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BearBull Global Investments Group

BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

June 2024

The positive trend extends in June

POSITIVE PERFORMANCES FOR ALL BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE IN JUNE

BearBull PB Investment Strategy	« Low Risk »	June	+ 1.39%	Year–to-Date	+ 1.52%
BearBull PB Investment Strategy	« Moderate Risk »	June	+ 1.61%	Year–to-Date	+ 2.96%
BearBull PB Investment Strategy	« Dynamic Risk »	June	+ 1.83%	Year–to-Date	+ 4.42%

Comments (performances in AED)

In June, financial markets maintained their upward momentum as all three BearBull Private Banking UAE investment strategies advanced, concluding the quarter positively. The low-risk strategy saw a gain of +1.39%, paralleled by the moderate-risk strategy with an increase of +1.61%, while the dynamic-risk approach outperformed with a notable +1.83% rise. Year-to-date performance returned to positive territory with gains of +1.52%, +2.96%, and +4.42%, respectively. Bond markets closed the second quarter positively, with domestic bonds rising by +1.13% and international bonds slightly lagging at +0.14%. Cumulatively, these asset classes showed mixed results after this uptick, posting gains of +0.73% and losses of -3.16%. Equity markets in June exhibited varied performance: international equities climbed by +2.03%, Dubai equities by +1.31%, and Abu Dhabi equities by +2.24%. Since January, international and Dubai equities have accumulated positive returns of +11.75% and +4.38%, while the Abu Dhabi stock market retracted by -3.80%. The international real estate segment mirrored interest rate markets, continuing its upward trend with a modest gain of +0.20%, albeit with a slowdown in momentum. Despite these gains, the asset class still recorded a cumulative loss of -3.83%. Commodities continued their positive trajectory in June, advancing by +1.43%. Private equity returned negative figures this month, declining by -1.06%, while alternative investments remained stable with a marginal increase of +0.31%.

Financial market developments (performances in AED)

The last day of the quarter ended on a positive note for US inflation, increasing the likelihood of key rate cuts in the medium term. The Fed's preferred measure of core inflation (excluding housing and energy) slowed to +0.08% month-over-month and +2.6% year-over-year, marking its slowest advance since 2020 and moving closer to the central bank's 2% target. This suggests the economy is heading in the right direction, with persistent growth, declining inflation, and a more "normal" labour market. This statistic reinforces the sentiment developed during the month, allowing 10-year US Treasury yields to continue the easing phase started at the end of April. Expectations of the Fed's future monetary policy remained stable in June, with future Fed funds steady at 5.25% for September and 5% for December. Fixed-income markets are still in a holding pattern, despite slight easing in all regions. In Switzerland, the SNB's second key rate cut helped bring Swiss government long rates down to their lowest level since 2024 (0.59%). Overall, bond markets benefited from this adjustment, posting a small gain of +0.14%. International equities also benefited from the less pessimistic stock market climate, rising by +2.03%, bringing the overall increase since the start of the year to +11.75%. In Switzerland, the franc's rebound was more significant than the rate cut, preventing the SPI from rising (-0.46%). The easing in bond yields proved insufficient to benefit international securitized real estate (+0.2%), which posted mixed regional performances. The US market benefited from hopes of rate cuts, jumping +2.66%, while other regions posted declines, the largest in Europe (-6.94%). The rebound in energy prices (+5.82%) offset profit-taking in the industrial metals sector (-5.09%), while precious metals consolidated their year-to-date advance (+11.08%). Commodities are now on par with international equities (+11.75%) and private equity (+8.82%).

PERFORMANCES BY ASSET CLASS

JUNE

+ 12.40%	UAE Real Estate
+ 2.24%	Abu Dhabi Equities
+ 2.03%	International Equities
+ 1.43%	Commodities
+ 1.31%	Dubai Equities
+ 1.13%	UAE Bonds
+ 0.31%	Hedge Funds
+ 0.20%	International Real Estate
+ 0.14%	International Bonds
- 1.06%	Private Equity

YTD

+ 20.40%	UAE Real Estate
+ 11.75%	International Equities
+ 11.08%	Commodities
+ 8.82%	Private Equity
+ 4.38%	Dubai Equities
+ 2.89%	Hedge Funds
+ 0.73%	UAE Bonds
- 3.16%	International Bonds
- 3.80%	Abu Dhabi Equities
- 3.83%	International Real Estate

COMMENTS BY ASSET CLASS

Bonds

June continued the cycle change that began in May, marked by the first decline in US 10-year government yields. The drop from 4.7% to 4.4% brings the decline in yields to about 30 basis points, after dipping as low as 4.2%. The slow-down in US economic activity remains fragile and uncertain, justifying the market's current caution. However, the recent encouraging trend in inflation brings the prospect of key rate cuts closer. In Europe, rate adjustments are likely to be smaller due to narrower spreads between observed inflation levels and current yields. Despite increasingly attractive and similar risk scores, the greatest opportunities are in the USA and regions correlated with US rates.

