

# Bearbull Private Banking Investment Strategies Kuwait KWD

Bearbull exclusivity since 2016

February 2024

## The positive trend extends in February

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

Bearbull Kuwait Pension Strategy	« Low risk »	Feb	+ 0.52%	Year-to-Date	+ 0.61%
Bearbull Kuwait Pension Strategy	« Medium risk »	Feb	+ 1.23%	Year-to-Date	+ 2.03%
Bearbull Kuwait Pension Strategy	« Dynamic risk »	Feb	+ 1.94%	Year-to-Date	+ 3.46%

### Comments (performances in KWD)

The positive trend extends into February. Indeed, the majority of asset classes are positive, and the BearBull Kuwait private banking investment strategies are in the green this month. The low-risk strategy advanced by +0.52%, while the medium-risk approach posted a positive performance of +1.23%. The dynamic-risk strategy turned in the best performance, climbing by +1.94%. Bond markets were in negative territory in February, with the domestic segment decreasing by -0.48% and the international segment doing worse, falling by -1.26%. Since the beginning of the year, both the domestic and international segments remain below the neutral performance mark, declining by -1.94% in Kuwait as well as -2.62% internationally. Securitized real estate appeared mixed this month. The domestic class turned in the best performance, climbing by +4.58%, while internationally, the performance was negative (-0.41%). In the first two months of the year, the domestic asset classes posted a positive performance of +5.50%. Equity markets also continued their upward trend. The domestic segment advanced by +2.20%, and the international class followed the same path, gaining +4.24% in February. Since January, both segments have been positive, with Kuwaiti equities rallying by +9.44% and international equities following suit at +5.49%. Commodities were only slightly up this month (+0.87%), pulled by the crude oil prices at the end of the month. The asset class accumulated a gain of 5.38% in 2024. Private equity regained interest in the eyes of investors, climbing by +4.13%, while hedge funds also advanced by +0.92%.

### Financial market developments (performances in KWD)

The performance of various asset classes in February once again exhibited contrast, with the bond and real estate segments still negatively affected by the adjustment of expectations regarding key rate cuts, while a more buoyant enthusiasm underpinned the performance of equity markets. Recent economic statistics suggest that US economic momentum remains resilient, and the decline in inflation has lost enough momentum to call into question expectations of a rate cut as early as March. These factors essentially postponed the date of the US Federal Reserve's first rate cut and supported a rebound in interest rates across yield curves. This change in expectations for Fed action also affected expectations for action by other central banks, logically triggering a rebound in rates in most regional bond markets. The loss of momentum from the decline in inflation was anticipated but should not yet call into question the overall downward trend in CPI and PPI indices in the vast majority of countries. The decline in global bond indices from -1.26% in February pushes the year-to-date decline to -2.62%, a similar trend observed for international real estate indices, whose two-month decline is now -4.56%. In terms of risky assets, equity markets fared much better, generally posting significant individual gains in February, with the MSCI World index up +4.24% overall. The rise in international equities contrasts sharply with the corrections recorded by the other two main asset classes. Swiss equities were only marginally affected by the decline in the Swiss franc, posting a timid gain of +0.56% in February and +1.97% YTD. Switzerland's underperformance thus continues, despite a trend reversal for the franc that seems to have finally set in. Commodities regained favor in 2024, enabling the overall index to jump +5.38% YTD thanks to a +9.44% rise in the energy segment. Lastly, private equity once again emerged as one of the big winners from renewed investor confidence, with a +4.35% rise this month (+7.05% YTD).

#### PERFORMANCES BY ASSET CLASS

##### FEBRUARY

+ 4.58%	Kuwaiti Real Estate
+ 4.24%	International Equities
+ 4.13%	Private Equity
+ 2.20%	Kuwaiti Equities
+ 0.92%	Hedge Funds
+ 0.87%	Commodities

- 0.41%	International Real Estate
- 0.48%	Kuwaiti Sukuk
- 1.26%	International Bonds

##### YTD

+ 9.44%	Kuwaiti Equities
+ 5.50%	Kuwaiti Real Estate
+ 5.49%	International Equities
+ 5.38%	Commodities
+ 4.87%	Private Equity
+ 1.24%	Hedge Funds
- 1.94%	Kuwaiti Sukuk
- 2.62%	International Bonds
- 4.56%	International Real Estate



**COMMENTS BY ASSET CLASSES**

**Bonds**

Sentiment continues to be influenced by economic data pointing to resilient growth in the USA. The predominant scenario remains a soft landing, but the evolution of employment, surprising leading indicators, and a loss of momentum in the decline of inflation are diminishing the likelihood of the Fed cutting rates in the very near future. Bond markets remain highly correlated and are still adjusting to this new environment in February. Expectations of rate cuts in the US have been pushed back slightly but do not call into question the planned easing. Risk scores have improved significantly and are back in the buy zone. Prospects of capital gains are once again present at these yield levels, suggesting a renewed attractiveness of bond markets.

