

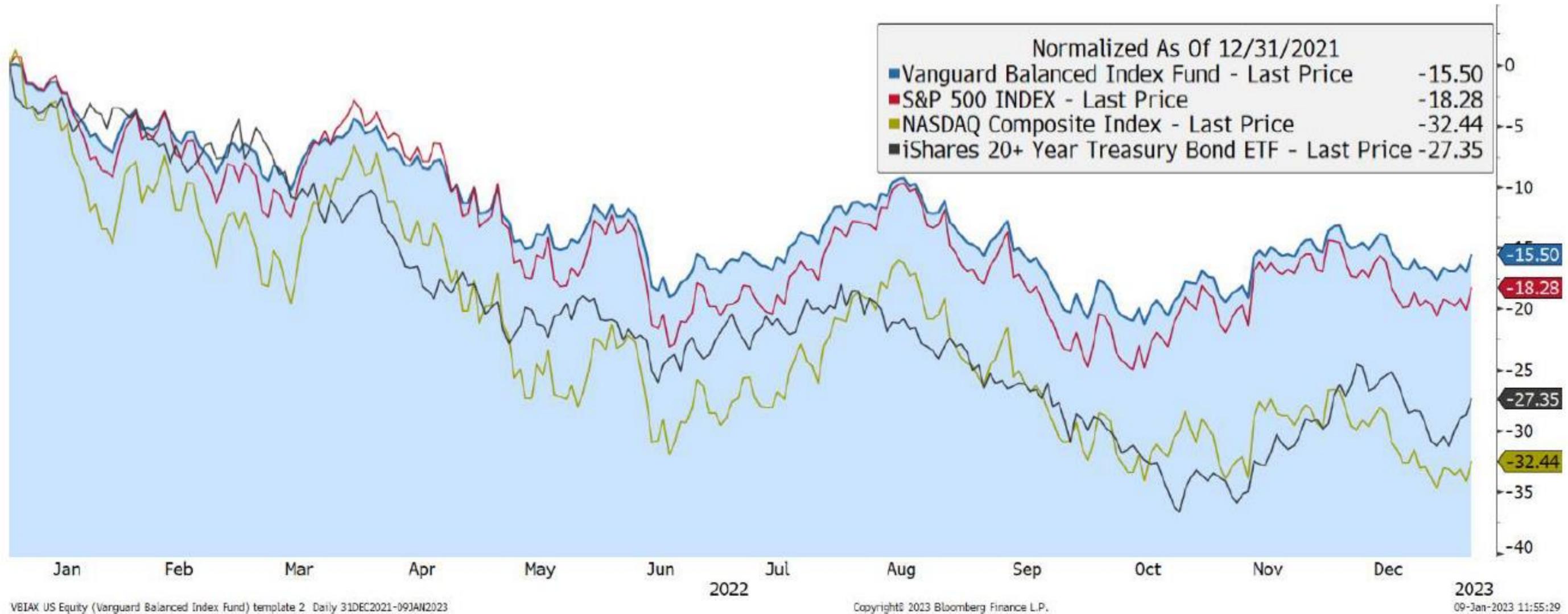
Market Update & Outlook

Stay defensive.....better opportunities ahead

January 2023



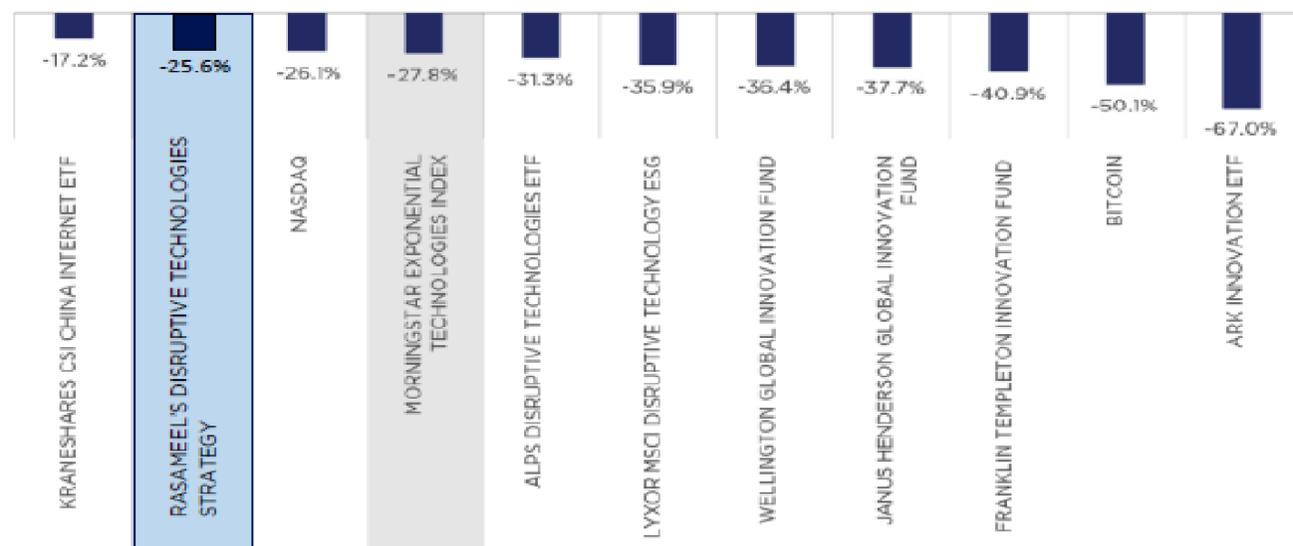
What a year '22 was with most asset classes down



A year of no protection: with bonds and equities both down

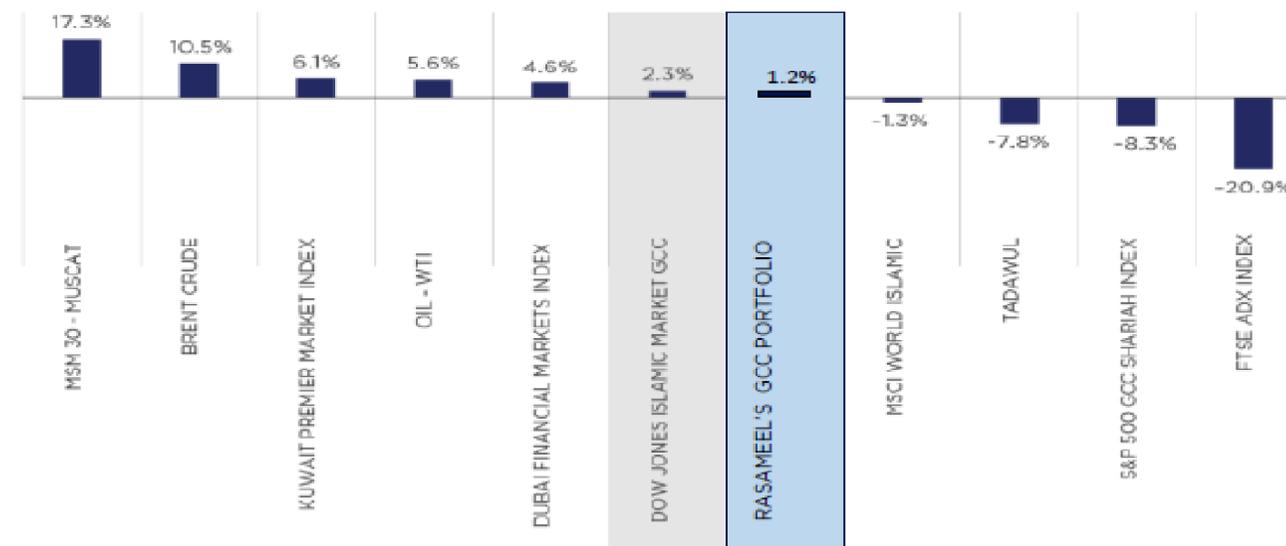
Rasameel outperformed in 2022

Rasameel's Disruptive Technology Strategy Performance YTD Performance VS Similar Strategies



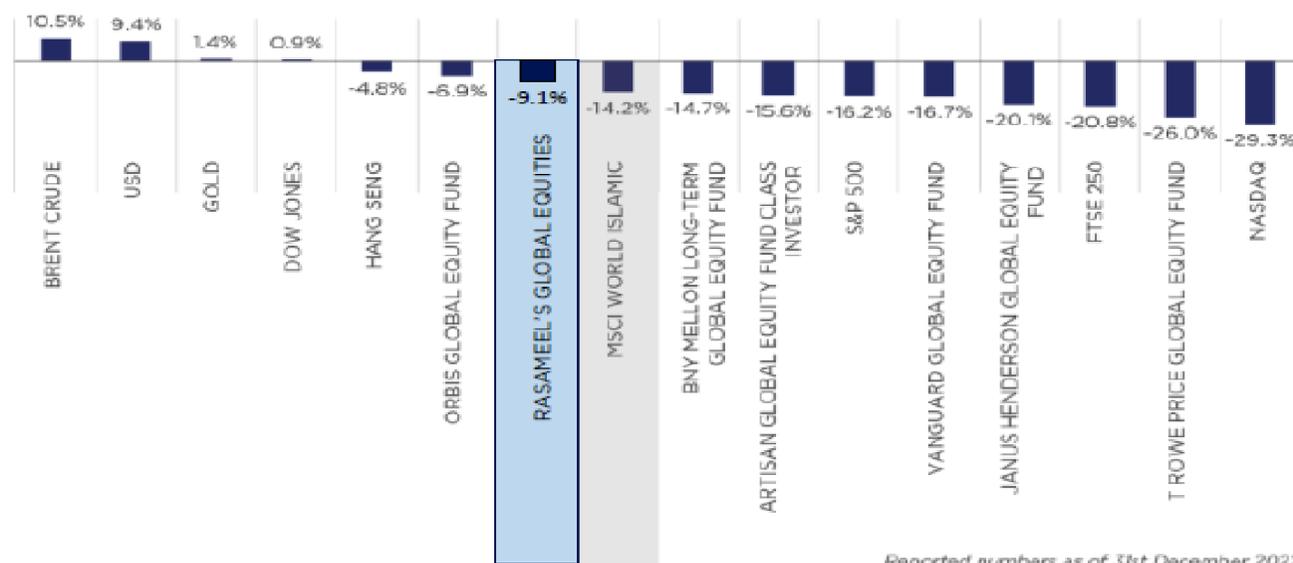
Reported numbers as of 31st December 2022

Rasameel's GCC Portfolio Performance YTD Performance VS Similar Strategies



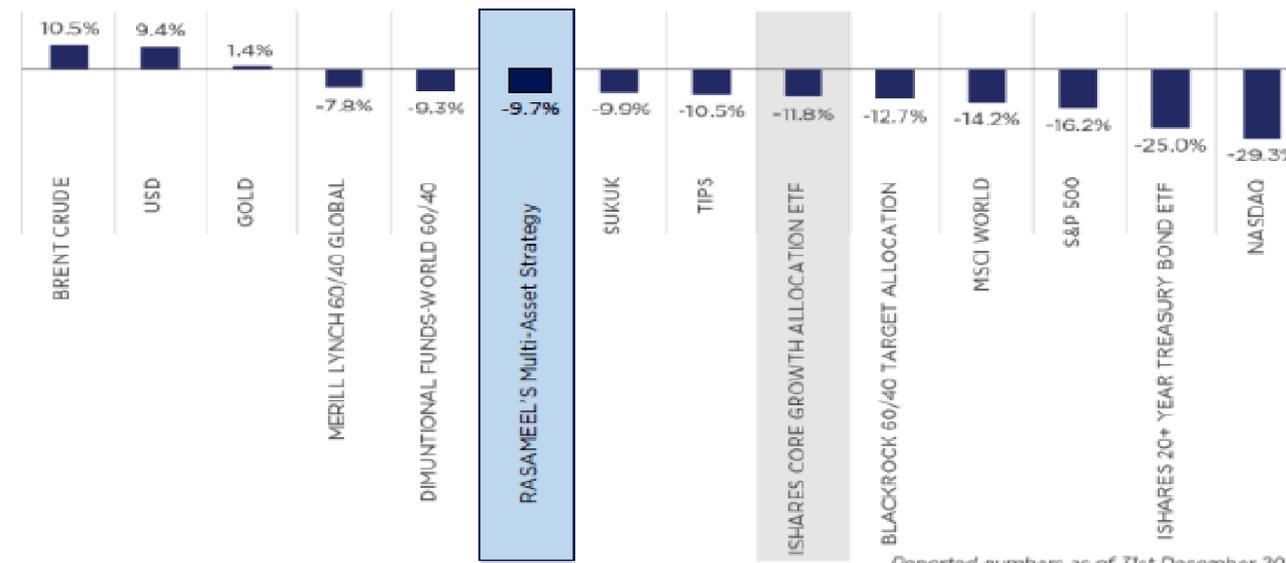
Reported numbers as of 31st December 2022

