

Bearbull Private Banking Investment Strategies Kuwait KWD

Bearbull exclusivity since 2016

March 2024

Increase of the positive momentum in March

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

Bearbull Kuwait Pension Strategy	« Low risk »	Mar	+ 1.19%	Year-to-Date + 1.81%
Bearbull Kuwait Pension Strategy	« Medium risk »	Mar	+ 3.55%	Year-to-Date + 3.55%
Bearbull Kuwait Pension Strategy	« Dynamic risk »	Mar	+ 5.31%	Year-to-Date + 5.31%

Comments (performances in KWD)

As the first quarter draws to a close this month, the financial markets are on the rise in 2024. Indeed, our three Bearbull Private Banking Kuwait investment strategies all posted positive performances in March and cumulative terms. The low-risk strategy advanced by +1.19% and the moderate-risk approach posted a gain, climbing +3.55%. The dynamic-risk strategy is also in the green, gaining +5.31%. Since January, the three strategies have posted positive performances of +1.81%, +3.55% and +5.31%, respectively. Bond markets continued their upward trend in March. The domestic segment posted a gain of +0.90%, while international bonds followed a similar trend (+0.55%). Since the beginning of the year, however, both asset classes are still in negative territory, by -1.05% and -2.08%, respectively. The securitized real estate segment did well in March, benefiting from the more favorable interest rate environment. The domestic segment increased by +1.80% and gained +7.39% YTD. The international class climbed +3.18%, but the segment is still below the YTD neutral performance mark (-1.53%). Equity markets were also in the green in March. The Kuwaiti equities retracted by -1.64% in March, whereas the international segment was on the rise, with a gain of +3.21%. Since January, domestic shares have gained +7.65%. Since the beginning of the year, international equities have posted one of the best cumulative gains, reaching +8.88%. Commodities once again increased their positive momentum, climbing +4.73% after a brief slowdown in February (+0.87%). The segment posted the best YTD performance (+10.36%). Private equity and alternative investments gained +3.39% and +1.26%, respectively.

Financial market developments (performances in KWD)

Sentiment remained positive in March, underpinned both by favorable elements on the inflation front and by the remarkable resilience of the US economy. The specter of a recession has receded, and the outlook for GDP growth is once again solid for both the first and second quarters. The Fed's decision to leave interest rates unchanged was widely expected and therefore had no noticeable effect on stock market sentiment, which remained upbeat. At the end of the month, the publication of the PCE indexes, the Fed's favorite measures, provided a little more visibility on inflation trends, reinforcing the prospect of the Fed's next pivot in June. Inflation is in fact back on a downward trend after rebounding in January. From now on, the next potential source of uncertainty will likely be the strength of the US economy and the risk of postponing rate cuts, or their amplitude, by a few months. In Europe, the statistics are also pointing in the right direction, with the decline in inflation now following a more pronounced path, enabling it to fall to +2.6%/year, i.e. a lower level than that observed in the USA (+3.2%/year). Unless there is a major surprise, the improvement in sentiment observed in a growing number of leading indicators is unlikely to translate into an acceleration in economic activity, but rather into a slowdown, except for China, which is probably in the recovery phase. In this environment, commodities (+4.73%) and precious metals (+8.41%) posted excellent performances over the month. Only securitized real estate in Europe (+8.94%) and the UK (+7.97%) came close. In Switzerland (+3.04%) and internationally (+3.18%), real estate progressed more timidly. On the equity markets, Switzerland (+3.94%) slightly outperformed the global index (+3.21%), thanks to the influence of a weaker Swiss franc. Bond indices recovered slightly, with moderate rises of +0.74% in Switzerland and +0.55% international-ly.

PERFORMANCES BY ASSET CLASS

MARCH

+ 4.73%	Commodities
+ 3.39%	Private Equity
+ 3.21%	International Equities
+ 3.18%	International Real Estate
+ 1.80%	Kuwaiti Real Estate
+ 1.26%	Hedge Funds
+ 0.90%	Kuwaiti Sukuk
+ 0.55%	International Bonds
- 1.64%	Kuwaiti Equities

YTD

+ 10.36%	Commodities
+ 8.88%	International Equities
+ 8.43%	Private Equity
+ 7.65%	Kuwaiti Equities
+ 7.39%	Kuwaiti Real Estate
+ 2.52%	Hedge Funds
- 1.05%	Kuwaiti Sukuk
- 1.53%	International Real Estate
- 2.08%	International Bonds



COMMENTS BY ASSET CLASSES

Bonds

Yields are easing slightly, allowing indices to post slight gains. Emerging markets and high yield advanced over the month, posting good quarterly performances in a still uncertain environment. The resilience of the U.S. economy prevents us from taking a closer look at falling inflation in the U.S. and the rest of the still highly correlated capital markets. The cut in US key rates is likely to wait until June, without calling into question the easing planned for 2024. Risk scores are relatively stable and remain in the buy zone. Prospects of capital gains are once again present at these yield levels, suggesting a renewed attractiveness of fixed-income markets.

