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BearBull Global Investments Group

BEARBULL PRIVATE BANKING INVESTMENT STRATEGIES UAE

August 2024

Positive trend extends for the UAE strategies

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

BearBull PB Investment Strategy	**« Low Risk »**	**Aug**	**+ 1.87%**	**Year–to-Date**	**+ 5.80%**
BearBull PB Investment Strategy	**« Moderate Risk »**	**Aug**	**+ 1.55%**	**Year–to-Date**	**+ 7.27%**
BearBull PB Investment Strategy	**« Dynamic Risk »**	**Aug**	**+ 1.24%**	**Year–to-Date**	**+ 8.76%**

Comments (performances in AED)

Financial markets maintained their upward trajectory in August. All three BearBull private banking investment strategies UAE advanced, with the low-risk strategy gaining +1.87%, making it the top performer of the month. The moderate-risk strategy followed, increasing by +1.55%, while the dynamic-risk approach rose by +1.24%. Year-to-date, all strategies show strong performance at +5.80%, +7.27%, and +8.76%, respectively. Bond markets were also positive in August, with domestic bonds up +2.31% and international bonds slightly higher at +2.37%. Cumulatively, both segments show positive returns (+4.39% and +1.86%). Equity markets saw gains, with international equities up +2.64% and Dubai's domestic segment rising +1.50%. However, Abu Dhabi's stock market fell by -0.29%. Since January, international and Dubai equities have risen +16.72% and +12.38%, while Abu Dhabi stocks have declined -1.14%. International real estate continued to climb, gaining +5.93%, while the UAE saw slight profit-taking (-0.73%) after months of growth. Despite this, the UAE real estate segment has gained an impressive +37.86% year-to-date. Commodities fell again, down -1.72% due to what we believe are exaggerated recession fears. Private equity slipped back into the red (-1.17%) after a brief recovery, while hedge funds remained steady (+0.42%).

Financial market developments (performances in AED)

August ended on a positive note for the vast majority of market segments in our universe (80%), after experiencing extraordinary volatility at the start of the period. The Bank of Japan's interest-rate hike had an extremely rapid impact on the yen and the carry trade at the beginning of the month, catching speculative investors off-guard who thought they could continue to borrow at zero rates in a declining currency to finance profitable investments in equities and other asset classes in other currencies. Many hedge funds thought this "free lunch" could still last, but woke up on August 1 to a new, less favorable context. The yen's rapid rise was killing the ongoing carry trade, forcing many of them to unwind their positions very quickly by buying massive amounts of yen and selling all the assets held in exchange for this trade, particularly those that had performed very well, such as the leading US technology stocks. In the absence of any real macro-economic underpinning to this generalized three-day fall in share prices, we suggested that these forced sales were investment opportunities, which soon proved to be particularly true in the weeks that followed. After a few days of high volatility, the equity markets returned to a positive trend and recovered all their temporary losses to end the month up +2.64% overall. At the same time, bond markets benefited from the decline in yields, rising by +2.37%. The fall in interest rates also benefited real estate markets, which rose by +5.93% overall, while in Switzerland, securitized real estate remained unaffected (-0.09%) by the trend in long-term rates. Finally, with the exception of private equity (-3.38%) and the energy sector (-4.17%), which were down, most assets posted reassuring gains. On the currency front, the unwinding of yen carry trade positions also helped the Swiss franc, which rose against other currencies.

PERFORMANCES BY ASSET CLASS

AUGUST

+ 5.93%	International Real Estate
+ 2.64%	International Equities
+ 2.37%	International Bonds
+ 2.31%	UAE Bonds
+ 1.50%	Dubai Equities
+ 0.42%	Hedge Funds
- 0.29%	Abu Dhabi Equities
- 0.73%	UAE Real Estate
- 1.17%	Private Equity
- 1.72%	Commodities

YTD

+ 37.86%	UAE Real Estate
+ 16.72%	International Equities
+ 14.83%	Private Equity
+ 12.38%	Dubai Equities
+ 7.68%	International Real Estate
+ 5.32%	Commodities
+ 4.39%	UAE Bonds
+ 4.09%	Hedge Funds
+ 1.86%	International Bonds
- 1.14%	Abu Dhabi Equities

COMMENTS BY ASSET CLASS

Bonds

August proved favourable for bond investments, buoyed by encouraging economic data. The growing likelihood of a Fed monetary policy pivot in September supported the decline in long-term rates. All bond markets saw gains, with indices turning positive over the past eight months, whereas the global index remained negative through July. US and UK rates still have room for further decline given inflation levels, while Eurozone long rates, near inflation, offer little improvement potential. Emerging markets and high-yield bonds continue to show promise for positive returns. With stable inflation and macroeconomic trends, the outlook for fixed-income markets remains risk-neutral.

Stocks

Risk levels have remained steady in the amber zone for several months, with no notable changes. While volatility surged sharply at the start of August, the interest rate environment continues to improve. The technical rebound seen during the month was beneficial, though quantitative and technical risks remain elevated. Economic and MFB factors are unlikely to worsen risk scores in the near future. However, the high valuation of the US market is a concern, whereas the Eurozone appears more attractive. Overall, we don't anticipate a negative shift in risk factors at this time.