Rasameel's Global Equities Strategy Performance YTD Performance VS Similar Strategies



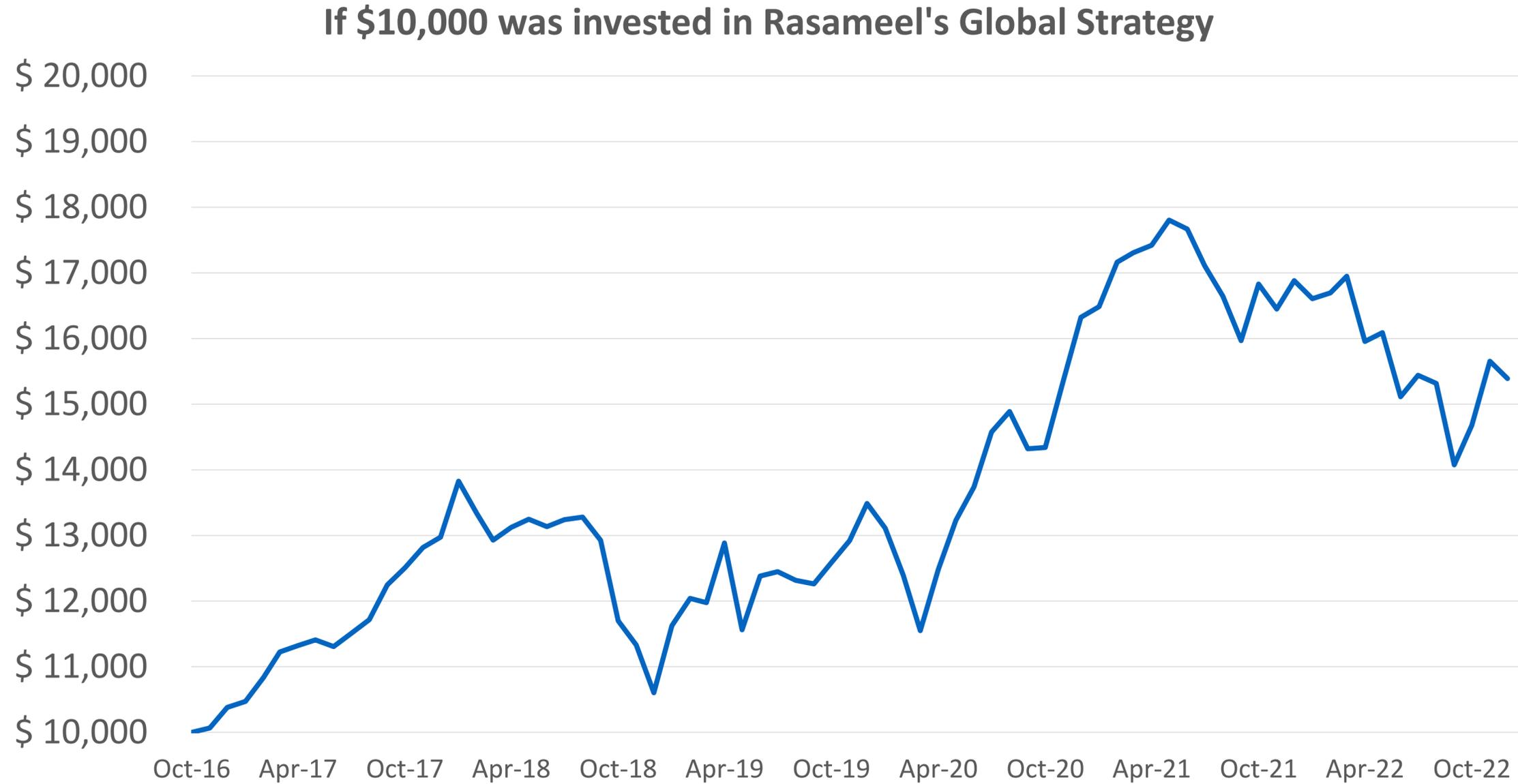
Reported numbers as of 31st December 2022

Rasameel's Multi-Asset Strategy Performance YTD Performance VS Similar Strategies



Reported numbers as of 31st December 2022

Investors in Global equities will have done well over the years



For 2023, we expect weaker macro to drive markets

MACRO OUTLOOK

Economic data: To weaken further.

- Data indicates that the USA economy is weakening and may enter a mild recession in 2023. Other economies similar or worse.

Inflation: Path is for lower inflation in 2023

- Driven by slower economy.
- Our concern is that central banks won't do enough, and inflation remains 'higher for longer'. A potential repeat of '70-'80.

Company Earnings

- Expected to come in below current consensus.



MARKET OUTLOOK

Equities: Remain Defensive

1H: expect equities to price in weaker macro and earnings.

- Defensive positioning; Overweight Cash and Healthcare.
- Underweight highly indebted companies and those sensitive to economic slowdown.
- Overweight China on re-opening trade.

2H: likely opportune time to add.

- Look to rotate into oversold areas of the market.

Sukuk: Overweight in 1H23

- Yields to decline into 2023 as slowdown priced in.
- Yields at 10yr high.
- A 6-12 month trade as inflation may rear its ugly head further out.

FX & Precious Metals: USD may make another leg up.

- USD 'flight to safety' currency.
- Cautious on PM for moment, but expect outperformance on eventual USD weakness, likely 2H23 or '24.

Venture Capital and Private Equity: 2023 may offer excellent distressed opportunities.

- Investors need to ensure that deals are attractively priced for the current environment.

Real Estate: Still needs to correct further for impact of higher rates/yields and weaker economy.

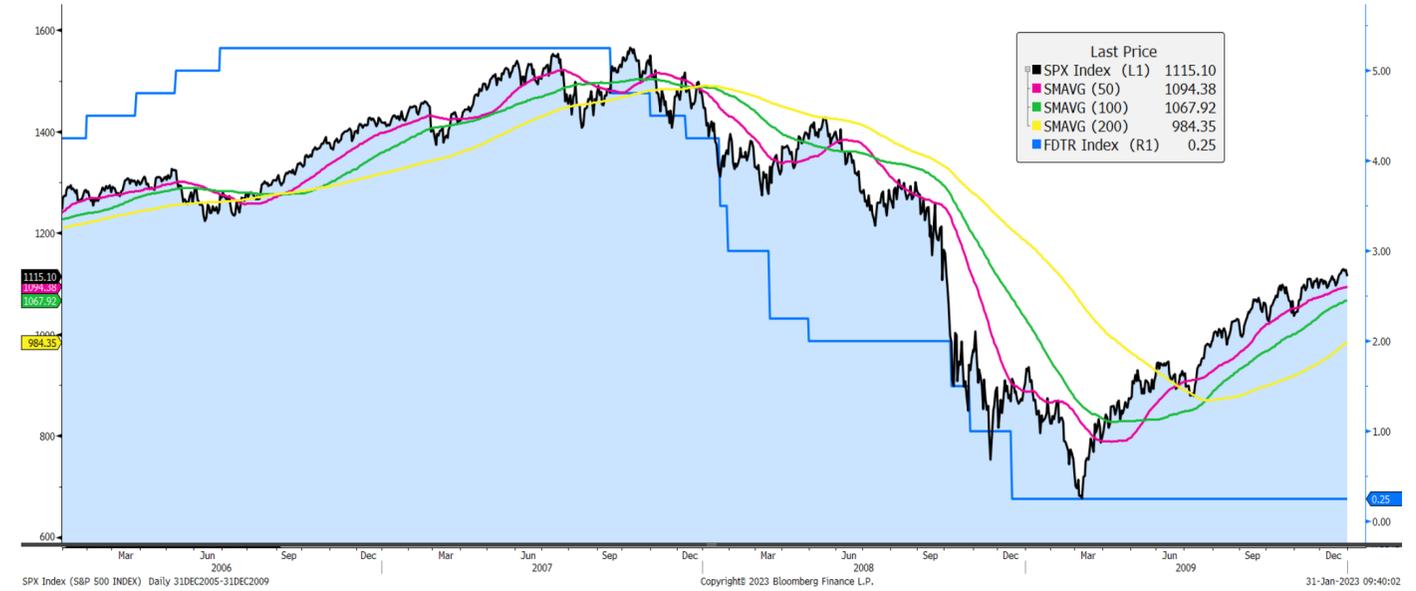
- May offer good entry point 2H23, as economic slowdown gets priced in.

