

BearBull Private Banking Investment Strategies Saudi

SAR

+5.18% to +9.21%
Annualized return since 2016

BearBull exclusivity since 2016

January 2022

Saudi equities and commodities immune to the widespread profit-taking

SLIGHTLY NEGATIVE PERFORMANCES FOR THE BEARBULL KSA PRIVATE BANKING INVESTMENT STRATEGIES IN JANUARY

BearBull Saudi PB Investment Strategy « Low risk »	Jan	- 0.08%	Year-to-Date	- 0.08%
BearBull Saudi PB Investment Strategy « Moderate risk »	Jan	- 0.09%	Year-to-Date	- 0.09%
BearBull Saudi PB Investment Strategy « Dynamic risk »	Jan	- 0.11%	Year-to-Date	- 0.11%

Comments (performances in SAR)

The three BearBull Kingdom of Saudi Arabia private banking investment strategies experienced a slight decline during the first month of 2022. Indeed, the low-risk strategy fell by (-0.08%) while the moderate-risk strategy performed very similarly by (-0.09%). The dynamic-risk approach also contracted this month (-0.11%). The bond markets are once again in negative territory. The domestic segment is the most resilient and is only down -0.61%, while the international sector is down more (-0.83%), although the asset class is still on a downward trajectory. The international equity markets are taking into account the possible consequences of the normalisation of the Federal Reserve's monetary policy and are retracting sharply by (-4.50%). Saudi equities, on the other hand, seem to be immune to the bearish movements that have hit the global markets and continue to climb, posting an increase of +8.94%. The real estate sector is in a bad position and is clearly starting the new year in the red despite its hedge against rising inflation. The international market fell by (-8.26%) while the domestic segment was hit harder and fell by (-9.18%). The commodities asset class was one of only two to post a positive performance during the month of January. Indeed, despite the health situation, demand for oil remains solid and has been pushing up crude oil prices for several months, which benefited the sector's performance in January (+11.75%). The private equity segment, which had attracted a large number of investors in search of an alternative in 2021, entered the new year with a fall of (-7.27%), in the context of high-interest rates risky assets did not escape capital withdrawals.

Investment climate (performances in SAR)

There was a widespread profit-taking trend and falling market prices during the month of January in all asset classes. The investment climate deteriorated rapidly as investors eventually became more worried about the developments in US monetary policy and the corresponding risks to financial markets. The ten-year yields in all the countries were on an ascending trend, driven by US Treasury yields, which reached nearly 1.9%, causing global bond indices to lose approximately (-2%). The equity markets globally shrank by (-5.3%) (MSCI World Index), followed by the international real estate segment (-5%), while private equities suffered a decline of (-5.9%). Only the commodity sector managed to post positive returns of +11.6% thanks to constantly increasing crude oil prices of up to +18.4%. On January 26th, the Federal Reserve also confirmed its commitment to hike its key rates as of March and begin the process of reducing its balance sheet. Investors now know what to expect, which has the paradoxical advantage of eliminating uncertainty. The Fed is certainly behind in its fight against inflation, but investors already seem to be wondering if the worst news are not already there. January thus ended with a significant deterioration in the perception of risk levels and a potential turnaround in the stock markets. While on the whole, risky assets have only fallen by approximately (-5%), some regions and sectors have experienced more substantial declines. The Nasdaq's (-8.5%) fall (-18% since November 20th) already suggests that significant consolidations have taken place, which could eventually also be associated with more attractive valuations. A great number of digital, technology and biotech companies, as well as many other promising stocks of the future economy, but often unprofitable, have been much more severely impacted by this latest "risk off" phase. A "relief rally" is therefore certainly underway for "risky" assets, supported by investors once again in "risk on" mode in February.

PERFORMANCES BY ASSET CLASS

MARCH

+ 11.75%	Commodities
+ 8.94%	Saudi Equities
- 0.61%	Saudi Sukuk
- 0.83%	International Bonds
- 4.50%	International Equities
- 7.27%	Private Equity
- 8.26%	International Real Estate
- 9.18%	Saudi Real Estate

YTD

+ 20.21%	Saudi Real Estate
+ 11.75%	Commodities
+ 8.94%	Saudi Equities
- 0.61%	Saudi Sukuk
- 0.83%	International Bonds
- 4.50%	International Equities
- 7.27%	Private Equity
- 8.26%	International Real Estate



COMMENTS BY ASSET CLASSES

Bonds

Most bond markets have already corrected significantly and have lost an average of (-2%) over the month. The global economic expectations were rather negative in January (Omicron effect), but the year should remain sound. The Federal Reserve's policy change remains the most important event of the month for the capital markets. The highly anticipated reduction in liquidity with the tapering is further reinforced by the Fed's announcement that it will reduce its balance sheet. However, we do believe that this eventuality could be overestimated as we do not think it will happen all at once in the course of 2022. Inflation should gradually decline but remain well above central bank targets. Long-term interest rates are therefore expected to continue to rise and shape the financial environment throughout most of 2022.

