

BearBull Private Banking Investment Strategies Saudi

SAR

+5.27% to +9.83%
Annualized return since 2016

Bearbull exclusivity since 2016

March 2022

Equities in the green in March despite inflationary and geopolitical concerns

POSITIVE PERFORMANCES FOR THE BEARBULL KSA PRIVATE BANKING INVESTMENT STRATEGIES IN MARCH

BearBull Saudi PB Investment Strategy « Low risk »	Mar	+ 2.01%	Year-to-Date	+ 1.64%
BearBull Saudi PB Investment Strategy « Moderate risk »	Mar	+ 3.86%	Year-to-Date	+ 3.42%
BearBull Saudi PB Investment Strategy « Dynamic risk »	Mar	+ 5.72%	Year-to-Date	+ 5.20%

Comments (performances in SAR)

The three BearBull Kingdom of Saudi Arabia private banking investment strategies performed very well in March. Indeed, the low-risk strategy climbed by +2.01%, the moderate-risk strategy did better and advanced by +3.86% while the dynamic-risk profile jumped by +5.72%. All three strategies have made gains respectively +1.64%, +3.42%, and +5.20% since the beginning of the year despite the European geopolitical context affecting a large part of the world markets. The fixed-income markets are on either side of the neutral performance. The domestic bond market lost -2.21% in March, accentuating its downward trend, while the international segment posted a slightly positive performance (+0.11%). The equity markets are in the green in March. The domestic segment continued its strong upward trend that started at the beginning of the year (+5.51%) and has made an impressive cumulative gain of +21.64% year to date. The international segment regained its footing and interrupted its downward trajectory with a spectacular rise of +8.82%. The real estate market is also in positive territory this month. The Saudi segment jumped +8.92% and broke its negative trend of the last two months (-9.18% and -4.85%), the same holds true for the international segment which gained +8.36%. The two asset classes remain negative year to date (-5.88% and -6.48%). Commodities continue their stratospheric rise (+12.30%), still supported by geopolitical tensions between the Western world and Russia and fears about the supply of metals and energy resources, the asset class has gained a spectacular +32.38% since the beginning of the year. Private equity also halted its steep decline this month (-11.62% YTD) and gained +1.89%.

Investment climate (performances in SAR)

Financial markets were heavily influenced in March by the possible consequences of the war in Ukraine on many levels. Among them, the risks of major disruptions in the supply of raw materials impacted the prices of energy (natural gas +21.4%, Brent +6.75%), agricultural products (cotton +10.25%) and metals (nickel +29.59%). In a few weeks, the consideration of these new uncertainties caused very significant increases in the prices of commodity indices (+12.30%) and raised major concerns about the evolution of inflation. While inflation measures were already at historical highs (>7.5%/year), the risks of supply disruptions of gas, oil and other commodity supplies reinforced bullish expectations. The economic sanctions imposed on Russia could indeed be followed by reactions with severe inflationary consequences developing beyond Europe. The last five weeks have also been marked by hopes for diplomatic progress and disappointments that have increased the volatility of financial markets, sometimes causing rapid and temporary reversals. At the end of the month, the announcement of the release of the US strategic oil reserves came at the right time, while Russia demanded payment in Roubles for gas purchases on the same day in order to maintain deliveries to its customers. Europe does not seem to want to comply with these demands and is therefore prepared to suffer the possible consequences. A new global paradigm for inflation and growth prospects is now emerging that may well be called "stagflation". European households have not yet fully felt the effects of this crisis on their purchasing power, but when they do, the negative impact on consumption could well cause a return to economic decline in some countries in the second quarter. Meanwhile, equity markets were not concerned and rebounded by +8.82%.

PERFORMANCES BY ASSET CLASS

MARCH

+ 12.30%	Commodities
+ 8.92%	Saudi Real Estate
+ 8.82%	International Equities
+ 8.36%	International Real Estate
+ 5.51%	Saudi Equities
+ 1.89%	Private Equity
+ 0.11%	International Bonds
- 2.21%	Saudi Sukuk

YTD

+ 32.38%	Commodities
+ 21.64%	Saudi Equities
+ 1.07%	International Equities
- 1.59%	International Bonds
- 3.40%	Saudi Sukuk
- 5.88%	Saudi Real Estate
- 6.48%	International Real Estate
- 11.62%	Private Equity

COMMENTS BY ASSET CLASSES

Bonds

Continued tensions in the bond markets in March. Yield curves have already undergone fairly significant upward adjustments in one month, averaging around 50 basis points. The markets suffered losses of around -2.7% for Swiss bonds. European bonds fell slightly less (-2.1%) than US bonds (-2.7%). Inflationary fears remain the main factor affecting the development of the capital markets in March. While geopolitical tensions are causing fears of major consequences for commodity supply and prices, the threats to household consumption and growth from such increases are still not sufficiently taken into account. Yet, rising energy prices threaten household purchasing power and consumption. Inflation may not decline as quickly as expected, but it is above all the risks of a cyclical slowdown that could return to the forefront of questions and raise the spectre of a form of stagflation in 2022.