Technically its a very standard bear market in equities

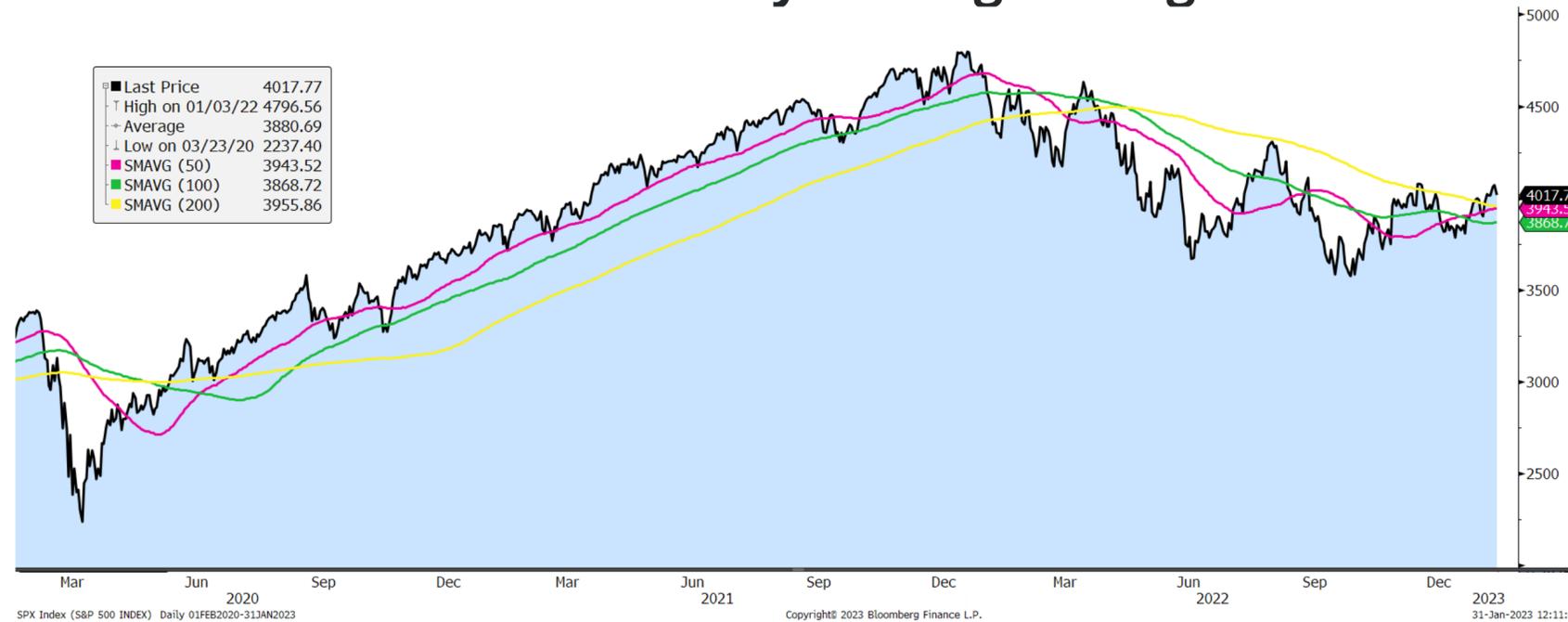
2000 to 2004 Daily Moving Averages



2006 to 2009 Daily Moving Averages



Current Daily Moving Averages

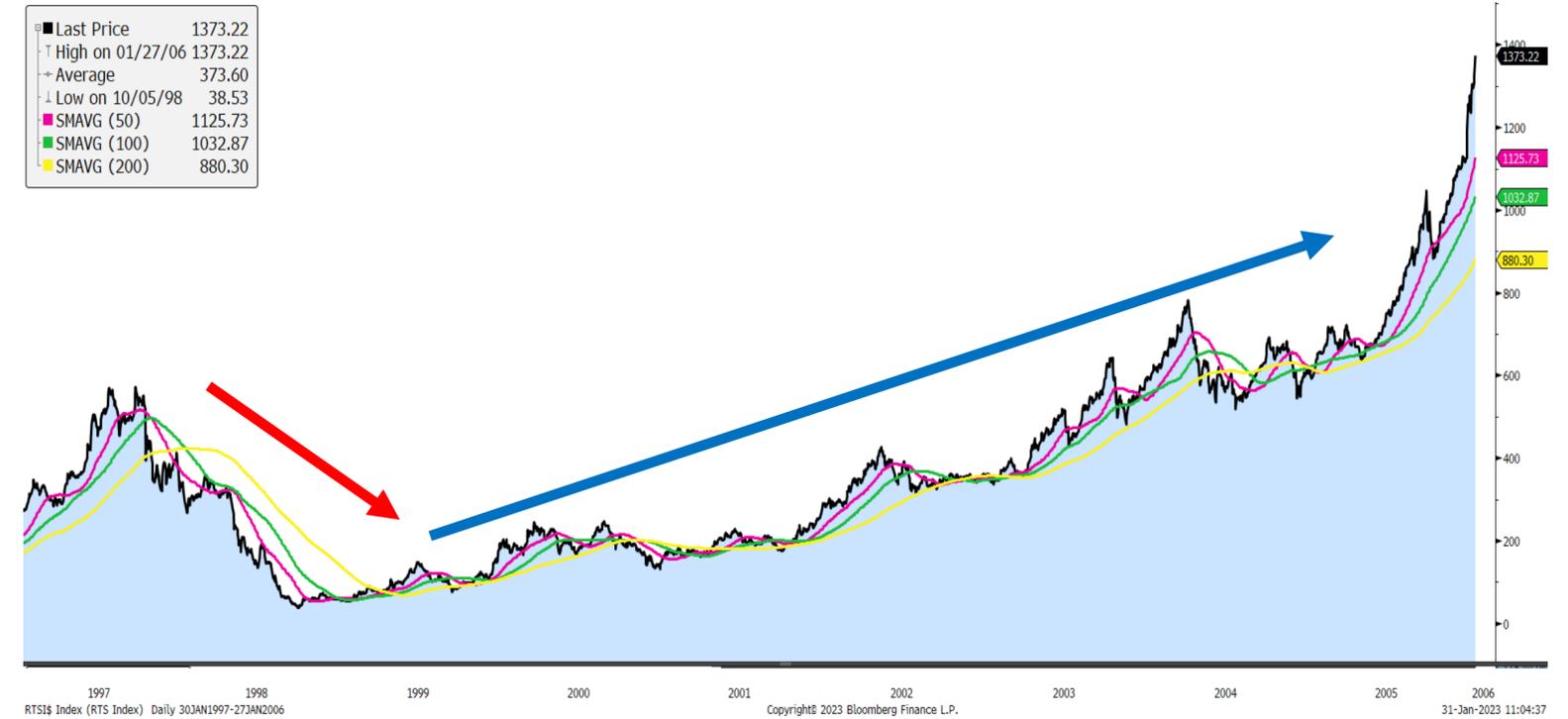


Investors should desire a short sharp sell off in equities

HSI 1997 - 2000



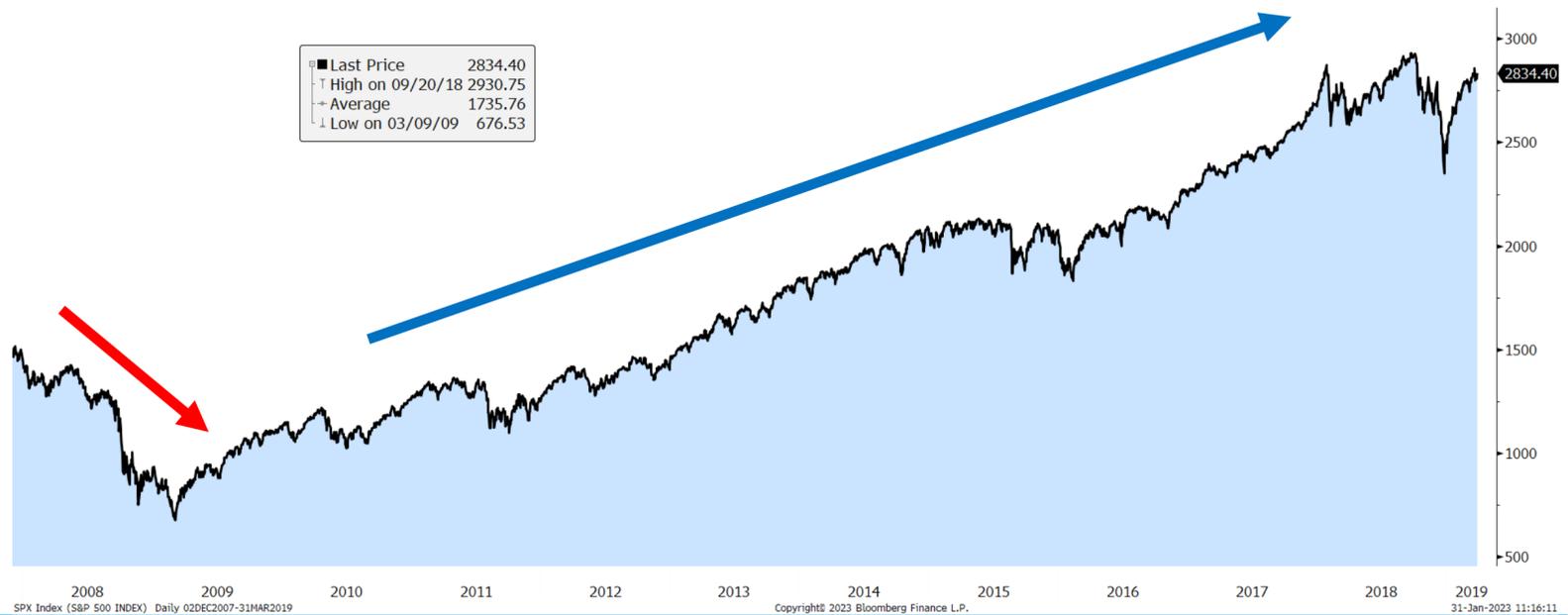
RTS \$ 1997 - 2006



S&P 1999-2003



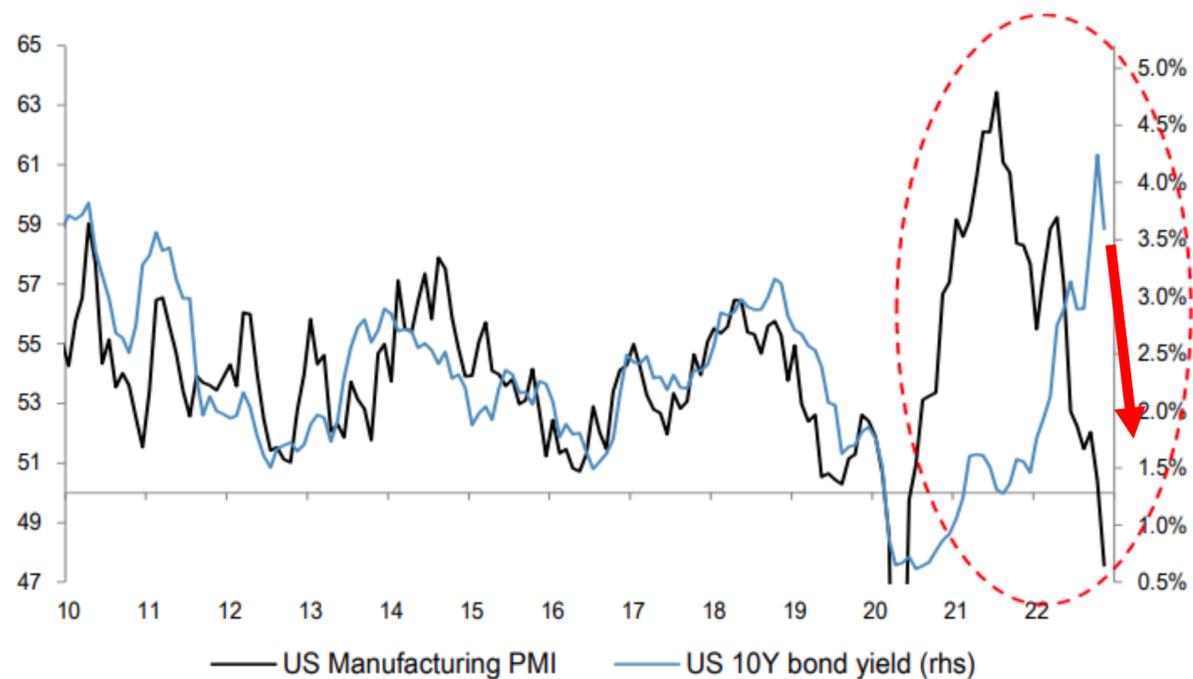
S&P 2007-2019



Sukuk offers strong upside

The Sukuk Opportunity strategy is a basket of high quality, high yielding mid-duration government and quasi government Sukuk which we believe offers an excellent opportunity to capture the upside in bond prices, as yields fall into the slowdown of 2023.

US manufacturing and bond yields



Source: Bloomberg Finance L.P.

SUKUK PORTFOLIO

Overview
The Strategy is designed to tactically take exposure to a basket of high quality sukuk that are set to benefit from capital appreciation should yields fall.

Opportunity

- We expect that the basket of Sukuk has room to appreciate by up to 20% should yields revert to 2021 levels; this is in line with our view of an expected economic slowdown in 2023.
- Our basket of Sukuk offers upside and capital preservation in a worsening economic environment.
- We believe this opportunity is available for short to medium term, 6 to 12 months, due to current market uncertainty.
- This investment is structured under a segregated managed account, offering liquidity to investors at their discretion.

The Offer

To construct a Sukuk portfolio around a client's needs with a focus on:

- Diversification across country and sector qualitative overlay in Sukuk selection.
- Managing duration, risk, and liquidity according to the client's needs and opportunity set.
- All run in the client's account at Rasameel at lowest possible cost.

Asset Class
Fixed-Income

Risk Tolerance
Medium

Structure
SMA

Minimum Investment
\$ 2 Million

Investment Parameters

Credit Quality A-

Issuer Government and Quasi Government

Duration 10 year Avg.

YTM of Sample Portfolio 4.8%

Fee Structure

- 0% Management Fee
- 20% Performance Fee
- Soft-lock up for 6 months

Investors can liquidate anytime, with a charge of 1% only in the first 6 months.