Equities

The aggregate (-5.3%) decline in the MSCI World Index over the month of January masks more substantial price and valuation adjustments in the technology, digital, biotech and other sectors including other individual companies. The global economic outlook still looks favourable and the corporate profit potentials are not yet consistently called into question. The monetary policy is now anticipated and expected to be tightened. Corrections in the equity markets therefore definitely offer some opportunities for tactical readjustments.

Commodities

Despite the still rising number of contaminations in many countries, the travel restrictions seem to have had a smaller impact on the energy market. Crude oil prices have continued to rise since the beginning of last December and have climbed to \$85 per barrel. As for gold, it experienced very high volatility during January. It managed to reach a peak of \$1,845 but at the end of the month, it returned to its level of the first week of the month.

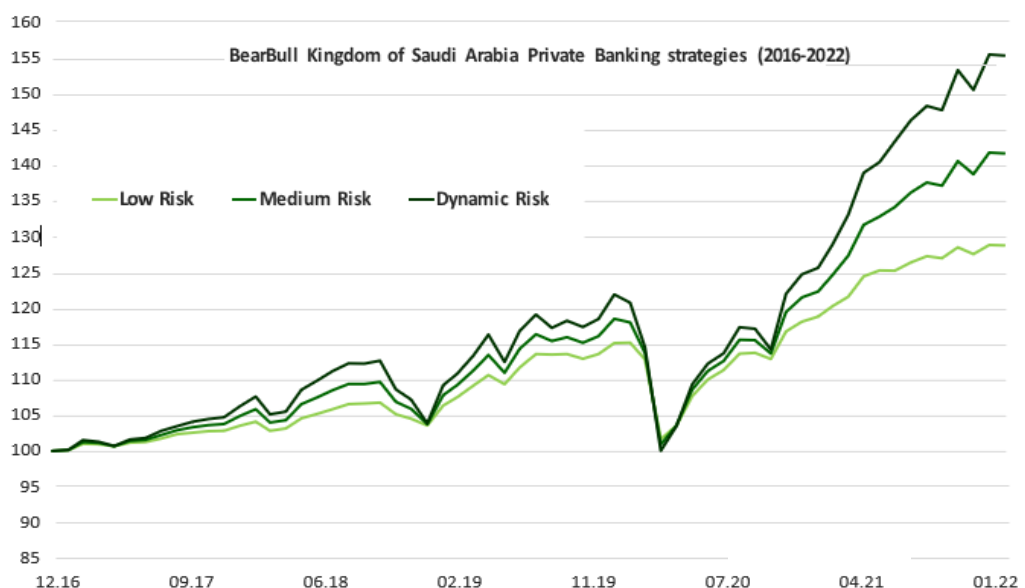
Private Equity

This market sector attracted a massive number of investors looking for alternative investment opportunities in 2021. As a result, it generated spectacular returns of +49.92% during the year. As expected, the asset class started 2022 in a very bearish manner. The fundamental paradigms of central bank monetary policies have changed, and the current climate of rising interest rates is much less favourable to risky debt-based investments such as private equity (-7.27%).

BearBull KSA PB Investment Strategies – Performances in SAR

	3 last months			YTD	Current year				Annualized Perf.	
	November 2021	December 2021	January 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2016 to this day
BearBull PBI "low risk" (65% fixed income)	-0.73%	1.01%	-0.08%	-0.08%					10.74%	5.18%
BearBull PBI "medium risk" (45% fixed income)	-1.28%	2.17%	-0.09%	-0.09%					20.26%	7.21%
BearBull PBI "dynamic risk" (25% fixed income)	-1.84%	3.32%	-0.11%	-0.11%					30.81%	9.21%
Sub-indices										
Saudi Sukuk	0.28%	-0.70%	-0.61%	-0.61%					-3.66%	0.79%
International Bonds	0.14%	-1.50%	-0.83%	-0.83%					-0.64%	4.48%
Saudi Equities	-6.49%	4.73%	8.94%	8.94%					45.80%	16.55%
International Equities	1.91%	2.56%	-4.50%	-4.50%					22.98%	7.80%
Saudi Real Estate	-0.11%	7.34%	-9.18%	-9.18%					20.21%	5.86%
International Real Estate	0.53%	9.91%	-8.26%	-8.26%					44.31%	11.56%
Commodities	-10.59%	7.21%	11.75%	11.75%					38.77%	1.47%
Private Equity	-2.93%	1.03%	-7.27%	-7.27%					51.44%	18.51%

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 +5.18% (Low risk) to +9.21% (Dynamic risk) since 2016.

The composition of our strategies is available upon request