

BearBull Private Banking Investment Strategies Saudi

SAR

+4.39% to +8.25%
Annualized return since 2016

December 2022

BearBull exclusivity since 2016

No December rally in the markets in 2022

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

BearBull Saudi PB Investment Strategy « Low Risk »	Dec	- 1.13%	Year-to-Date	- 2.70%
BearBull Saudi PB Investment Strategy « Medium Risk »	Dec	- 1.88%	Year-to-Date	- 2.55%
BearBull Saudi PB Investment Strategy « Dynamic Risk »	Dec	- 2.64%	Year-to-Date	- 2.50%

Comments (performances in SAR)

The last quarter ended in the same way as 2022. Indeed, the Bearbull KSA private banking investment strategies achieved negative performances in December. The low-risk strategy fell by -1.13%, while the moderate-risk strategy followed suit and lost -1.88%. The dynamic-risk approach did worse, contracting by -2.64%. All three strategies are in negative territory in cumulative terms since the beginning of the year, in a context of generalized correction and correlation of all financial assets. The bond segment was on either side of the neutral performance in December. Indeed, only the international segment was up this month (+1.01%), while the domestic segment fell back into negative territory (-0.47%) after a brief surge in November (+1.63%). Since the beginning of the year, both segments have accumulated losses (-7.26% for the Saudi class and -2.71% internationally). The equity markets are also in the red and end the year down. The domestic class declined by -2.75% while the international class declined even more (-3.89%). Despite a negative last month of the year, the Saudi stock market made a substantial gain over the year 2022 (+14.82%), unlike international equities, which were impacted by the rise in interest rates (-1.24%). The real estate market is also down in this last month of the year. Indeed, whether it is the domestic (-4.07%) or international segment (-4.44%), securitised real estate is back in negative territory after two months of increase. Since the beginning of the year, the segment has been strongly penalised by the monetary policy of central banks and their fight against inflation. The Saudi class is down by -30.65% while the international class is slightly better (-28.48%). Commodities ended the year in the red (-1.67%) and continued the downward trend that began in November (-1.19%). Nevertheless, the segment posted the best cumulative performance of the year, jumping by +24.08% in 2022. Private equity fell in December (-6.26%). In 2022, risky assets were strongly impacted by the global economic context, with the asset class posting the worst YTD performance (-31.09%).

Investment climate (performances in SAR)

After nine particularly difficult months for the vast majority of financial markets and, in practice, all asset classes, which often marked historical records for negative performance, the last quarter of 2022 ended on a fairly positive note across the board. The stock market recovery seen mainly in October and November will thus have made it possible to reduce some of the stock market losses of the first nine months and to offer a perhaps finally better outlook for the year 2023, in contrast with the general feeling of extreme anxiety among investors that still prevailed at the end of September. The expectation in the third quarter that the Federal Reserve would slow down significantly as it approached its expected maximum policy rate target for 2023 helped to calm the situation somewhat. The bulk of the expected adjustment in monetary policy seemed to have already been achieved in December with the increase of 0.25% to 4.5% in the discount rate in only ten months, leaving only two potential increases of 0.25% in 2023, if the announced target of 5% were to be maintained. The Q4 stock market recovery still looks fragile, but 2023 should be a calmer year on the inflation and monetary policy fronts, which have been the two most important factors penalizing stock markets. The gradual decline in inflation should be accompanied by a decrease in capital market tensions and provide a more positive environment for financial assets.

PERFORMANCES BY ASSET CLASS

DECEMBER

+ 1.01%	International Bonds
- 0.47%	Saudi Sukuk
- 1.67%	Commodities
- 2.75%	Saudi Equities
- 3.89%	International Equities
- 4.07%	Saudi Real Estate
- 4.44%	International Real Estate
- 6.26%	Private Equity

YTD

+ 24.08%	Commodities
+ 14.82%	Saudi Equities
- 1.24%	International Equities
- 2.71%	International Bonds
- 7.26%	Saudi Sukuk
- 28.48%	International Real Estate
- 30.65%	Saudi Real Estate
- 31.09%	Private Equity

COMMENTS BY ASSET CLASSES

Bonds

Despite the publication in December of virtually zero monthly inflation in the United States (+0.1%), fixed-income markets were instead marked by profit-taking at the end of the year. The correlation remained high between the various bond markets, which fell across the board, particularly in Europe (-3.6%) and the UK (-4.3%). Ten-year US Treasury yields rose from 3.6% to 3.85%, while emerging markets (+0.85%) and the high yield segment (+0.66%) were the only ones to record small gains. Current yields still seem attractive in view of the expected inflation and global economic developments in 2023, as well as the positive risk scores.

Equities

Equity markets also reacted by taking profits before the end of the year after eight weeks of rising prices. Better-than-expected inflation and a softening of US Federal Reserve monetary policy were not enough to improve sentiment significantly to counteract year-end tax optimism selling. However, the year ended with a welcomed but still fragile quarterly stock market recovery, particularly in the technology sector, whose large stocks are not yet benefiting from the improvement in the stock market climate. The beginning of the year should benefit from risk scores that are still favourable.