Sample Allocation

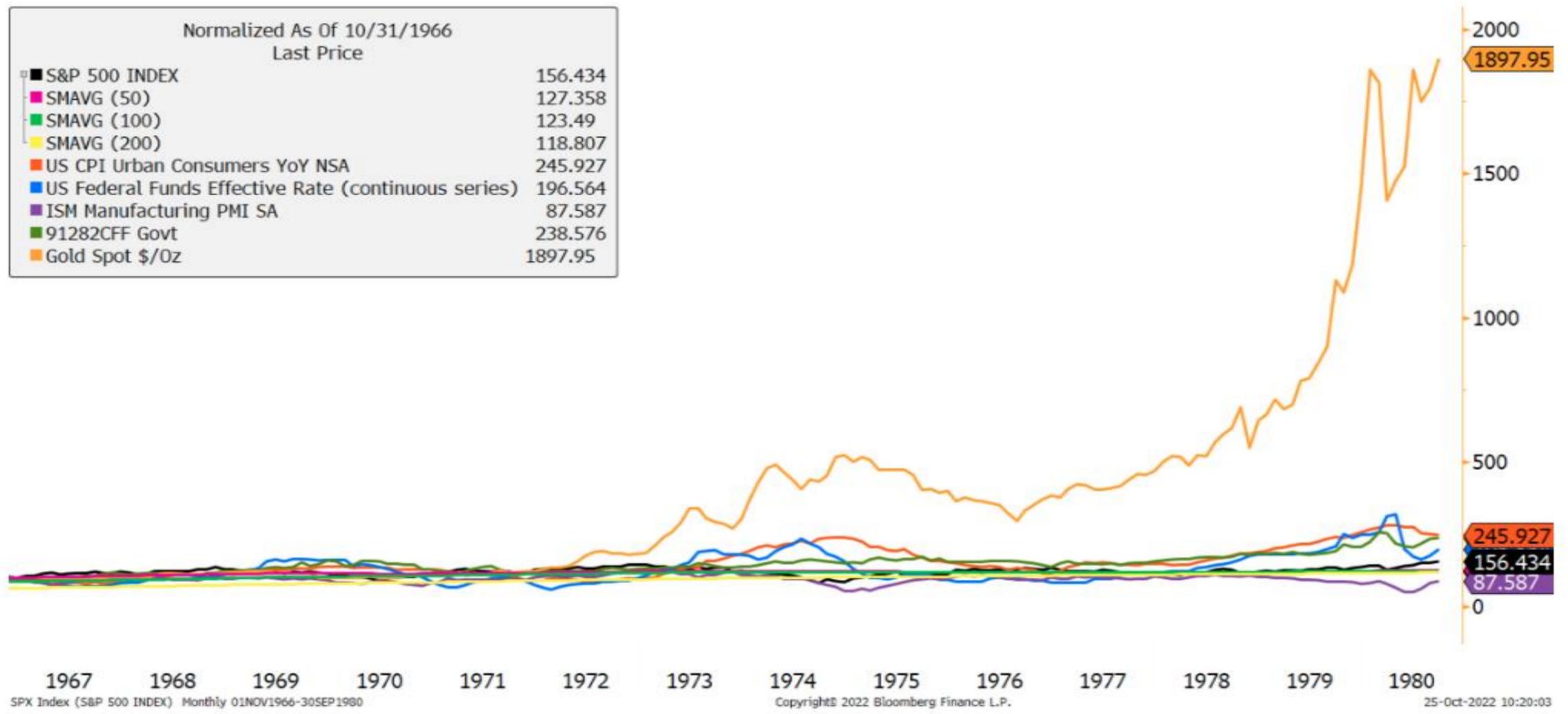
SECO 5% 04/08/2044 REGS Corp - Last Price

Potential of 20% gain if there is a mean reversion of 1% rates

A
4.8%

Could gold follow '74-'80 trajectory?

Gold vs other asset classes from '73 to '82



...it could if the Fed and other CBs don't quash inflation now

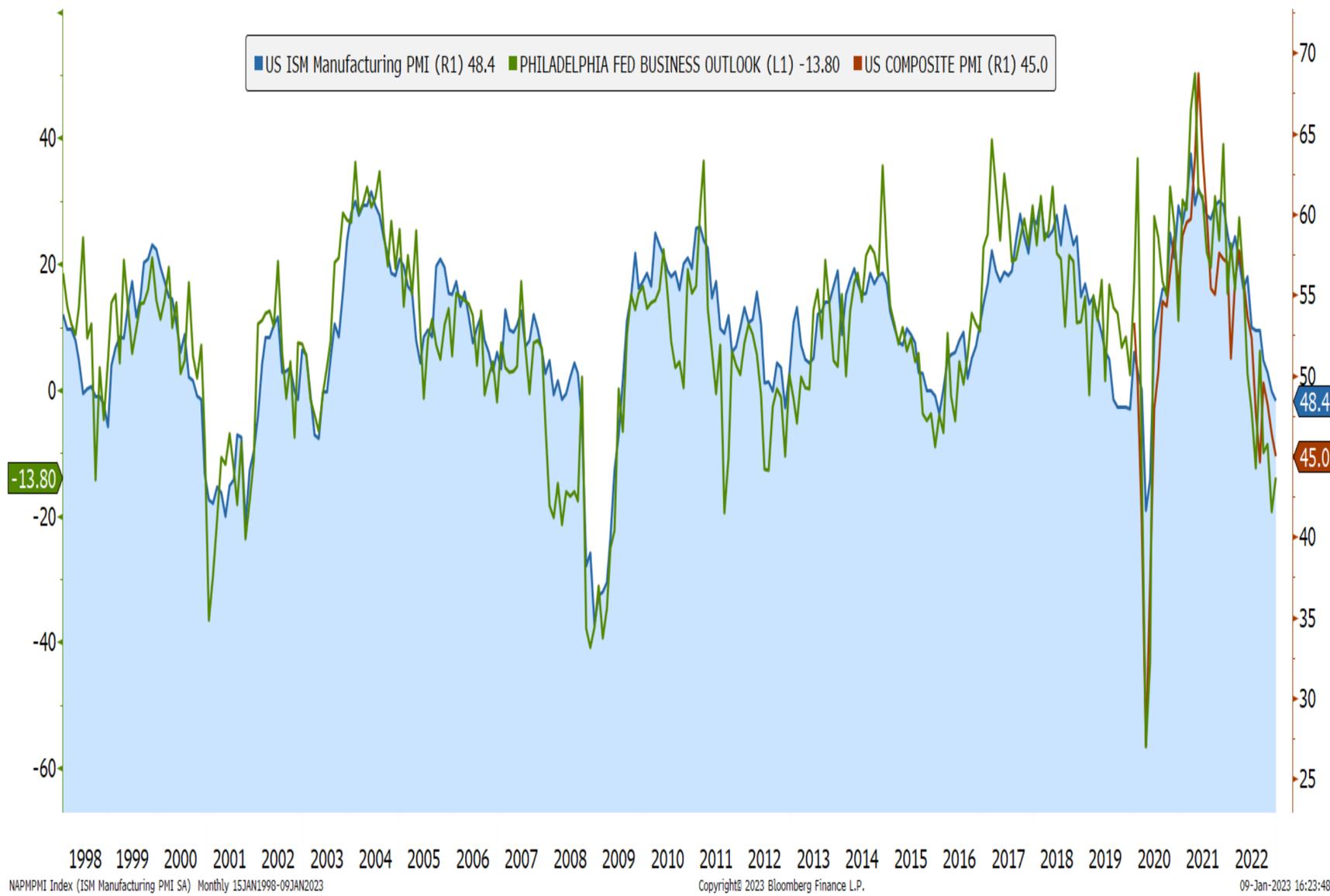
GDP expected to be weaker in most economies in '23

<i>(Real GDP, annual percentage change)</i>	2021	2022	2023
World Output	6	3.2	2.7
Advanced Economies	5.2	2.4	1.1
United States	5.7	1.6	1
Euro Area	5.2	3.1	0.5
Germany	2.6	1.5	-0.3
France	6.8	2.5	0.7
Italy	6.7	3.2	-0.2
Spain	5.1	4.3	1.2
China	8.4	2.7	4.7
Japan	1.7	1.7	1.6
United Kingdom	7.4	3.6	0.3
Canada	4.5	3.3	1.5
Other Advanced Economies	5.3	2.8	2.3

