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Global Investments Group


# Strategies back in the green in June

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

| | | | | |
|---|---|---|---|---|
| **BearBull Saudi PB Investment Strategy « Low risk »** | **June** | **+ 1.57%** | **Year-to-Date** | **+ 1.92%** |
| **BearBull Saudi PB Investment Strategy « Moderate risk »** | **June** | **+ 1.93%** | **Year-to-Date** | **+ 2.81%** |
| **BearBull Saudi PB Investment Strategy « Dynamic risk »** | **June** | **+ 2.28%** | **Year-to-Date** | **+ 3.81%** |

## Comments (performances in SAR)

Financial markets are back on the rise in June. Indeed, all three BearBull private banking KSA investment strategies advanced this month and finished the quarter in the green. The low-risk strategy gained +1.57%, the moderate-risk strategy followed a similar path, advancing +1.93%, and the dynamic-risk approach achieved the best performance of the month (+2.28%). Year-to-date performance is still in positive territory this month (+1.92%, +2.81% and +3.81%, respectively). Bond markets are positive at the end of the second quarter. The domestic segment increased by +0.60% while international bond markets were slightly ahead (+0.62%). In cumulative terms, the two asset classes are posting negative performances after this increasing episode (-1.46% and -0.77%). Equity markets are also on the rise in June. The international class is climbing by +3.77% and the domestic segment is gaining +5.05%. Since January, international and Saudi equities have achieved cumulative positive performances of +3.59% and +4.58%. The international real estate segment is keeping pace with interest-rate markets, gaining +2.52%, but showing a slowdown in Saudi Arabia (-0.01%). Despite these two consecutive uptrends, the two asset classes are still accumulating a loss (-7.73% and -7.71%, respectively). Commodities continued their positive trajectory positive trajectory in June, advancing by +0.91%. Private equity was back in the red figures this month (-1.06%).

## Investment climate (performances in SAR)

The last day of the quarter ended on a positive note for US inflation, which should once again increase the likelihood of key rate cuts in the medium term. Indeed, the Fed's preferred measure of core inflation (excluding housing and energy) slowed to a mere +0.08%/month and +2.6%/year, recording its slowest advance since 2020 and moving a little closer to the central bank's 2% target. The end of the month thus suggests that the economy is moving in the right direction, with persistent growth, declining inflation and a more « normal » labor market. This statistic tends to reinforce the sentiment that developed during the month, and which had enabled 10-year US Treasury yields to continue the easing phase initiated at the end of April. Expectations of the Fed's future monetary policy were not affected in June, however, as future Fed funds have remained stable for the past two months at 5.25% (September) and 5% (December). Fixed-income markets are still in a holding pattern, despite slight easing in all regions. In Switzerland, the SNB's 2nd key rate cut helped to bring the Swiss government's 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 this less pessimistic stock market climate, posting a +2.03% rise, taking the overall increase since the start of the year to +11.75%. In Switzerland, the franc's rebound was certainly a more important factor 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 and jumped +2.66%, while other regions posted declines, the biggest being 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 thus on a par with international equities (+11.75%) and private equity (+12.16%).

### PERFORMANCES BY ASSET CLASS

**JUNE**

| | |
|---|---|
| + 5.05% | Saudi Equities |
| + 3.77% | International Equities |
| + 2.52% | International Real Estate |
| + 0.91% | Commodities |
| + 0.62% | International Bonds |
| + 0.60% | Saudi Sukuk |
| - 0.01% | Saudi Real Estate |
| - 1.06% | Private Equity |

**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

June saw the continuation of the cycle change that began in May, with the first decline in US 10-year government yields. The drop from 4.7% to 4.4% brings the decline in yields to around 30bp, after having slipped as far as 4.2%. The slowdown in US economic activity is still fragile and uncertain, justifying the market's current caution. However, the recent encouraging trend in inflation is bringing the prospect of key rate cuts closer. Rate adjustments are likely to be smaller in Europe, due to narrower spreads between observed inflation levels and current yields. Despite increasingly attractive and broadly similar risk scores, the greatest opportunities are to be found in the USA and geographical areas correlated with US rates.

### Equities

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 is still rather positive, even though forecasters no longer 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 raw materials 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 +0.91%. June was a volatile month for the energy market. The beginning of the month saw a fall in prices following the announcement of the OPEC+ plan, which consists of a gradual reduction in the production cuts aimed at maintaining a balance between crude oil supply and demand against a backdrop of global economic slowdown. The Chinese macroeconomic data then restored investor confidence and the markets turned their attention to the risks of a relative shortage during the summer.