Commodities

Commodities continued to decline in August, led by falling crude oil prices despite persistent tensions in the Middle East. Geopolitical risks heightened with several Israeli strikes in Lebanon and Iran during the period, yet macroeconomic factors remain the dominant influence on crude oil trends. Concerns about a potential U.S. recession and rising inventories in OECD countries are fuelling negative market expectations for oil demand in 2024.

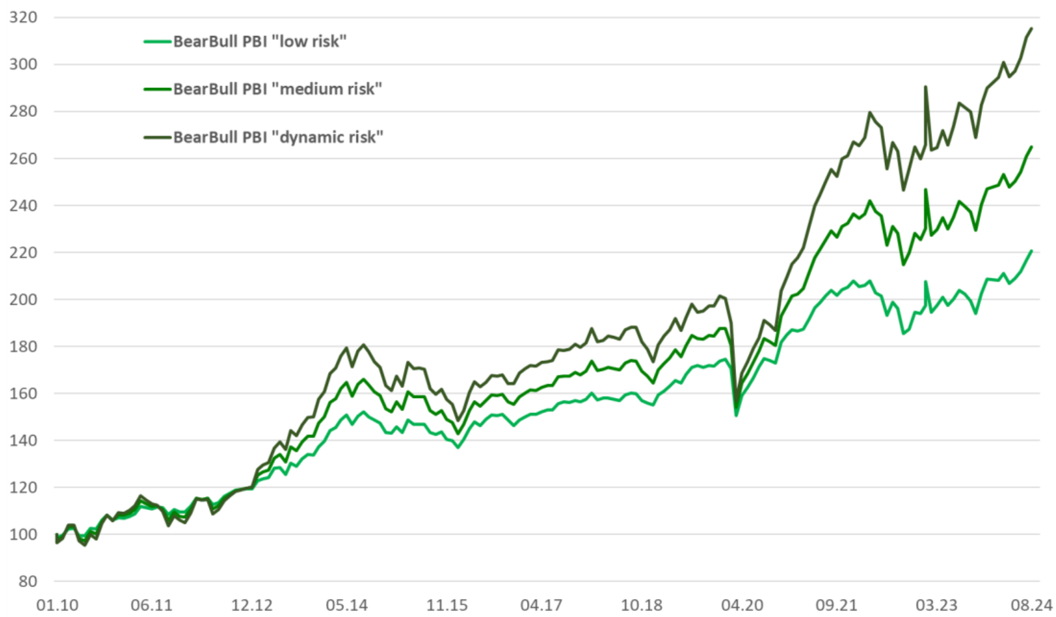
Real Estate

Securitized real estate remains attractive in the context of expected rate cuts. The adjustment in long rates is already benefiting the segment, which is continuing its strong rise of July with a gain of +5.93% this month. The domestic segment is experiencing a slight profit taking (-0.73%).

BearBull Private Banking Investment Strategies UAE - Performances in AED

	3 last months			YTD	Current year				Annualized Perf.	
	June 2024	July 2024	August 2024	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2023	2010 to this day
BearBull PBI "low risk" (65% fixed income)	1.39%	2.31%	1.87%	5.80%	1.22%	0.30%			7.57%	5.41%
BearBull PBI "medium risk" (45% fixed income)	1.61%	2.59%	1.55%	7.27%	2.50%	0.45%			9.54%	6.76%
BearBull PBI "dynamic risk" (25% fixed income)	1.83%	2.88%	1.24%	8.76%	3.80%	0.60%			11.52%	8.05%
Sub-indices										
UAE Bonds	1.13%	1.29%	2.31%	4.39%	-0.08%	0.81%			5.02%	3.60%
International Bonds	0.14%	2.76%	2.37%	1.86%	-2.08%	-1.10%			5.71%	1.24%
Dubaï Equities	1.31%	6.08%	1.50%	12.38%	7.83%	-3.20%			27.82%	10.82%
Abu Dhabi Equities	2.24%	3.07%	-0.29%	-1.14%	-2.45%	-1.38%			-4.36%	13.43%
International Equities	2.03%	1.76%	2.64%	16.72%	8.88%	2.63%			23.79%	10.15%
UAE Real Estate	12.40%	15.34%	-0.73%	37.86%	9.70%	9.75%			34.45%	14.87%
International Real Estate	0.20%	5.70%	5.93%	7.68%	-1.53%	-2.34%			8.67%	5.26%
Commodities	1.43%	-3.52%	-1.72%	5.32%	10.36%	0.65%			-4.26%	-1.70%
Hedge Funds	0.31%	0.74%	0.42%	4.09%	2.52%	0.37%			4.20%	1.70%
Private Equity	-1.06%	6.76%	-1.17%	14.83%	8.43%	0.37%			43.28%	13.20%

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 +5.41% (Low risk) to +8.05% (Dynamic Risk) since 2010.

The composition of our strategies is available upon request

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