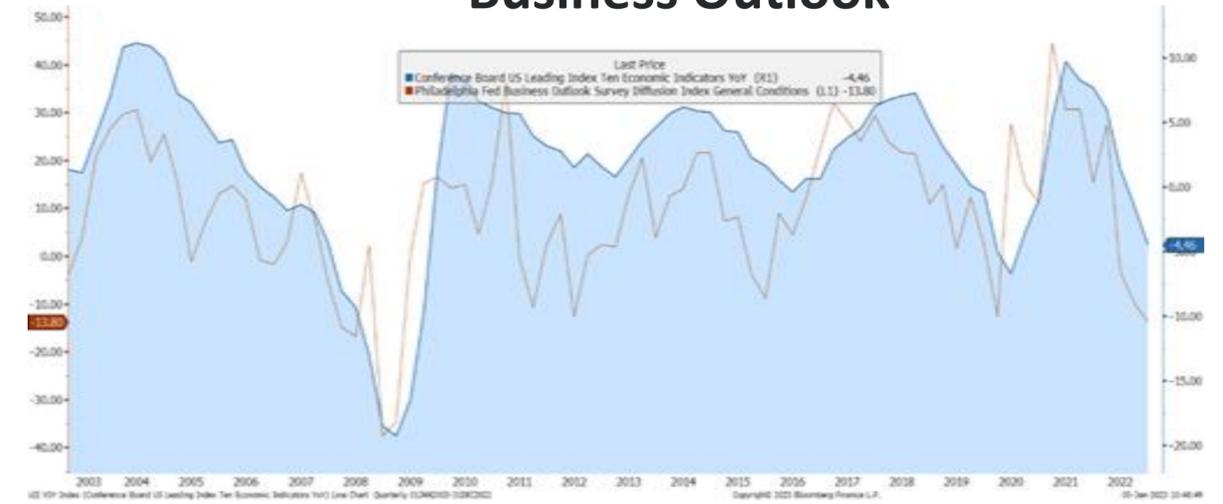
Source: International Monetary Fund

Indicators are downward in USA

Business outlook is bearish



Conference Board US Leading Index vs Philadelphia Fed Business Outlook

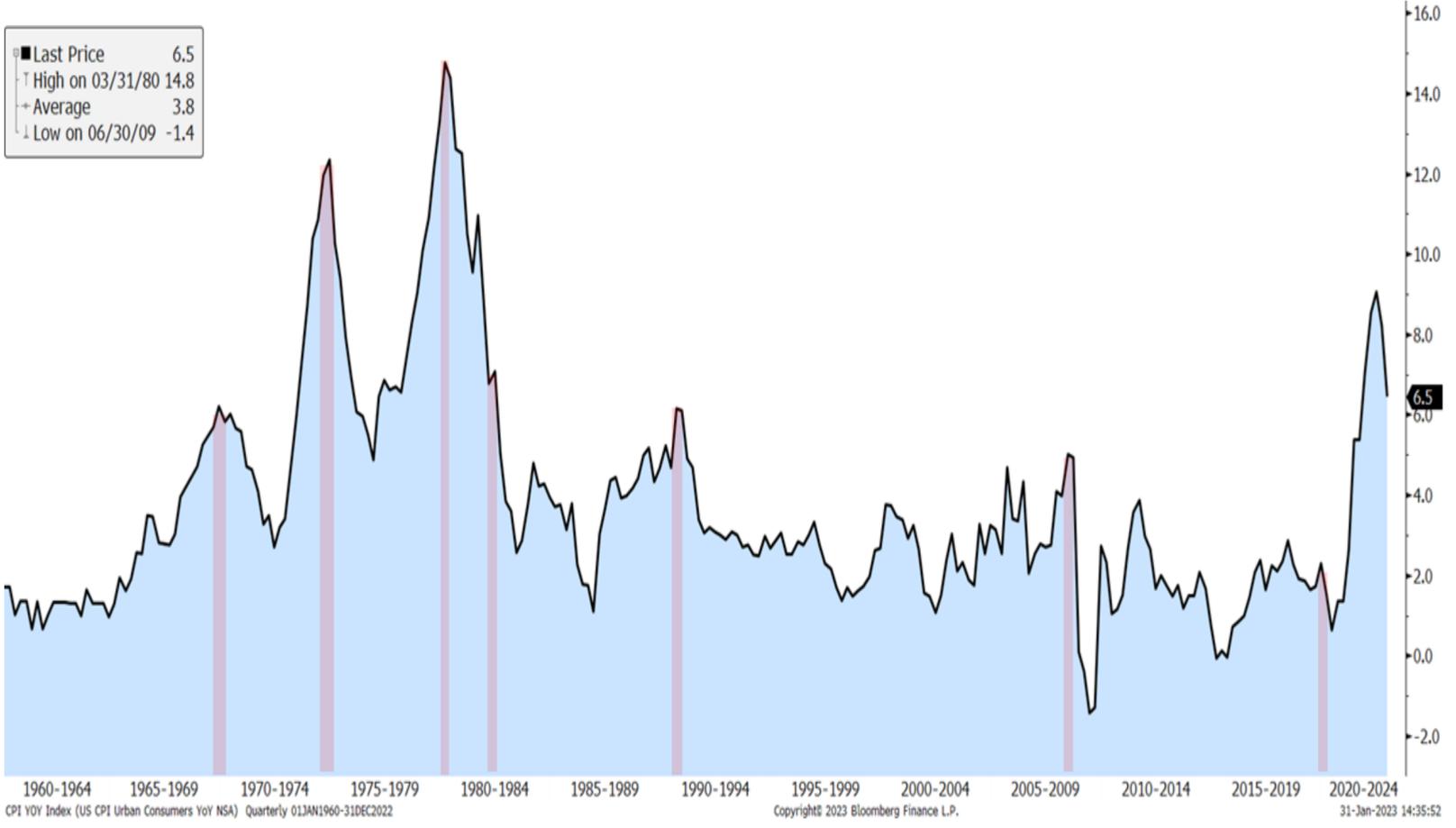


University of Michigan Consumer Sentiment Index

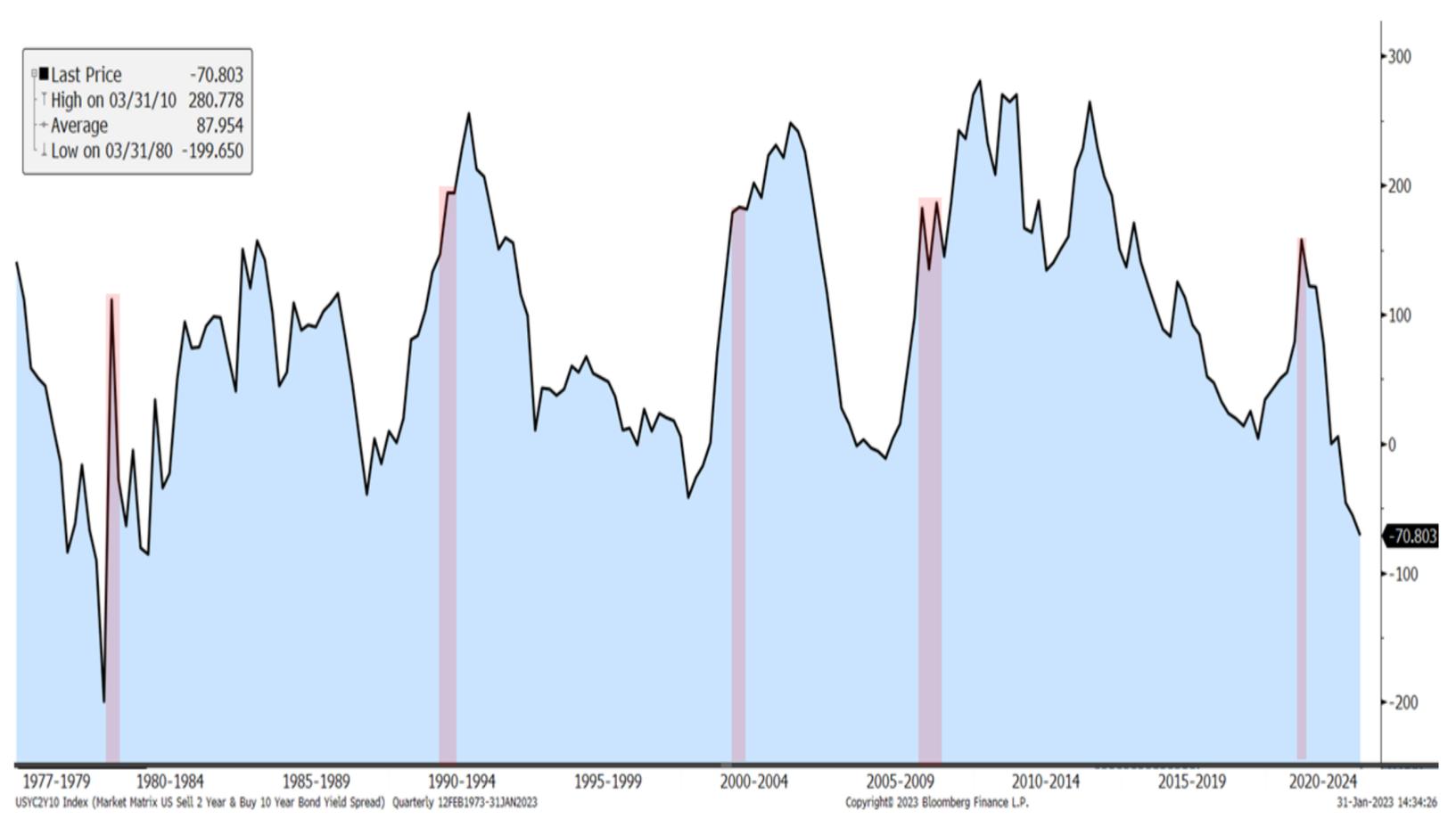


Indicators in US generally indicate slowdown ahead

High Inflation forebearer of slowdown

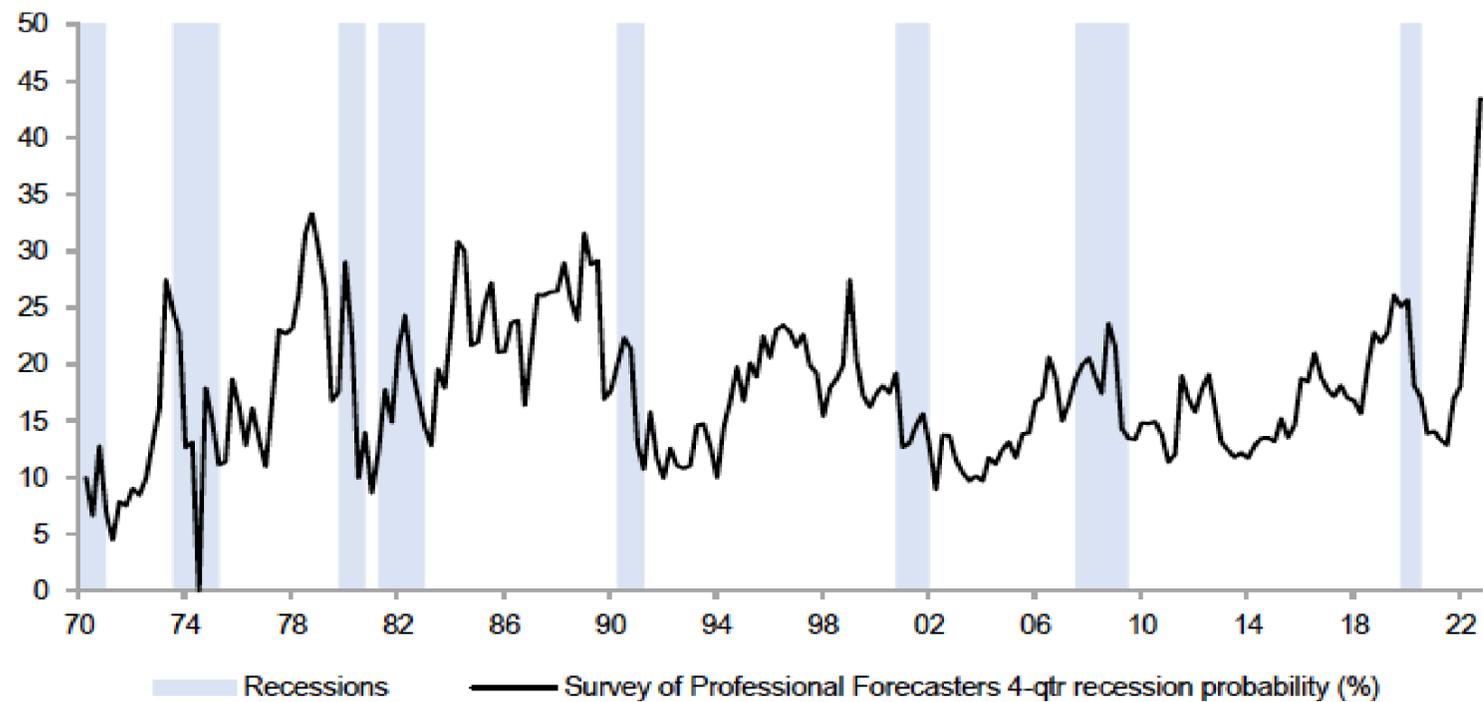


Inverted Yield Curve forebearer of Recession



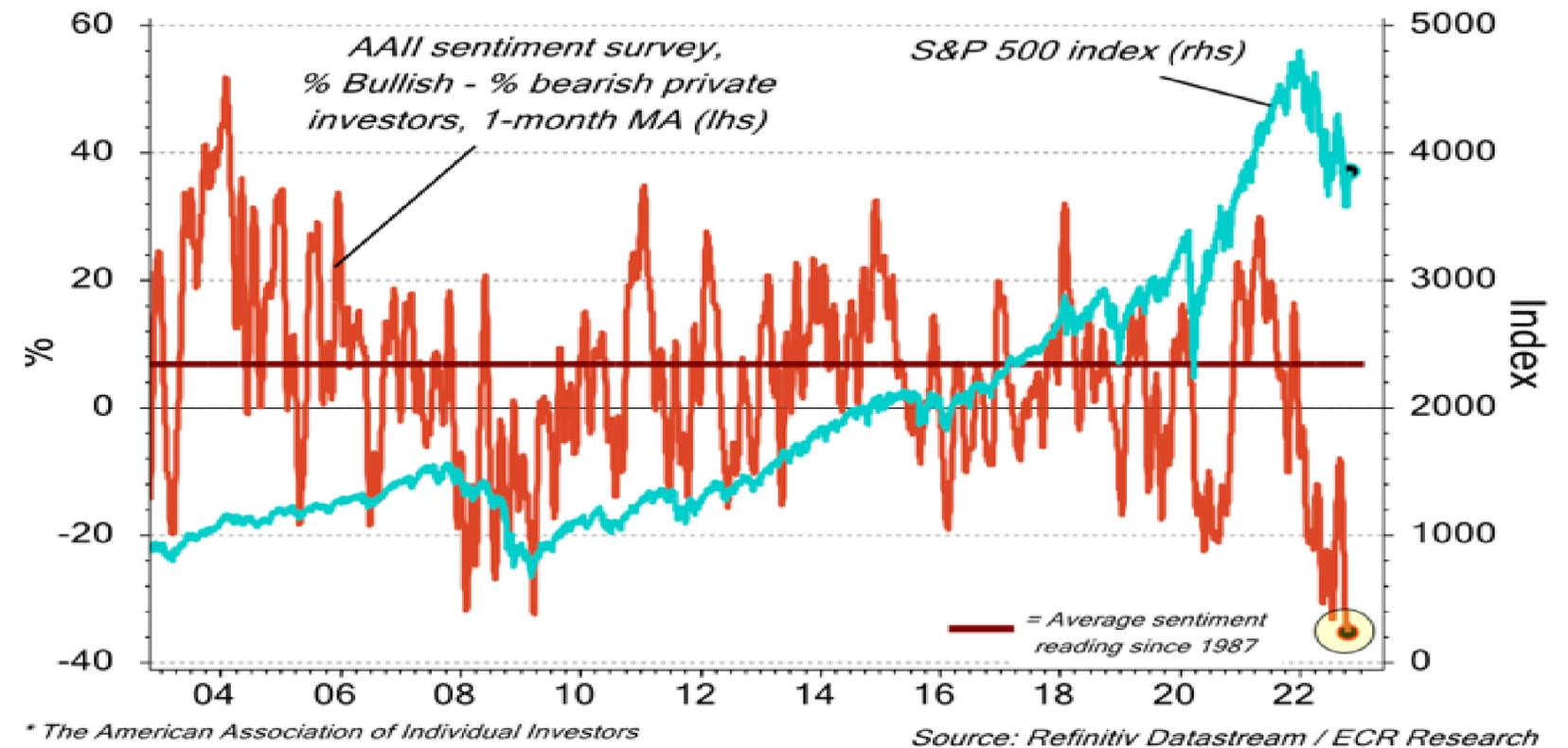
Investors in US are bearish....very bearish

