

BearBull Private Banking Investment Strategies Saudi

SAR

+4.80% to +8.89%
Annualized return since 2016

BearBull exclusivity since 2016

February 2024

Private banking indices back on the rise in February

POSITIVE PERFORMANCES FOR ALL THE BEARBULL KSA PRIVATE BANKING INVESTMENT STRATEGIES IN FEBRUARY

BearBull Saudi PB Investment Strategy « Low risk »	Feb	+ 1.65%	Year-to-Date	+ 1.26%
BearBull Saudi PB Investment Strategy « Moderate risk »	Feb	+ 2.34%	Year-to-Date	+ 2.00%
BearBull Saudi PB Investment Strategy « Dynamic risk »	Feb	+ 3.03%	Year-to-Date	+ 2.74%

Comments (performances in SAR)

After a quick consolidation phase, the financial markets are back on the rise in February. Indeed, BearBull private banking KSA investment strategies posted positive performances this month. The low-risk strategy gained +1.65%, while the moderate-risk approach fared better, increasing by +2.34%. The dynamic-risk strategy posted the best performance of the month jumping by +3.03%. Fixed-rate markets are back in positive territory. Indeed, the Saudi segment climbed by +0.17% in February, and the international segment posted a similar performance (+0.16%). Equity markets were in the green as well this month. Domestic markets in particular jumped by +9.94% erasing all of the losses of January. The international asset class is still in the green this month and gaining back positive momentum (+2.62%). Since the beginning of the year, the international segment has been slightly positive but the Saudi markets are still in the red (-1.20%). Securitized real estate is back on the rise in February after a quick dip in January. The Saudi market is slightly up by +0.65% whereas the international class is gaining +3.63%. These gains are not enough to push the asset classes in positive territory YTD (-4.19% in Saudi Arabia and -3.92% internationally). Commodities are still up in February despite the loss of momentum the asset class showed (+0.86%). Since the beginning of the year, the asset class is up by +4.39%. Private equity is gaining positive momentum in February, posting a gain of +4.13%. Thanks to this increase, the asset class is back in positive territory YTD (+0.71%).

Investment climate (performances in SAR)

The performance of the various asset classes in February was once again more contrasted, with the bond and real estate segments still negatively affected by the adjustment of expectations of key rate cuts, and a more buoyant enthusiasm underpinning the performance of the equity markets. In recent weeks, economic statistics have suggested that US economic momentum is still resilient and that 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 the yield curves. This change in expectations for Fed action also affected expectations for action by other central banks and logically triggered a rebound in rates in most regional bond markets. The loss of momentum from the decline in inflation was expected, 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 thus 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 is once again one of the big winners from renewed investor confidence, with a +4.35% rise this month (+7.05% YTD).

PERFORMANCES BY ASSET CLASS

FEBRUARY

+ 9.94%	Saudi Equities
+ 4.13%	Private Equity
+ 3.63%	International Real Estate
+ 2.62%	International Equities
+ 0.86%	Commodities
+ 0.65%	Saudi Real Estate
+ 0.17%	Saudi Sukuk
+ 0.16%	International Bonds

YTD

+ 4.39%	Commodities
+ 0.71%	Private Equity
+ 0.08%	International Equities
- 0.30%	International Bonds
- 0.53%	Saudi Sukuk
- 1.20%	Saudi Equities
- 3.92%	International Real Estate
- 4.19%	Saudi Real Estate

COMMENTS BY ASSET CLASSES

Bonds

Sentiment continues to be affected by economic data pointing to resilient growth in the USA. The soft-landing scenario remains predominant, but the evolution of employment, surprising leading indicators, and a loss of momentum in the decline of inflation are pushing back the chances of the Fed cutting rates very shortly. 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 a little, 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 are focused on earnings trends and remain 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 at the start of the year are now being forced to revise their judgment. The recurring question is still whether a speculative bubble is forming, underpinned by the extraordinary stock market behavior of leading technology and AI-related stocks. The overall scores are unchanged and remain in the orange zone. However, the uptrend still seems valid to us.