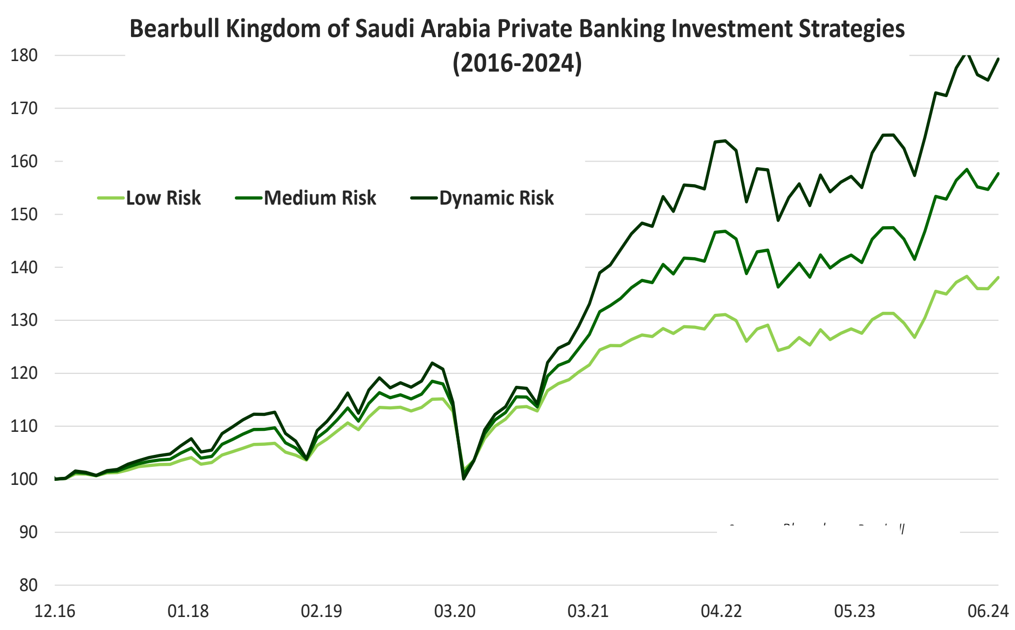
### Real Estate

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 KSA PB Investment Strategies – Performances in SAR**

| | 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 | 2016 to this day |
| **Bearbull KSA PBIS "low risk" (65% f.i)** | -1.67% | -0.04% | 1.57% | 1.92% | 2.09% | -0.16% | | | 8.10% | 4.40% |
| **Bearbull KSA PBIS "medium risk" (45% f.i)** | -2.08% | -0.31% | 1.93% | 2.81% | 3.33% | -0.50% | | | 11.04% | 6.26% |
| **Bearbull KSA PBIS "dynamic risk" (25% f.i)** | -2.48% | -0.58% | 2.28% | 3.70% | 4.58% | -0.84% | | | 14.02% | 8.10% |
| **Sub-indices** | | | | | | | | | | |
| Saudi Sukuk | -0.89% | 0.99% | 0.60% | -1.46% | -0.57% | 0.68% | | | -0.43% | -0.44% |
| International Bonds | -1.49% | 1.22% | 0.62% | -0.77% | 0.73% | 0.33% | | | 1.32% | 3.05% |
| Saudi Equities | -2.46% | -7.39% | 5.05% | 4.58% | 7.21% | -5.10% | | | 27.91% | 17.88% |
| International Equities | -2.22% | -0.99% | 3.77% | 3.59% | 5.94% | 0.46% | | | 10.76% | 9.02% |
| Saudi Real Estate | -7.47% | 4.37% | -0.01% | -7.71% | -0.26% | -3.43% | | | -2.78% | 1.36% |
| International Real Estate | -9.57% | 4.75% | 2.52% | -7.73% | 2.03% | -2.89% | | | 1.07% | 7.05% |
| Commodities | 0.95% | -1.44% | 0.91% | 11.02% | 9.97% | 0.41% | | | -5.34% | 4.12% |
| Private Equity | -2.97% | 4.54% | -1.06% | 5.21% | 8.43% | 0.37% | | | 32.38% | 15.92% |

*Sources: BearBull Global Investments Group, Bloomberg*




*Sources: BearBull Global Investments Group, Bloomberg*