Survey of professional forecasters US recession probability



Source: JP Morgan

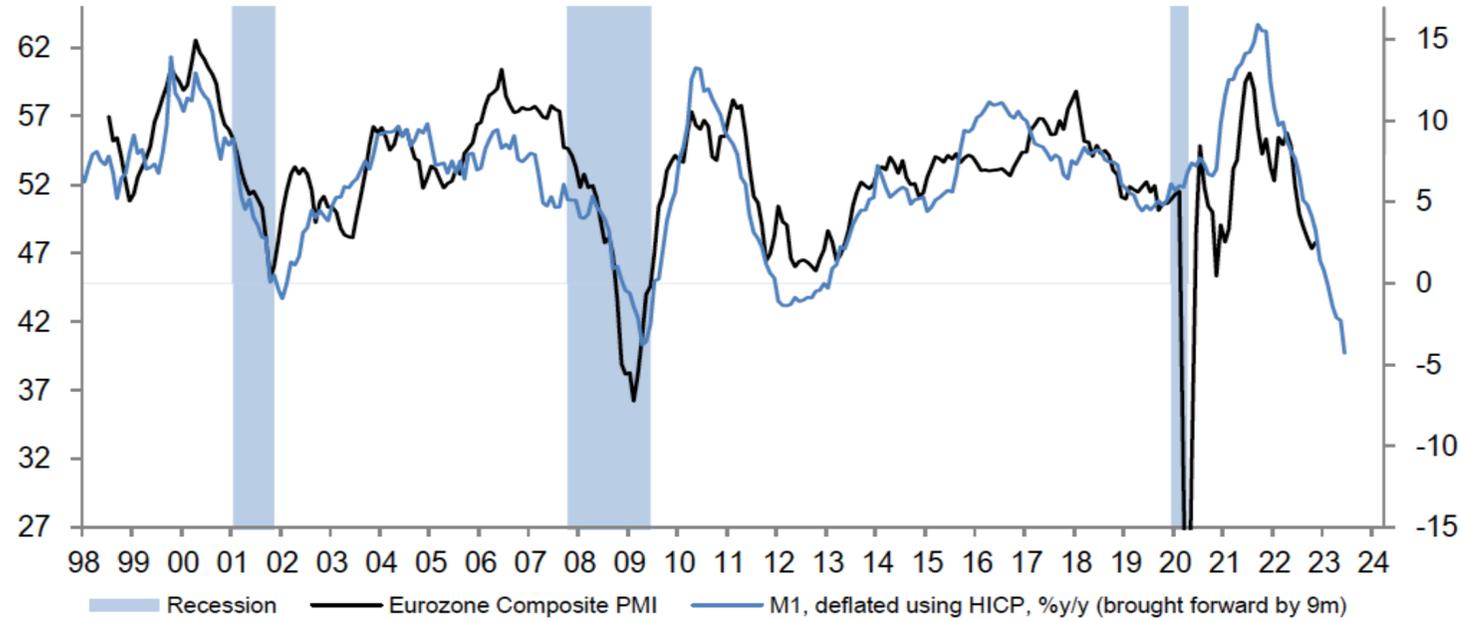
The US AAI* Bull – Bear spread is extremely negative which tend to be a contrarian bullish signal



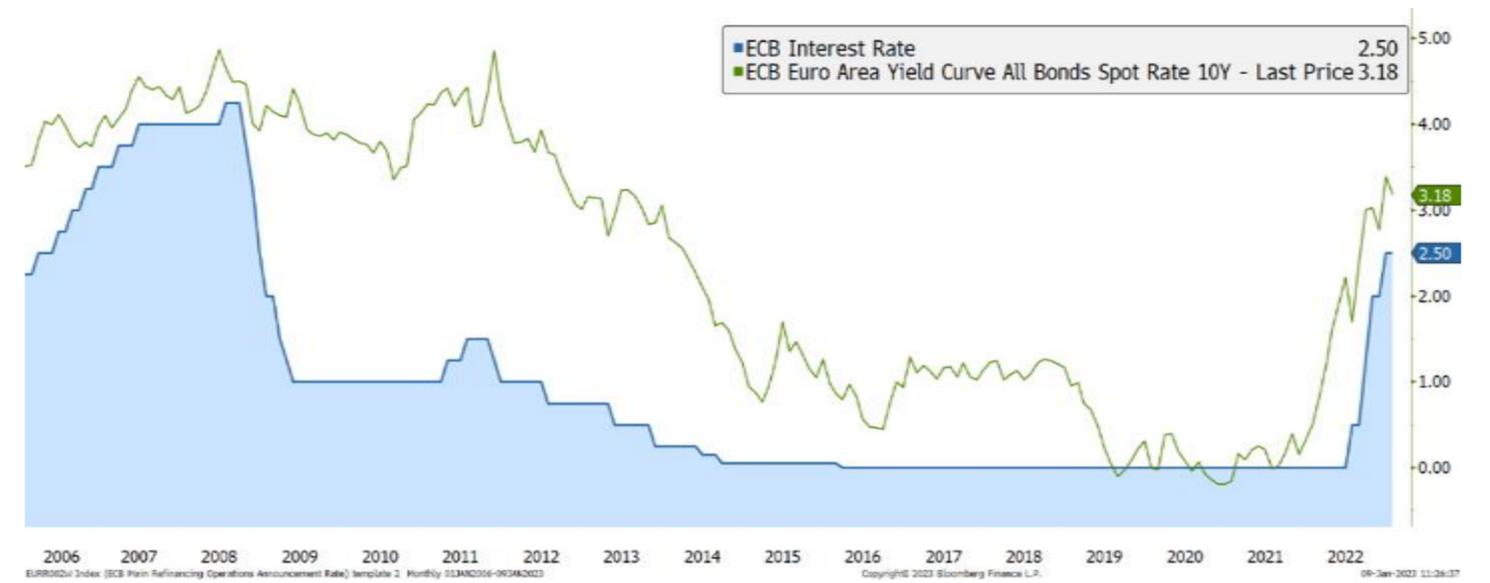
But this can also be a contrarian indicator that bad news is already priced in

