

Bearbull Private Banking Investment Strategies Kuwait KWD

Bearbull exclusivity since 2016

January 2024

First month of the year in the green

POSITIVE PERFORMANCES FOR THE THREE BEARBULL KUWAIT PRIVATE BANKING INVESTMENT STRATEGIES IN JANUARY

Bearbull Kuwait Pension Strategy	« Low risk »	Jan	+ 0.10%	Year-to-Date	+ 0.10%
Bearbull Kuwait Pension Strategy	« Medium risk »	Jan	+ 0.80%	Year-to-Date	+ 0.80%
Bearbull Kuwait Pension Strategy	« Dynamic risk »	Jan	+ 1.50%	Year-to-Date	+ 1.50%

Comments (performances in KWD)

BearBull private banking investment strategies Kuwait started the year on a high note. The low-risk approach advanced by +0.10%, while the moderate-risk strategy gained +0.80%. The dynamic-risk strategy posted the best performance of the month, climbing +1.50%. Bond markets posted negative performances in January. The domestic class declined by -1.46%, while the international segment followed a similar path, losing -1.38%. Equity markets moved into positive territory this month. The Kuwaiti class jumped by +7.09%, posting the best performance of the month. The international market also continued its positive trend, advancing by +1.20% despite a slight slowdown in momentum. The securitized real estate segment was hardest hit by the momentary upturn in US yields. The international segment fell by -4.17%. Commodities finally halted the downward trend that had been underway since September. Despite the slight fall in gold prices over the period, it was the performance of crude oil the performance of crude oil (+5.86%) that drove the segment upwards in January (+4.47%). Asset management was again in positive territory this month and performed just above neutral (+0.32%). The private equity segment loses momentum in January and moves horizontally (+0.71%) after achieving the best cumulative performance of the year 2023.

Financial market developments (performances in KWD)

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. 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. The 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

+ 7.09%	Kuwaiti Equities
+ 4.47%	Commodities
+ 1.20%	International Equities
+ 0.87%	Kuwaiti Real Estate
+ 0.71%	Private Equity
+ 0.32%	Hedge Funds
- 1.38%	International Bonds
- 1.46%	Kuwaiti Sukuk
- 4.17%	International Real Estate

YTD

+ 7.09%	Kuwaiti Equities
+ 4.47%	Commodities
+ 1.20%	International Equities
+ 0.87%	Kuwaiti Real Estate
+ 0.71%	Private Equity
+ 0.32%	Hedge Funds
- 1.38%	International Bonds
- 1.46%	Kuwaiti Sukuk
- 4.17%	International Real Estate



COMMENTS BY ASSET CLASSES

Bonds

Sentiment is shifting once again as the new year begins, buoyed by economic statistics still indicating robust growth in the United States. While the soft-landing scenario continues to dominate, factors such as employment trends, unexpected leading indicators, and a slowdown in the decline of inflation are diminishing the likelihood of imminent rate cuts by the Fed. Bond markets are closely synchronized in response to this evolving landscape. Although expectations for US rate cuts have been delayed by a month, there's no questioning the anticipated easing. Risk scores remain relatively stable and neutral, suggesting a continuation of the downward trend in the coming weeks, given less resilient statistics in both the US and Europe. The majority of markets still hold prospects for capital gains.

Equities

Despite a short-term rebound in interest rates, equity markets performed reasonably well in January, posting a modest overall rise of 1.2%. The impact of the slight increase in interest rates appears to have been mitigated by the belief that it will be transient and that economic activity in the United States will sufficiently support earnings growth expectations for 2024. While the uptick in share prices hasn't significantly affected valuations, quantitative factors indicate a rise in risks. Risk levels are indeed increasing, reflected in an overall score trending towards the amber zone. However, we maintain confidence in the ongoing uptrend.