**Equities**

Despite further rises in bond yields, equity markets remain focused on earnings trends and are motivated by the expected change in monetary policy. The postponement of the first rate cut by a few weeks or months is not enough to dampen the current enthusiasm. Indices continue to rise, and most bearish strategists who were pessimistic at the start of the year are now being forced to revise their judgment. The recurring question still revolves around whether a speculative bubble is forming, underpinned by the extraordinary stock market behavior of leading technology and AI-related stocks. The overall scores remain unchanged and remain in the orange zone. However, the uptrend still appears valid to us.

**Commodities**

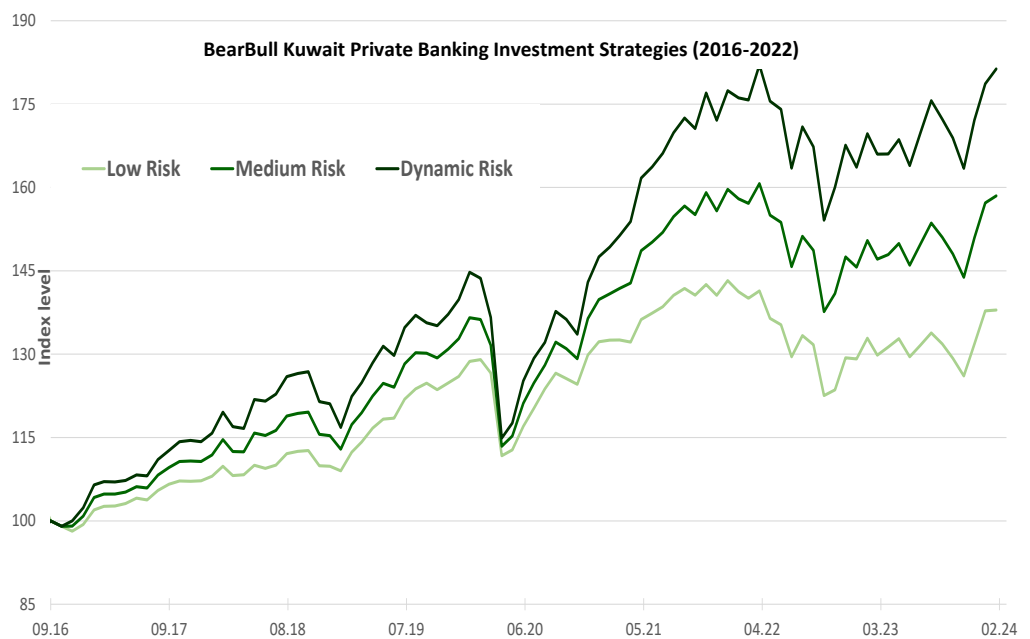
Crude oil prices experienced a period of growth at the end of the month, which slightly pushed the asset class into positive territory. Indeed, February was characterized by high volatility. Geopolitical tensions eased at the start of the month and struggled to stabilize prices, while the prospects of an economic slowdown and strong US production continued to drive prices down. The announcement by OPEC+ member countries to continue production cuts in an attempt to boost the market, along with tensions in the Red Sea, supported the energy market toward the end of the month.

**Real Estate**

The securitized international real estate has been the asset class most affected by the short-term rebound in rates, but this downturn makes the asset class even more attractive than in the past.

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%	0.52%		0.61%					6.71%	4.67%
BearBull Kuwaiti PB "medium risk" (45% fixed income)	0.80%	1.23%		2.03%					7.95%	6.82%
BearBull Kuwaiti PB "dynamic risk" (25% fixed income)	1.50%	1.94%		3.46%					9.17%	8.95%
<b>Sub-indices</b>										
Kuwaiti Sukuk	-1.46%	-0.48%		-1.94%					6.08%	1.22%
International Bonds	-1.38%	-1.26%		-2.62%					5.71%	-0.78%
Kuwaiti Equities	7.09%	2.20%		9.44%					-7.24%	15.27%
International Equities	1.20%	4.24%		5.49%					23.79%	11.58%
Kuwaiti Real Estate	0.87%	4.58%		5.50%					2.37%	15.41%
International Real Estate	-4.17%	-0.41%		-4.56%					8.67%	0.84%
Commodities	4.47%	0.87%		5.38%					-4.26%	6.24%
Hedge Funds	0.32%	0.92%		1.24%					3.76%	2.67%
Private Equity	0.71%	4.13%		4.87%					43.28%	15.04%

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 +4.67% (Low risk) to +8.95% (Dynamic risk) since 2016.**

**The composition of our strategies is available upon request**