Stocks

Corporate earnings exceeded forecasts in Q1, supporting the uptrend. They could still surprise in the coming weeks if the economic context does not deteriorate in Q2. Sentiment remains rather positive, even though forecasters no longer really expect the Fed to act before December. US and Japanese indices are at all-time highs, without the support of a downward trend in interest rates. The likelihood of an American recession is low, and the risks of a slowdown no longer seem to worry investors. A certain complacency is beginning to filter through, while technical and quantitative indicators are approaching areas of turbulence, and valuations are often high.

Commodities

The commodities segment continued its positive trend in the last month of the second quarter. Thanks to the rise in crude oil prices over the month, the asset class advanced by +1.43%. June was a volatile month for the energy market. At the beginning of the month, prices fell following the announcement of the OPEC+ plan, which involves a gradual reduction in production cuts to balance crude oil supply and demand amid a global economic slowdown. Later, Chinese macroeconomic data restored investor confidence, shifting market attention to the risks of a relative shortage during the summer.

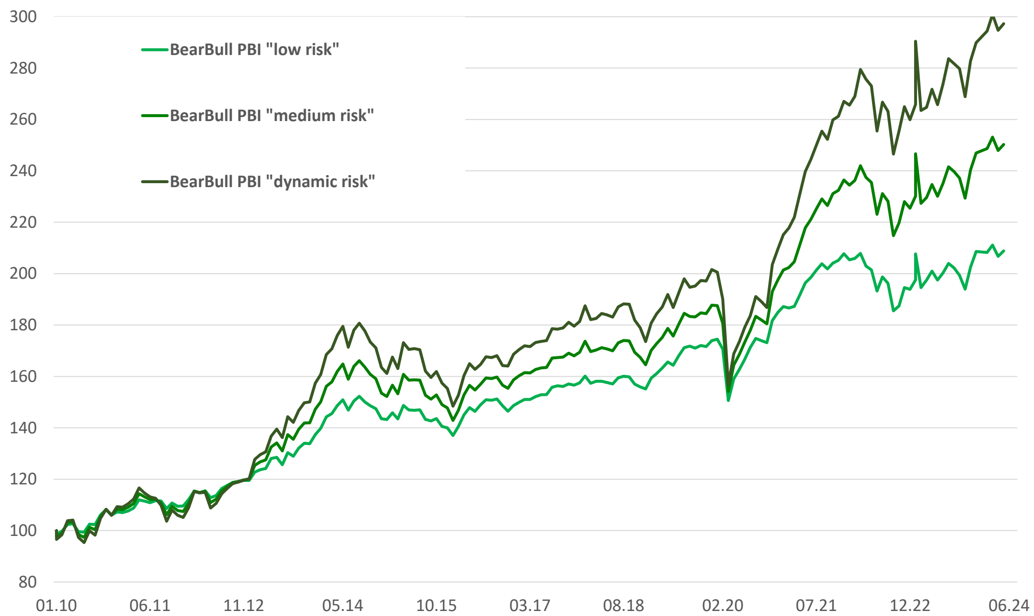
Real Estate

Securitized real estate is following the trend in the fixed-income markets, particularly in Europe. Risk scores are still very attractive, suggesting further potential capital gains over the coming months.

BearBull Private Banking Investment Strategies UAE - Performances in AED

	3 last months			YTD	Current year				Annualized Perf.	
	April 2024	May 2024	June 2024	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2023	2010 to this day
BearBull PBI "low risk" (65% fixed income)	-2.08%	1.02%	1.39%	1.52%	1.22%	0.30%			7.57%	5.31%
BearBull PBI "medium risk" (45% fixed income)	-2.06%	0.94%	1.61%	2.96%	2.50%	0.45%			9.54%	6.65%
BearBull PBI "dynamic risk" (25% fixed income)	-2.05%	0.86%	1.83%	4.42%	3.80%	0.60%			11.52%	7.94%
Sub-indices										
UAE Bonds	-1.87%	1.58%	1.13%	0.73%	-0.08%	0.81%			5.02%	3.38%
International Bonds	-2.52%	1.31%	0.14%	-3.16%	-2.08%	-1.10%			5.71%	0.90%
Dubaï Equities	-1.30%	-3.20%	1.31%	4.38%	7.83%	-3.20%			27.82%	10.39%
Abu Dhabi Equities	-1.59%	-1.98%	2.24%	-3.80%	-2.45%	-1.38%			-4.36%	13.38%
International Equities	-3.71%	4.47%	2.03%	11.75%	8.88%	2.63%			23.79%	9.94%
UAE Real Estate	-1.56%	-0.81%	12.40%	20.40%	9.70%	9.75%			34.45%	13.98%
International Real Estate	-5.55%	3.19%	0.20%	-3.83%	-1.53%	-2.34%			8.67%	4.51%
Commodities	1.16%	-1.90%	1.43%	11.08%	10.36%	0.65%			-4.26%	-1.36%
Hedge Funds	-0.54%	0.60%	0.31%	2.89%	2.52%	0.37%			4.20%	1.64%
Private Equity	-2.97%	4.54%	-1.06%	8.82%	8.43%	0.37%			43.28%	12.94%

Sources: BearBull Global Investments Group Limited, Bloomberg



Sources: BearBull Global Investments Group Limited, Bloomberg

The systematic diversified strategies of the BearBull Private Banking Investment Strategies have produced annualized average returns of +5.31% (Low risk) to +7.94% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request