Commodities

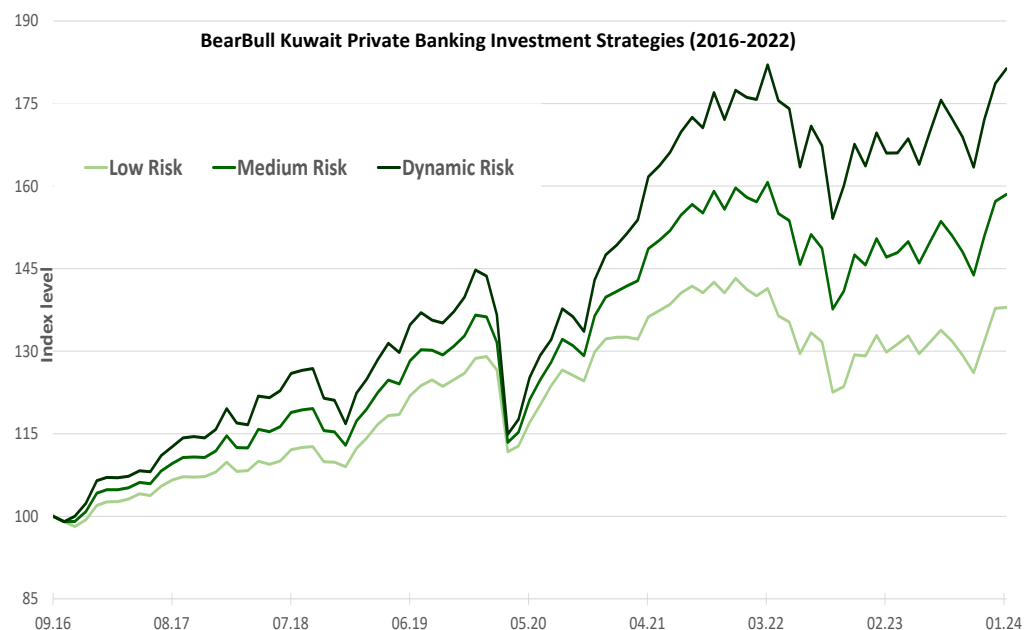
In January, commodities interrupted their downward trajectory. This asset class saw its first increase since September, primarily propelled by a 4.47% rise in crude oil prices. Despite an economic slowdown, escalating geopolitical tensions in the Middle East provided substantial support to the oil market.

Real Estate

The short-term rebound in interest rates had the most significant impact on international securitized real estate as an asset class. However, this downturn renders the asset class even more attractive, especially considering the renewed downward trend in interest rates.

BearBull Kuwait Private Banking Investment Strategies – Performances in KWD										
	3 last months			YTD	Current year				Annualized Perf.	
	January 2023	February 2023	March 2023	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2023	2016 to this day
Bearbull Kuwaiti PB "low risk" (65% fixed income)	0.10%			6.71%					6.71%	4.65%
Bearbull Kuwaiti PB "medium risk" (45% fixed income)	0.80%			7.95%					7.95%	6.72%
Bearbull Kuwaiti PB "dynamic risk" (25% fixed income)	1.50%			9.17%					9.17%	8.76%
Sub-indices										
Kuwaiti Sukuk	-1.46%			6.08%					6.08%	1.30%
International Bonds	-1.38%			5.71%					5.71%	-0.62%
Kuwaiti Equities	7.09%			-7.24%					-7.24%	15.11%
International Equities	1.20%			23.79%					23.79%	11.07%
Kuwaiti Real Estate	0.87%			2.37%					2.37%	14.88%
International Real Estate	-4.17%			8.67%					8.67%	0.90%
Commodities	4.47%			-4.26%					-4.26%	6.18%
Hedge Funds	0.32%			3.76%					3.76%	2.57%
Private Equity	0.71%			43.28%					43.28%	14.58%

Sources : BearBull Global Investments Group Limited, Bloomberg



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The systematic diversified strategies of the Bearbull Kuwait Private Banking Investment Strategies have produced annualized returns of +4.65% (Low risk) to +8.76% (Dynamic risk) since 2016.

The composition of our strategies is available upon request