Commodities

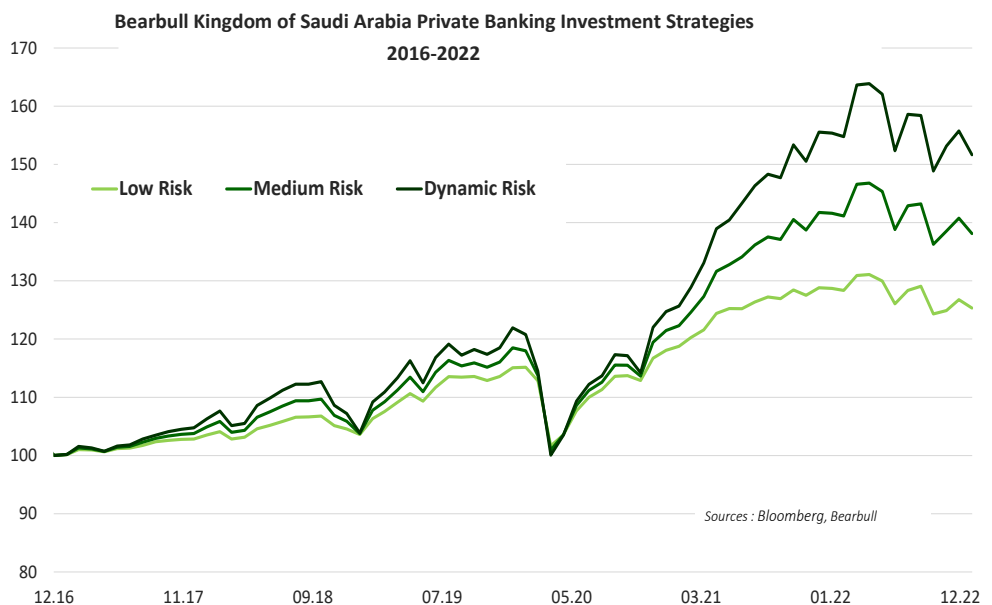
Commodities ended the last month of the year down. Indeed, the segment has been particularly volatile over the year 2022. With the announcement of Russia's entry into Ukraine, crude oil prices soared, and gas followed the same trajectory. Since then, energy supply fears have eased and the winter is proving less severe than usual, resulting in a massive correction in oil and gas in the second half of the year. Fears of a recession in 2023 completed a rather negative picture for energy at the end of the year as well as for industrial metals. The segment fell by -1.67% in December but remains the best performer for the year (+24.08%).

Real Estate

The restrictive monetary policy of central banks will have an overall negative impact on the securitized real estate sector during 2022. Only the recent relief from interest rate pressure has been able to support the market through October and November. Both asset classes return to the red this month (-4.07% for Saudi real estate and -4.44% internationally). The domestic as well as international segments cumulated heavy losses during the year (-30.65% and -24.48% respectively).

BearBull KSA PB Investment Strategies – Performances in SAR										
	3 last months			YTD	Current year				Annualized Perf.	
	October 2022	November 2022	December 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2016 to this day
Bearbull KSA PBIS "low risk" (65% f.i)	0.48%	1.48%	-1.13%	-2.70%	1.64%	-3.73%	-1.37%	0.82%	9.10%	4.39%
Bearbull KSA PBIS "medium risk" (45% f.i)	1.68%	1.59%	-1.88%	-2.55%	3.42%	-5.31%	-1.82%	1.36%	16.68%	6.34%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	2.89%	1.71%	-2.64%	-2.50%	5.20%	-6.89%	-2.30%	1.88%	24.70%	8.25%
Sub-indices										
Saudi Sukuk	-1.75%	1.63%	-0.47%	-7.26%	-3.40%	-1.78%	-1.65%	-0.62%	-3.66%	-0.83%
International Bonds	-0.76%	2.48%	1.01%	-2.71%	-1.59%	-2.42%	-1.37%	2.73%	-0.64%	3.04%
Saudi Equities	3.35%	-4.35%	-2.75%	14.82%	21.64%	-5.17%	3.53%	-3.86%	45.80%	16.90%
International Equities	4.63%	2.79%	-3.89%	-1.24%	1.07%	-7.93%	2.65%	3.37%	22.98%	7.70%
Saudi Real Estate	0.42%	6.81%	-4.07%	-30.65%	-5.88%	-18.14%	-12.52%	2.90%	20.21%	0.96%
International Real Estate	1.71%	5.46%	-4.44%	-28.48%	-6.48%	-16.25%	-10.93%	2.51%	44.31%	6.94%
Commodities	6.17%	-1.19%	-1.67%	24.08%	32.38%	1.99%	-10.91%	3.16%	38.77%	5.27%
Private Equity	10.33%	9.78%	-6.26%	-31.09%	-11.62%	-24.27%	-9.33%	13.54%	51.44%	10.19%

Sources: BearBull Global Investments Group, Bloomberg



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The diversified systematic strategies of the BearBull Saudi Private Banking Investment Strategies have produced annualized returns of +4.39 to +8.25% since 2016 to date.

The composition of our private banking investment strategies is available upon request