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BearBull Global Investments Group

Light profit-taking in January

POSITIVE PERFORMANCE FOR ONE OF THE BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE IN JANUARY

BearBull PB Investment Strategy	**« Low Risk »**	**Jan**	**- 0.43%**	**Year–to-Date**	**- 0.43%**
BearBull PB Investment Strategy	**« Moderate Risk »**	**Jan**	**- 0.12%**	**Year–to-Date**	**- 0.12%**
BearBull PB Investment Strategy	**« Dynamic Risk »**	**Jan**	**+ 0.19%**	**Year–to-Date**	**+ 0.19%**

Comments (performances in AED)

After a very positive end to the year, the financial markets are in a temporary consolidation phase. Indeed, BearBull private banking investment strategies UAE posted mixed performances in January. The low-risk strategy declined by -0.43%, while the moderate-risk approach fared slightly better, falling by only -0.12%. The dynamic-risk strategy advanced by +0.19% and was the only one to post a gain this month. Fixed-rate markets are once again in negative territory. In fact, the Emirati segment fell by -0.75% in January, and the international trend was even stronger (-1.38%). Equity markets were on either side of neutral in January. Domestic markets in particular were divided. The Abu Dhabi stock market interrupted its brief upward impulse of the last two months, retreating by -0.73% during the period. In contrast, Dubai shares (+2.69%) continued their positive trajectory which began in November. The international asset class is also in the green this month (+1.20%). The segment hardest hit by the momentary upturn in US yields was, unsurprisingly, securitized real estate. The international segment fell by -4.17%, while the domestic segment followed a similar path, declining by -4.20%. Commodities finally break their downward trend that ran since September with a gain of +4.47%. Gold weakened slightly over the period, but crude oil's +5.86% gain lifted the asset class in January. Hedge funds and private equity moved horizontally in January, with performances of +0.32% and +0.71% respectively.

Financial market developments (performances in AED)

The start of 2024 contrasts with the enthusiasm of the last two months of 2023, which were particularly buoyed by the downward acceleration in inflation and the joint correction in interest rates. The economic slowdown expected in 2024 should enable the US central bank to lower its key rates at its March meeting. However, this positive environment for all the main asset classes did not continue into January. In fact, the first few weeks of the year were marked by a rise in uncertainty and interest rates, which mainly affected the bond markets and securitized property. The resilience of the US economy, which recorded annualized GDP growth of +3.3% in Q4 2023, and a slowdown in the downward trend in inflation were the main causes of the rebound in interest rates. To date, the labour market has also been slow to show the expected signs of a downturn in activity, which seems logical in the context of the solid growth seen at the end of 2023. Against this backdrop, the Fed's outlook for key rate cuts has been adjusted and postponed slightly. Fed Funds for June thus jumped in January from 4.65% to 5% today, while the probability of a Fed cut in March was falling. The easing of monetary conditions is now only expected at the FOMC meeting on 1 May. Bond market correlation remained high over the month, with all the regional indices in the TCOR universe recording negative results. However, the United States was the best performer of the month, with a limited decline of -0.27%. International real estate was the hardest hit by this generalized adjustment in rates after a very positive end to the year. Logical in this context, profit-taking was strongest in the United States (-4.14%), while in Europe (-2.94%) the decline was limited. Overall, profit-taking at the start of the year affected international real estate (-4.17%) and international bonds (-1.38%) the most, while the equity markets still enjoyed a small gain of +1.2%.

PERFORMANCES BY ASSET CLASS

JANUARY

+ 4.47%	Commodities
+ 2.69%	Dubai Equities
+ 1.20%	International Equities
+ 0.71%	Private Equity
+ 0.32%	Hedge Funds
- 0.73%	Abu Dhabi Equities
- 0.75%	UAE Bonds
- 1.38%	International Bonds
- 4.17%	International Real Estate
- 4.20%	UAE Real Estate

YTD

+ 4.47%	Commodities
+ 2.69%	Dubai Equities
+ 1.20%	International Equities
+ 0.71%	Private Equity
+ 0.32%	Hedge Funds
- 0.73%	Abu Dhabi Equities
- 0.75%	UAE Bonds
- 1.38%	International Bonds
- 4.17%	International Real Estate
- 4.20%	UAE Real Estate

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COMMENTS BY ASSET CLASS

Bonds

Feeling is changing again at the start of the year, in the light of economic statistics that still point to solid growth in the United States. The soft-landing scenario remains predominant, but the trend in employment, surprising leading indicators, and a loss of momentum in the decline in inflation are pushing back the chances of the Fed cutting rates in the very near future. The correlation remains high between bond markets, which are adjusting together to this new environment. Expectations of rate cuts in the United States have been pushed back by a month, but do not call into question the planned easing. Risk scores are relatively stable and neutral, suggesting a continuation of the downtrend in the coming weeks, in the light of less resilient statistics in both the US and Europe. Prospects of capital gains remain for the vast majority of markets.

Stocks

Despite the short-term rebound in interest rates, the equity markets performed fairly well in January, posting a moderate overall rise of 1.2%. The impact of the slight rise in interest rates seems to have been tempered by the belief that it will be temporary and that economic activity in the United States will be such as to support earnings growth expectations for 2024. The rise in share prices is insufficient to affect valuations, but the quantitative factor points to an increase in risks. Risk levels are rising, which is reflected in an increase in the overall scores in the amber zone. However, we believe that the uptrend is still valid.

Commodities

Commodities halted their downward trend in January. The asset class recorded its first rise since September, thanks to crude oil prices, which gained +4.47%. The oil market was mainly underpinned by rising geopolitical tensions in the Middle East, despite the economic slow-down.

Real Estate

International securitized real estate was the asset class most affected by the short-term rebound in interest rates, but this downturn makes the asset class even more attractive in view of the resumption of the downward trend in interest rates.

BearBull Private Banking Investment Strategies UAE - Performances in AED

	3 last months			YTD	Current year				Annualized Perf.	
	January 2023	February 2023	March 2023	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2022	2010 to this day
BearBull PBI "low risk" (65% fixed income)	-0.43%			-0.43%						5.33%
BearBull PBI "medium risk" (45% fixed income)	-0.12%			-0.12%						6.62%
BearBull PBI "dynamic risk" (25% fixed income)	0.19%			0.19%						7.86%
Sub-indices										
UAE Bonds	-0.75%			-0.75%						3.38%
International Bonds	-1.38%			-1.38%						1.06%
Dubaï Equities	2.69%			2.69%						10.59%
Abu Dhabi Equities	-0.73%			-0.73%						14.05%
International Equities	1.20%			1.20%						9.47%
UAE Real Estate	-4.20%			-4.20%						12.58%
International Real Estate	-4.17%			-4.17%						4.62%
Commodities	4.47%			4.47%						-1.83%
Hedge Funds	0.32%			0.32%						1.51%
Private Equity	0.71%			0.71%						12.73%

Sources: BearBull Global Investments Group Limited, Bloomberg

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The systematic diversified strategies of the BearBull Private Banking Investment Strategies have produced annualized average returns of +5.33% (Low risk) to +7.86% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request