

BearBull Private Banking Investment Strategies Saudi

SAR

+4.65% to +8.67%
Annualized return since 2016

BearBull exclusivity since 2016

May 2024

Strategies slide again in May

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

BearBull Saudi PB Investment Strategy « Low risk »	May	- 0.04%	Year-to-Date	+ 0.34%
BearBull Saudi PB Investment Strategy « Moderate risk »	May	- 0.31%	Year-to-Date	+ 0.87%
BearBull Saudi PB Investment Strategy « Dynamic risk »	May	- 0.58%	Year-to-Date	+ 1.39%

Comments (performances in SAR)

Financial markets fell again in May, and the three BearBull KSA Private Banking investment strategies retreated this month. The low-risk strategy lost -0.04%, the moderate-risk strategy followed a similar path, decreasing by -0.31%, and the dynamic-risk approach posted the worst performance of the month, at -0.58%. However, year-to-date performance remains positive, with gains of +0.34%, +0.87%, and +1.39%, respectively. Bond markets were positive in May, despite what we believe was an excessive rebound in US long rates for most of the month. The domestic segment advanced by +0.99%, while the international trend was similar, with a gain of +1.22%. In cumulative terms, both asset classes are still performing negatively despite this bullish episode, with year-to-date performances of -1.46% and -0.77%, respectively. Despite the recent positive change in psychology, equity markets were negative in May. The Saudi stock market continued its heavy downward trend, falling by -7.39%, while the international asset class decreased slightly by -0.99%. Cumulatively, both asset classes posted 4.58% and 3.59%, respectively. The real estate segment showed positive performance in May. The international segment ended the month by +4.75%, and the domestic class increased by +4.37%. Despite this positive performance, international real estate remains negative year-to-date at -7.73%, and in Saudi Arabia, the cumulative performance is still in the red at -7.71%. Commodities interrupted their upward trend in May, losing -1.44%. On the other hand, private equity benefited from the weakening of prevailing pessimism and climbed by +4.54%.

Investment climate (performances in SAR)

April saw a significant change in investor sentiment and stock market behaviour. Price consolidations across most asset classes were driven by US economic statistics that heightened uncertainties about the Fed's expected monetary policy shift in June. Despite a lower-than-expected Q1 GDP growth of +1.6% (versus +2.5% anticipated), the interruption of the downward trend in inflation and the labour market's resilience altered expectations of Fed interest rate cuts, pushing the expected pivot to December instead of June. This shift led to profit-taking across nearly all financial assets after five months of gains, which had driven the S&P 500 up by +25% since late October 2023. Consequently, the US index consolidated by -4.08% in April, while the MSCI World Index fell by -3.71%. Bond markets also declined by -2.52%, with similar performance correlations to equity markets; US bonds dropped -2.53% and the UK market saw the sharpest contraction at -3.21% among developed markets. Securitized real estate faced significant selloffs at -5.55%, particularly in the US at -7.16%, closely tied to changing investor sentiment on US monetary policy. Switzerland experienced a smaller decline of -2.47%, benefiting from the Swiss National Bank's already implemented policy changes. Commodities provided stability in diversified strategies, with a positive performance of +1.16%, driven by gains in precious metals (+3.63%) and industrial metals (+12.56%).

PERFORMANCES BY ASSET CLASS

MAY

+ 4.75%	International Real Estate
+ 4.54%	Private Equity
+ 4.37%	Saudi Real Estate
+ 1.22%	International Bonds
+ 0.99%	Saudi Sukuk
- 0.99%	International Equities
- 1.44%	Commodities
- 7.39%	Saudi Equities

YTD

+ 11.02%	Commodities
+ 5.21%	Private Equity
+ 4.58%	Saudi Equities
+ 3.59%	International Equities
- 0.77%	International Bonds
- 1.46%	Saudi Sukuk
- 7.71%	Saudi Real Estate
- 7.73%	International Real Estate

COMMENTS BY ASSET CLASSES

Bonds

A new cycle change began in May with the first decline in US 10-year government yields. The 20-bp drop is still small but should continue in June with the expected increase in statistical data pointing to a weakening US economy. Bond indices were up +1.31% overall, with only Japan and Switzerland recording negative results. Yield adjustments are likely less significant in Europe, due to smaller spreads between observed inflation levels and current yields. Despite increasingly attractive and relatively similar risk scores, the greatest opportunities are to be found in the USA and in geographical zones correlated with US rates.