Europe same or worse than US

Eurozone M1 Growth vs PMI

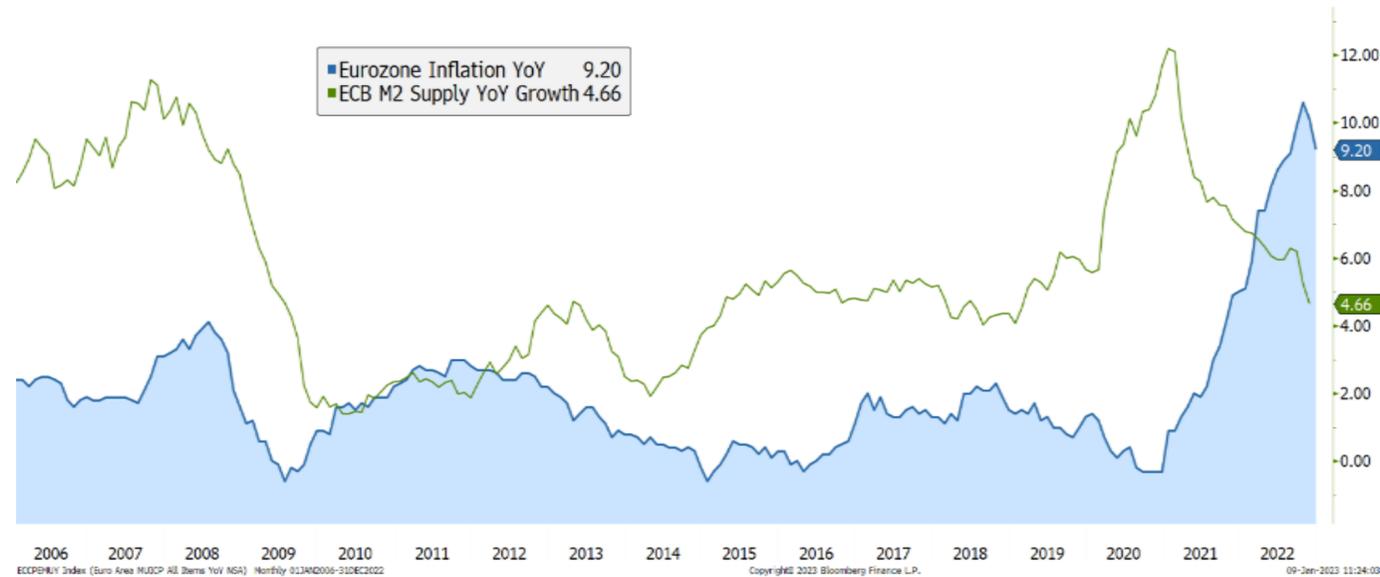


European Central Bank Interest Rate vs Euro Yield Curve

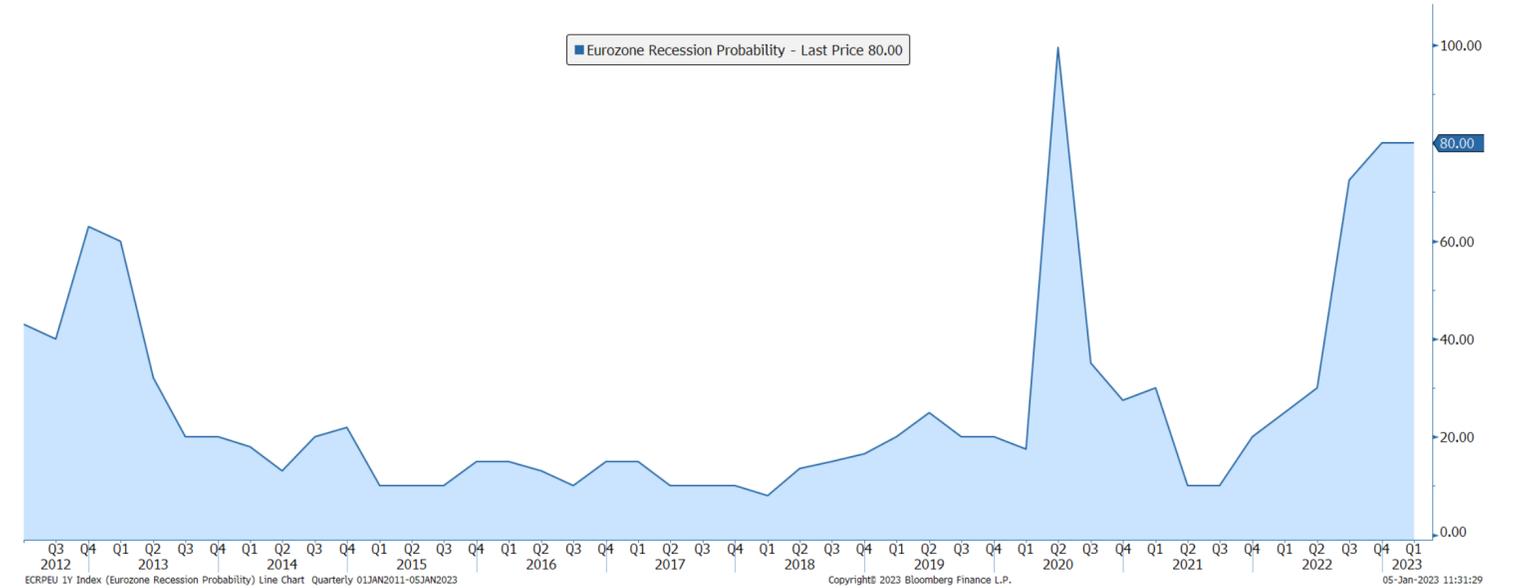


Source: Bloomberg Finance L.P., S&P Global

Eurozone Inflation vs European M2 Supply

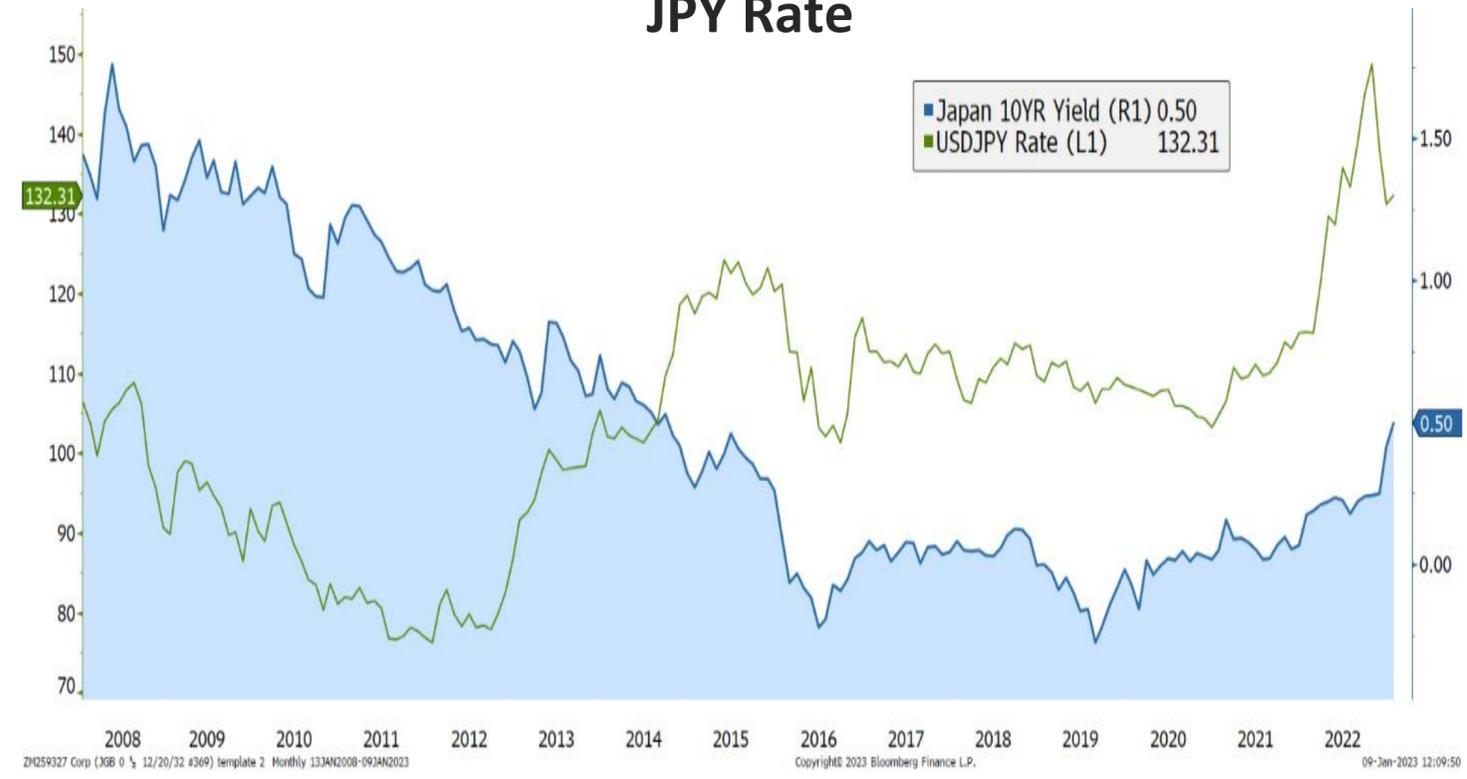


Eurozone Recession Probability

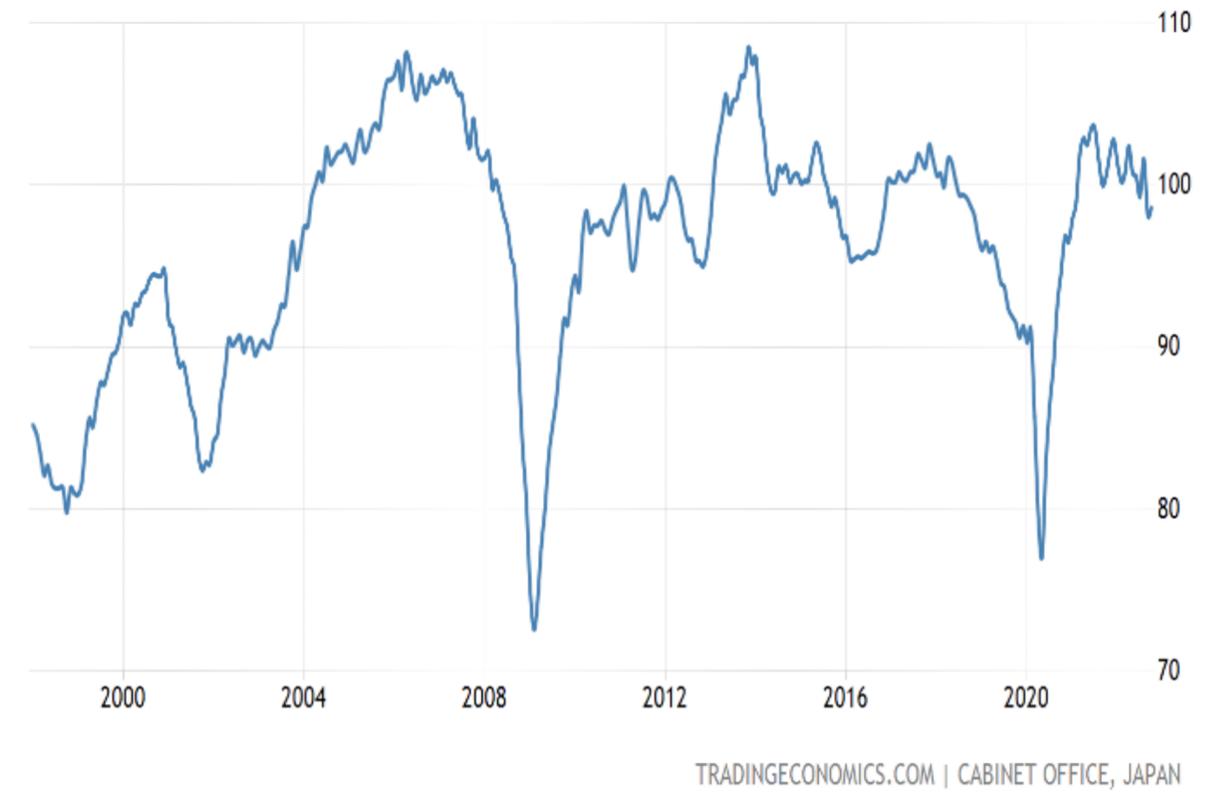


Japan doing better than most but gov debt is issue

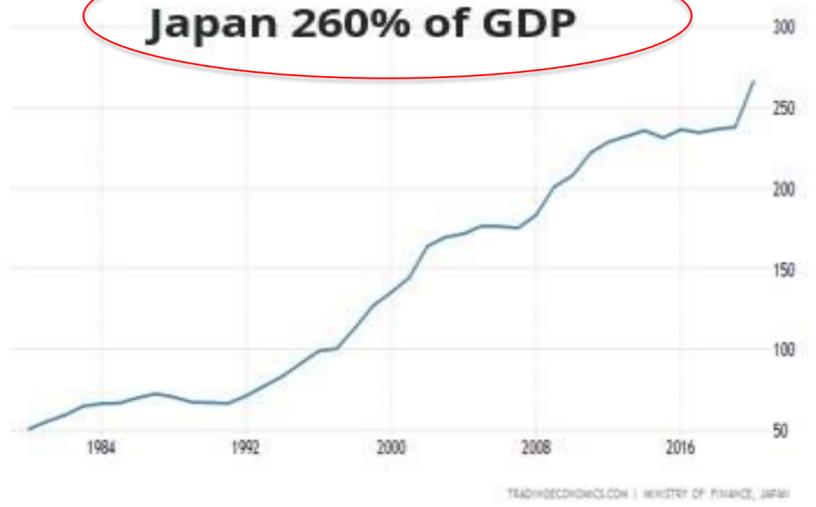
Japan 10 Year Yield vs USD
JPY Rate



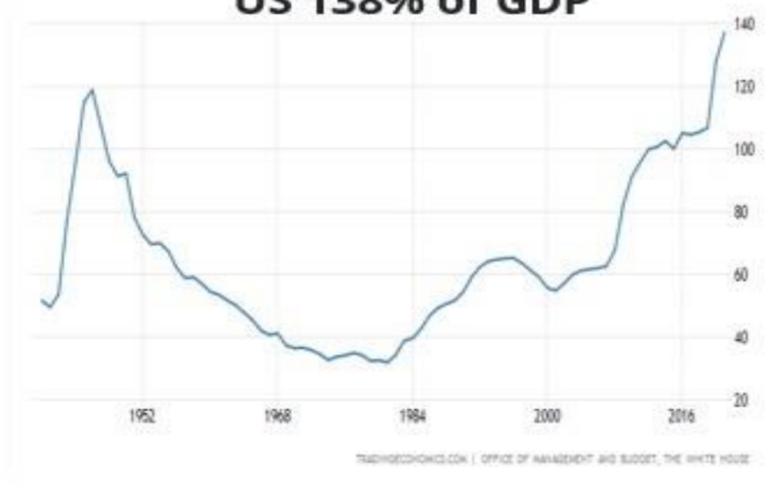
Japan Leading Economic Index



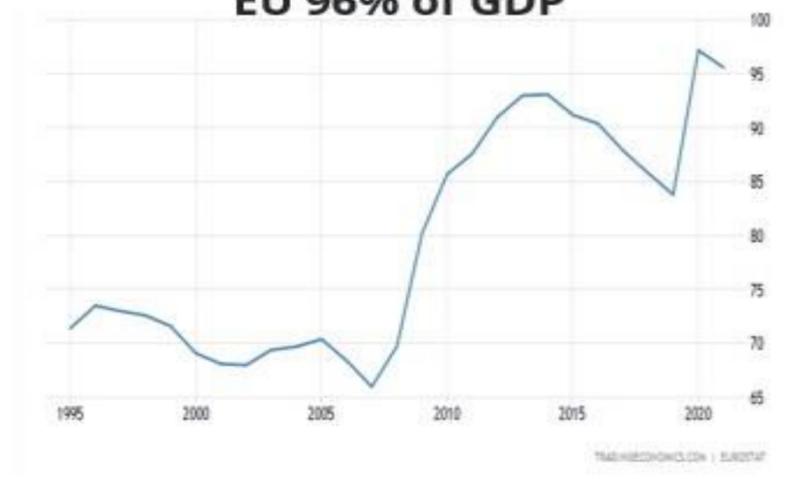
Japan 260% of GDP



US 138% of GDP

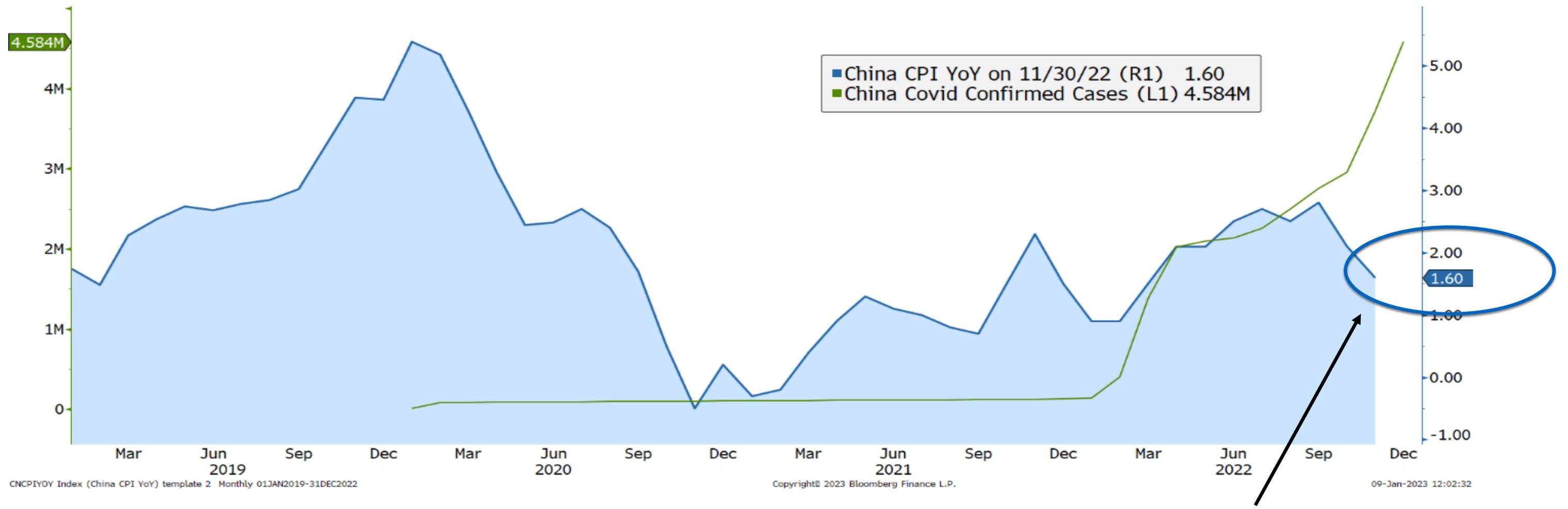


