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BearBull Global Investments Group

Slight profit taking for the private banking strategies

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

BearBull Saudi PB Investment Strategy « Low risk »	Jan	- 0.38%	Year-to-Date	- 0.38%
BearBull Saudi PB Investment Strategy « Moderate risk »	Jan	- 0.34%	Year-to-Date	- 0.34%
BearBull Saudi PB Investment Strategy « Dynamic risk »	Jan	- 0.29%	Year-to-Date	- 0.29%

Comments (performances in SAR)

After a very positive end to the year, the financial markets are in a temporary consolidation phase. Indeed, BearBull private banking investment strategies KSA posted mixed performances in January. The low-risk strategy declined by -0.38%, while the moderate-risk approach fared slightly better, falling by only -0.34%. The dynamic-risk strategy followed the same path, retracting by -0.29%. Fixed-rate markets are once again in negative territory. Indeed, the Saudi segment fell by -0.53% in January, and the international trend was slightly weaker (-0.30%). Equity markets were on either side of neutral in January. Domestic markets in particular decreased this month by -1.20% and interrupted the positive trend that ran for the last few months. The international asset class is still in the green this month but experienced a strong loss of momentum in January (+0.08%). The segment hardest hit by the momentary upturn in US yields was, unsurprisingly, securitized real estate. The international segment fell by -3.92%, while the domestic segment followed a similar path, declining by -4.19%. Commodities finally broke their downward trend that ran since September with a gain of +4.39%. Gold weakened slightly over the period, but crude oil's +5.86% gain lifted the asset class in January. The private equity segment moved horizontally in January (+0.71%), after signing the best cumulative performance of 2023 (+32.38%).

Investment climate (performances in SAR)

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. In fact, 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

JANVIER

+ 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

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 is shifting once more at the outset of the year, buoyed by ongoing economic indicators signaling robust growth in the United States. While the prevailing soft-landing scenario persists, shifts in employment trends, unexpected leading indicators, and a deceleration in the decline of inflation are delaying the likelihood of imminent Fed rate cuts. The bond markets continue to exhibit a strong correlation, adjusting collectively to this evolving landscape. Although expectations for US rate cuts have been postponed by a month, they do not undermine the planned easing. Risk scores remain relatively stable and neutral, indicating a continuation of the downward trend in the weeks ahead, given less resilient statistics in both the US and Europe. Despite this, prospects for capital gains remain promising for the majority of markets.

Equities

Despite a short-term rebound in interest rates, equity markets performed admirably in January, with a moderate overall increase of 1.2%. The impact of this slight rise in interest rates appears to have been mitigated by the prevailing belief that it will be transient, coupled with optimism regarding economic activity in the United States, supporting earnings growth expectations for 2024. While the rise in share prices hasn't substantially affected valuations, quantitative analysis suggests an uptick in risks. This increase in risk levels is reflected in overall scores trending towards the amber zone. Nonetheless, we maintain confidence in the validity of the uptrend.

Commodities

In January, commodities broke their downward trend, marking their first rise since September, propelled by crude oil prices which surged by +4.39%. The oil market, in particular, was buoyed by escalating geopolitical tensions in the Middle East, despite the prevailing economic slowdown.

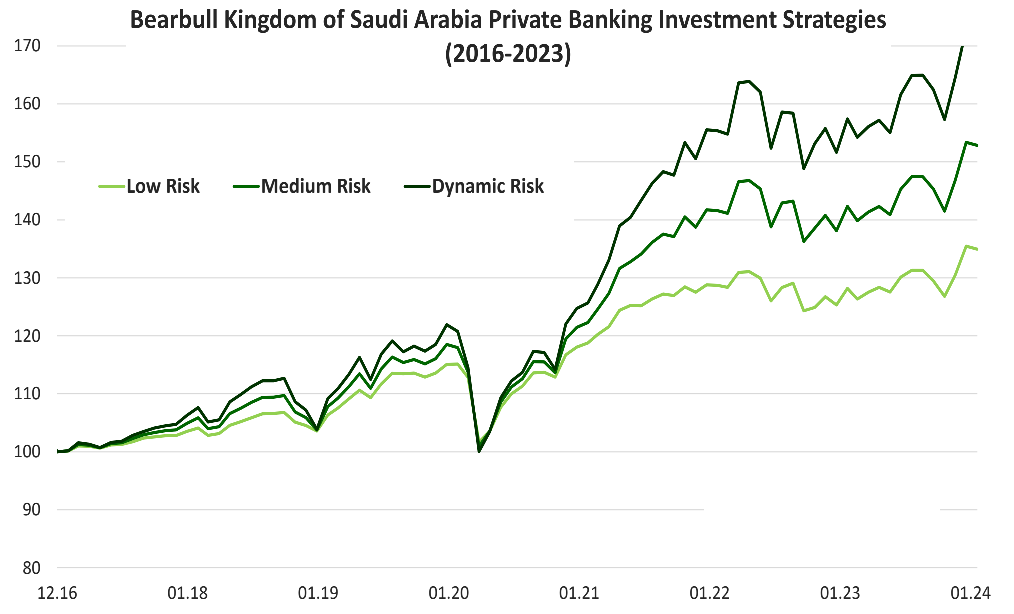
Real Estate

Both domestic and international securitized real estate experienced the most pronounced impact from the short-term rebound in interest rates. However, this downturn paradoxically enhances the attractiveness of the asset class, especially with the renewed downward trend in interest rates.

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%			-0.38%					8.10%	4.54%
Bearbull KSA PBIS "medium risk" (45% f.i)	-0.34%			-0.34%					11.04%	6.49%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	-0.29%			-0.29%					14.02%	8.40%
Sub-indices										
Saudi Sukuk	-0.53%			-0.53%					-0.43%	-0.49%
International Bonds	-0.30%			-0.30%					1.32%	3.08%
Saudi Equities	-1.20%			-1.20%					27.91%	18.73%
International Equities	0.08%			0.08%					10.76%	8.62%
Saudi Real Estate	-4.19%			-4.19%					-2.78%	1.98%
International Real Estate	-3.92%			-3.92%					1.07%	7.62%
Commodities	4.39%			4.39%					-5.34%	2.92%
Private Equity	0.71%			0.71%					32.38%	15.54%

Sources: BearBull Global Investments Group, Bloomberg



Sources: BearBull Global Investments Group, Bloomberg