Equities

Earnings reports for the 1st quarter far exceeded expectations, and the outlook for the coming months has rather bolstered investor interest. The sentiment is still generally positive, even if the consensus no longer expects the Fed to act any time soon. As a result, indexes have surged to new highs without waiting for key rate cuts. Nor did the prospect of an economic slowdown affect current enthusiasm. In the absence of any real risk of recession, we believe the current up-trend is here to stay. However, valuations are high, particularly in the US. Quantitative and technical risk scores have risen again, and are now at the beginning of the consolidation risk zone.

Commodities

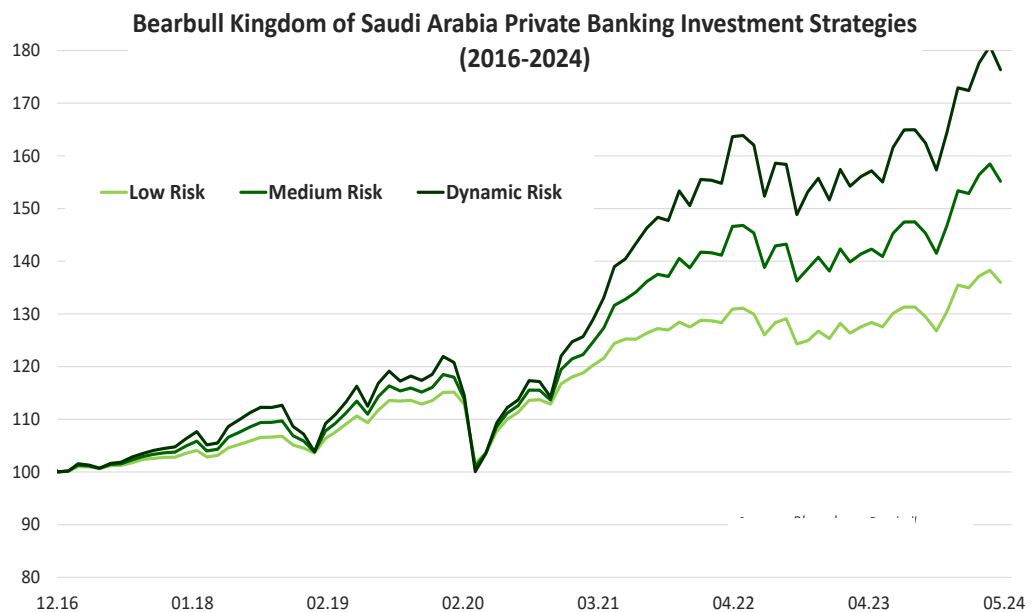
The commodities segment halted its upward trend (-1.44%) due to growing concerns over the pace of global growth. Signs of an economic slowdown in the USA are becoming more apparent, weighing on demand expectations and crude oil prices despite continued OPEC+ production cuts. However, gold made further gains in a month marked by volatility, reversing its downward trend in January and recording its first rise since.

Real Estate

Securitized real estate is following the trend in the fixed-income markets, particularly in Europe. The domestic segment increased by +4.37%, while the international segment posted a positive performance as well (+4.75%). Since the beginning of the year, the two asset classes have been negative, -7.71% in Saudi Arabia and -7.73% internationally.

BearBull KSA PB Investment Strategies – Performances in SAR										
	3 last months			YTD	Current year				Annualized Perf.	
	March 2024	April 2024	May 2024	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2023	2016 to this day
Bearbull KSA PBIS "low risk" (65% f.i)	0.82%	-1.67%	-0.04%	0.34%					8.10%	4.65%
Bearbull KSA PBIS "medium risk" (45% f.i)	1.30%	-2.08%	-0.31%	0.87%					11.04%	6.68%
Bearbull KSA PBIS "dynamic risk" (25% f.i)	1.79%	-2.48%	-0.58%	1.39%					14.02%	8.67%
Sub-indices										
Saudi Sukuk	-0.21%	-0.89%	0.99%	-1.46%					-0.43%	-0.68%
International Bonds	0.87%	-1.49%	1.22%	-0.77%					1.32%	2.90%
Saudi Equities	-1.30%	-2.46%	-7.39%	4.58%					27.91%	19.00%
International Equities	3.15%	-2.22%	-0.99%	3.59%					10.76%	8.94%
Saudi Real Estate	3.43%	-7.47%	4.37%	-7.71%					-2.78%	0.82%
International Real Estate	2.48%	-9.57%	4.75%	-7.73%					1.07%	6.25%
Commodities	4.45%	0.95%	-1.44%	11.02%					-5.34%	4.35%
Private Equity	3.39%	-2.97%	4.54%	5.21%					32.38%	15.97%

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 +4.65% (Low risk) to +8.67% (Dynamic risk) since 2016.

The composition of our strategies is available upon request

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