Equities

Equity markets are focused on earnings trends and remain motivated by the expected change in monetary policy. The postponement by a few weeks or months of the first key rate cut in the United States is not enough to dampen the current enthusiasm. Indices continue to rise for the fifth consecutive month. Valuations are now higher, however, and quantitative risk scores suggest the approach of the next phase of potential price consolidation. Overall scores remain in the orange zone for the main international markets. Risks are increasing marginally, but the uptrend still seems valid to us.

Commodities

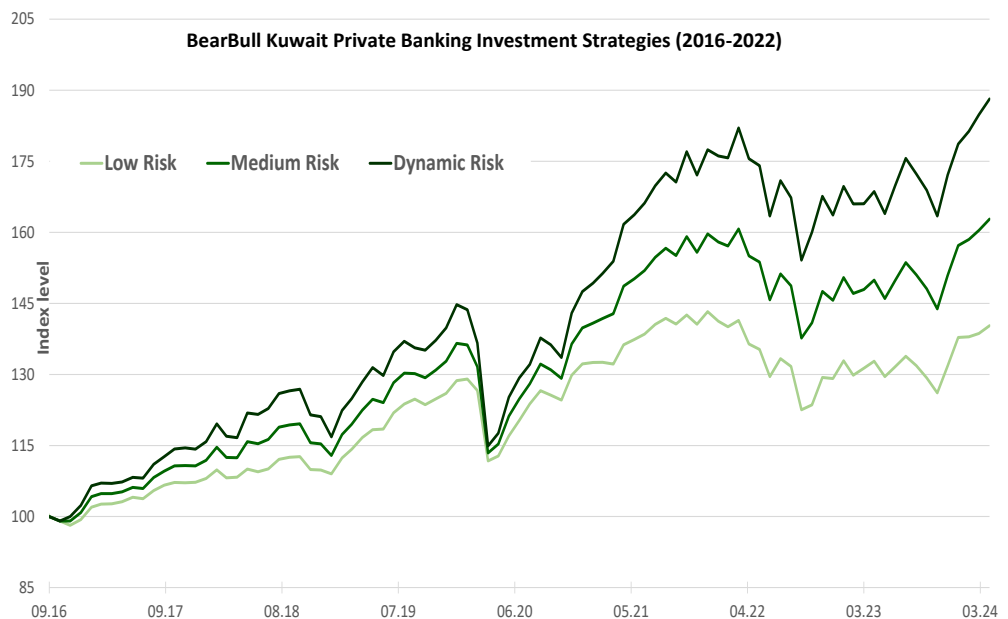
Crude oil prices continued to rise, supporting the asset class in March. Chinese import and export data released during the period reinforced optimism about a potential recovery in the country's economic activity and demand for crude oil.

Real Estate

Securitized real estate fared well this month, benefiting from the positive trend in interest rates, particularly in the eurozone and the UK. The domestic class gained +1.80% in March, while the international class did even better, jumping +3.18%. Nevertheless, the international asset class is in the red YTD with a cumulative loss of -1.53% in the first trimester. Domestically, the performance is positive (7.39%).

BearBull Kuwait Private Banking Investment Strategies – Performances in KWD										
	3 last months			YTD	Current year				Annualized Perf.	
	January 2024	February 2024	March 2024	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%	1.19%	1.81%	1.81%				6.71%	4.78%
Bearbull Kuwaiti PB "medium risk" (45% fixed income)	0.80%	1.23%	1.49%	3.55%	3.55%				7.95%	6.95%
Bearbull Kuwaiti PB "dynamic risk" (25% fixed income)	1.50%	1.94%	1.79%	5.31%	5.31%				9.17%	9.11%
Sub-indices										
Kuwaiti Sukuk	-1.46%	-0.48%	0.90%	-1.05%	-1.05%				6.08%	1.33%
International Bonds	-1.38%	-1.26%	0.55%	-2.08%	-2.08%				5.71%	-0.70%
Kuwaiti Equities	7.09%	2.20%	-1.64%	7.65%	7.65%				-7.24%	14.82%
International Equities	1.20%	4.24%	3.21%	8.88%	8.88%				23.79%	11.93%
Kuwaiti Real Estate	0.87%	4.58%	1.80%	7.39%	7.39%				2.37%	15.51%
International Real Estate	-4.17%	-0.41%	3.18%	-1.53%	-1.53%				8.67%	1.26%
Commodities	4.47%	0.87%	4.73%	10.36%	10.36%				-4.26%	6.84%
Hedge Funds	0.32%	0.92%	1.26%	2.52%	2.52%				3.76%	2.81%
Private Equity	0.71%	4.13%	3.39%	8.43%	8.43%				43.28%	15.39%

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 +4.78% (Low risk) to +9.11% (Dynamic risk) since 2016.

The composition of our strategies is available upon request