Equities

The equity markets have rallied in March by an exceptional +8.82% after reaching a peak of concern in the first week of the month. This could be a mere technical rebound after a flash bear market during the quarter. Margins and earnings prospects could come under pressure as the economy slows down in the next quarter.

Commodities

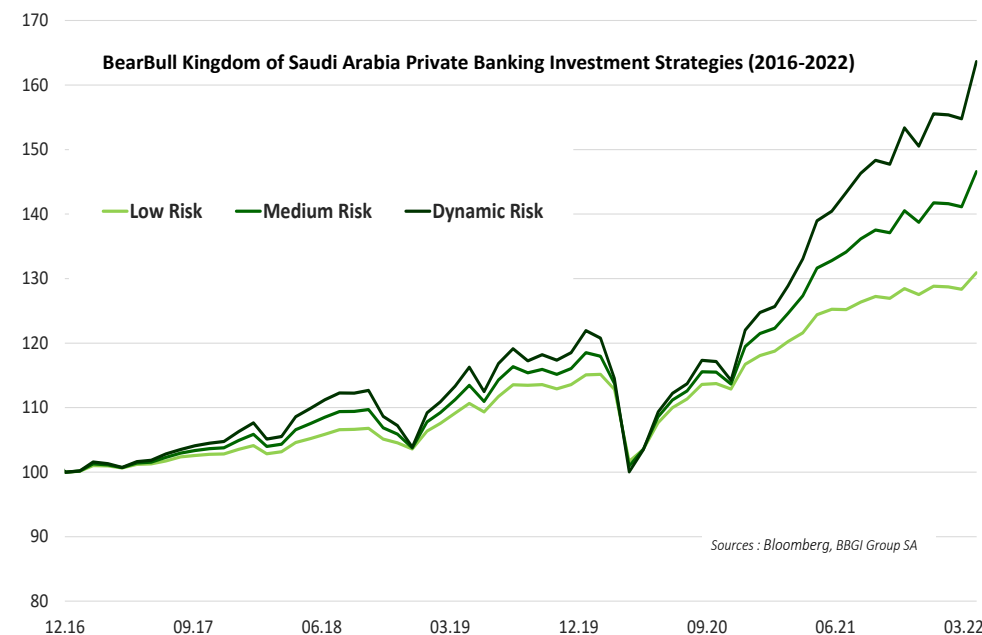
The commodities sector continues its meteoric rise, with an impressive cumulative gain of 32.39% since the beginning of the year. The war in Ukraine and geopolitical tensions between Russia and Europe continue to support pessimistic expectations about the supply of industrial metals like nickel and energy resources like gas or oil. These expectations are leading to a surge in the prices of these assets, a move that should support general inflation which is already at record levels.

Private Equity

The real estate market is regaining a certain attractiveness within the financial markets. The international segment is reversing its downward trend and is one of the best performers in March (8.92%). The very high level of inflation in Europe and the United States seems to reinforce the attractiveness of sectors that offer protection against it.

BearBull KSA PB Investment Strategies – Performances in KWD										
	3 last months			YTD	Current year				Annualized Perf.	
	January 2022	February 2022	March 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2016 to this day
BBGI KSA PBI "low risk" (65% fixed income)	-0.08%	-0.28%	2.01%	1.64%	1.64%				9.10%	5.27%
BBGI KSA PBI "medium risk" (45% fixed income)	-0.09%	-0.33%	3.86%	3.42%	3.42%				16.68%	7.56%
BBGI KSA PBI "dynamic risk" (25% fixed income)	-0.11%	-0.38%	5.72%	5.20%	5.20%				24.70%	9.83%
Sub-indices										
Saudi Sukuk	-0.61%	-0.61%	-2.21%	-3.40%	-3.40%				-3.66%	-0.17%
International Bonds	-0.83%	-0.88%	0.11%	-1.59%	-1.59%				-0.64%	3.84%
Saudi Equities	8.94%	5.83%	5.51%	21.64%	21.64%				45.80%	21.69%
International Equities	-4.50%	-2.74%	8.82%	1.07%	1.07%				22.98%	9.68%
Saudi Real Estate	-9.18%	-4.85%	8.92%	-5.88%	-5.88%				20.21%	7.51%
International Real Estate	-8.26%	-5.93%	8.36%	-6.48%	-6.48%				44.31%	14.23%
Commodities	11.75%	5.49%	12.30%	32.38%	32.38%				38.77%	7.65%
Private Equity	-7.27%	-6.47%	1.89%	-11.62%	-11.62%				51.44%	17.89%

Sources: BearBull Global Investments Group, Bloomberg,



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