88%	9.12%	1.07%	4.81%	0.53%	-9.34%	15.46%	-28.48% 6.07%
Commodities	-3.91%	-4.39%	-3.00%	-5.34%	-5.23%	-3.13%	12.24%	-10.88%	24.08% 3.66%
Private Equity	-7.75%	18.40%	8.38%	32.38%	6.92%	8.46%	4.52%	18.38%	-31.09% 13.15%

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 +4.60% (Low risk) to +8.45% (Dynamic risk) since 2016.**

The composition of our strategies is available upon request

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