Commodities

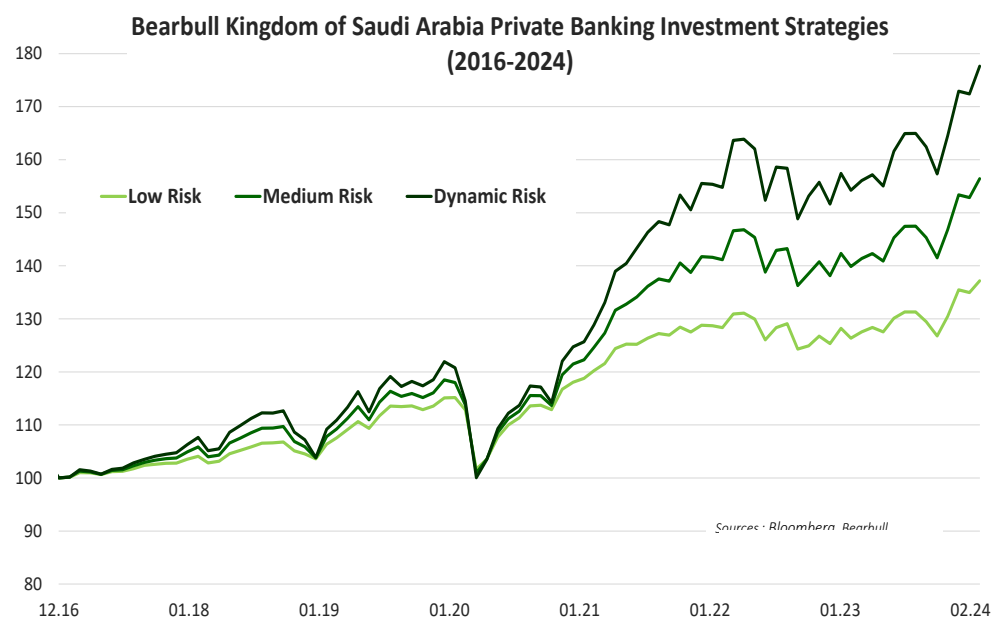
Crude oil prices have been on the rise for some time now, and have just about succeeded in pulling the asset class upwards. The month of February was marked by high volatility. Geopolitical tensions eased at the start of the month but struggled to stabilize prices, while the outlook for economic slowdown and strong US production continued to drive the market downwards. The announcement by OPEC+ member countries to continue production cuts in an attempt to boost the market, and tensions in the Red Sea, supported the energy market towards the end of the month.

Real Estate

Securitized real estate is back on the rise in February, after having been the hardest hit by interest rates tension in January. The Saudi segment gains +0.65%, the international one jumps by +4.13%.

BearBull KSA PB Investment Strategies – Performances in SAR										
	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 KSA PBIS "low risk" (65% f.i)	-0.38%	1.65%		1.26%					8.10%	4.80%
Bearbull KSA PBIS "medium risk" (45% f.i)	-0.34%	2.34%		2.00%					11.04%	6.85%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	-0.29%	3.03%		2.74%					14.02%	8.89%
Sub-indices										
Saudi Sukuk	-0.53%	0.17%		-0.53%					-0.43%	-0.53%
International Bonds	-0.30%	0.16%		-0.30%					1.32%	3.03%
Saudi Equities	-1.20%	9.94%		-1.20%					27.91%	19.87%
International Equities	0.08%	2.62%		0.08%					10.76%	8.92%
Saudi Real Estate	-4.19%	0.65%		-4.19%					-2.78%	1.45%
International Real Estate	-3.92%	3.63%		-3.92%					1.07%	7.46%
Commodities	4.39%	0.86%		4.39%					-5.34%	3.63%
Private Equity	0.71%	4.13%		0.71%					32.38%	16.12%

Sources: BearBull Global Investments Group, Bloomberg



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The systematic diversified strategies of the BearBull Saudi Private Banking Investment Strategies have produced annualized returns of **+4.80% (Low risk) to +8.89% (Dynamic risk)** since 2016.

The composition of our strategies is available upon request

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