EU 96% of GDP



China's economy expected to perform better in 2023

China CPI vs China Covid Cases



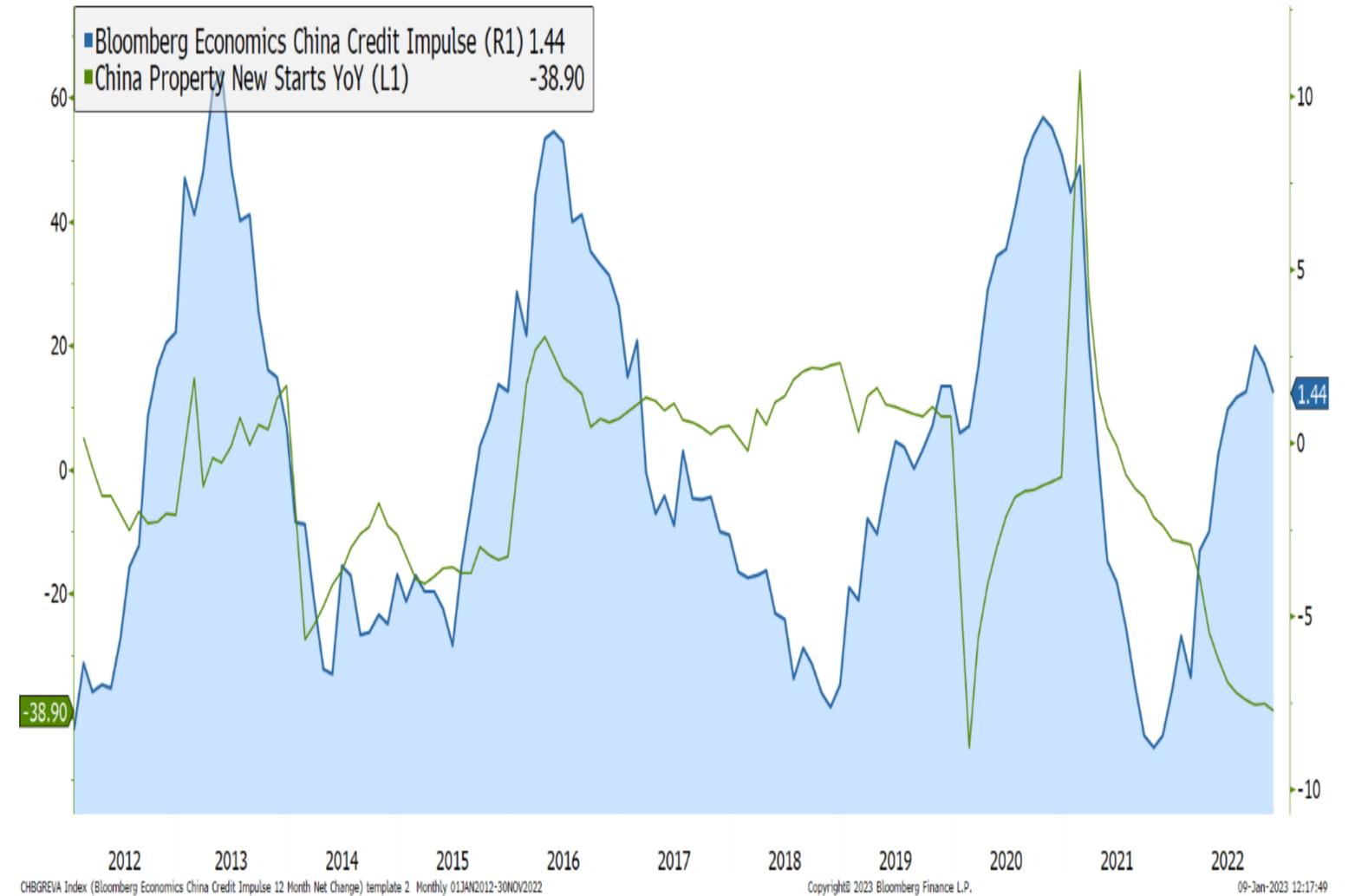
China has no inflation problem (1.6%) so can stimulate the economy whilst other nations are contracting

Money supply and credit impulse both rising in China

China M2 Money Supply

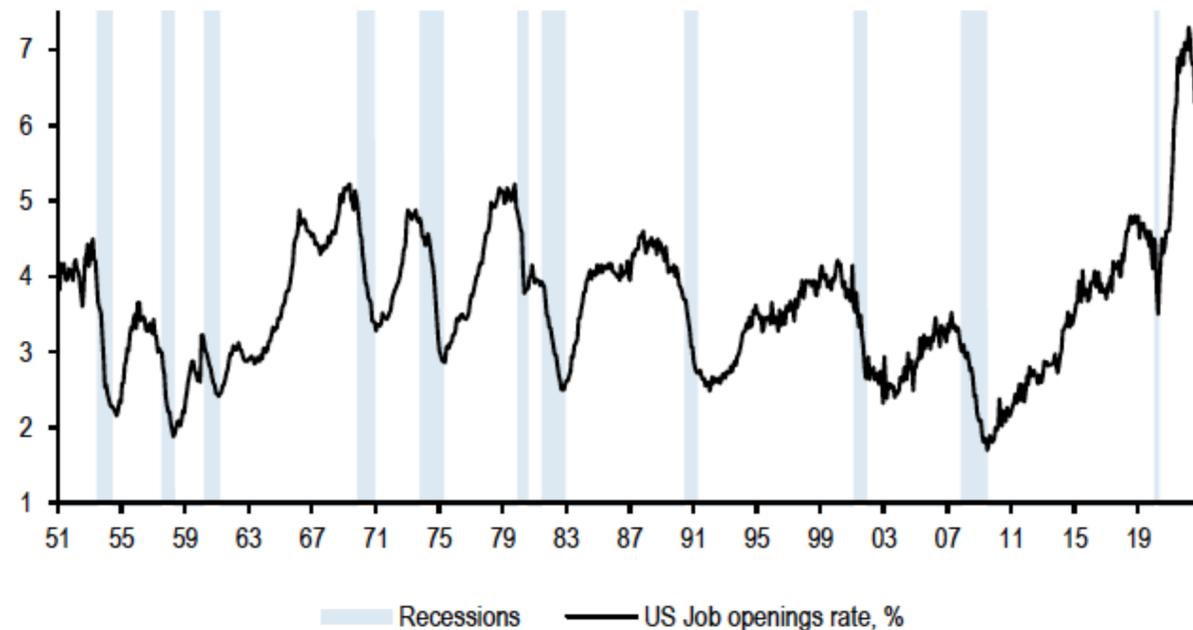


China Credit Impulse vs China Property New Starts



Fed will be looking for weaker job market.....

US Job Vacancy Rates



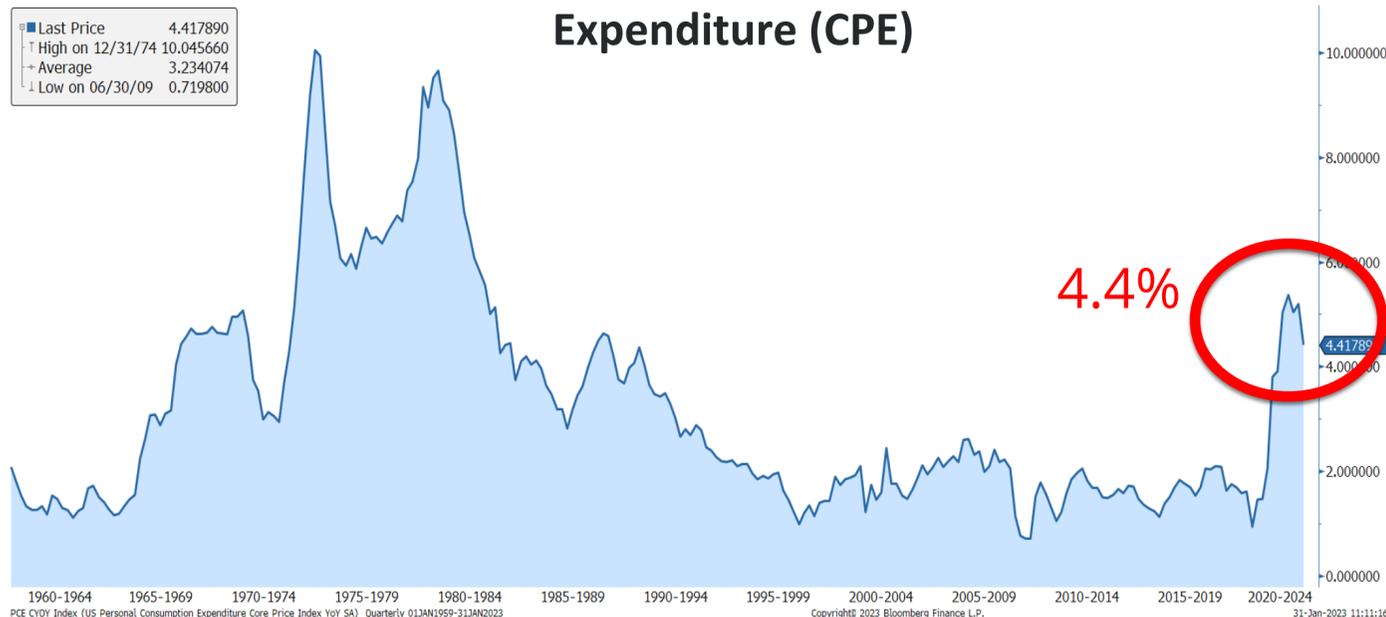
Source: Barnichon, SF Fed, J.P. Morgan

US Participation Rate



TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

US Historical Personal Consumption Expenditure (CPE)

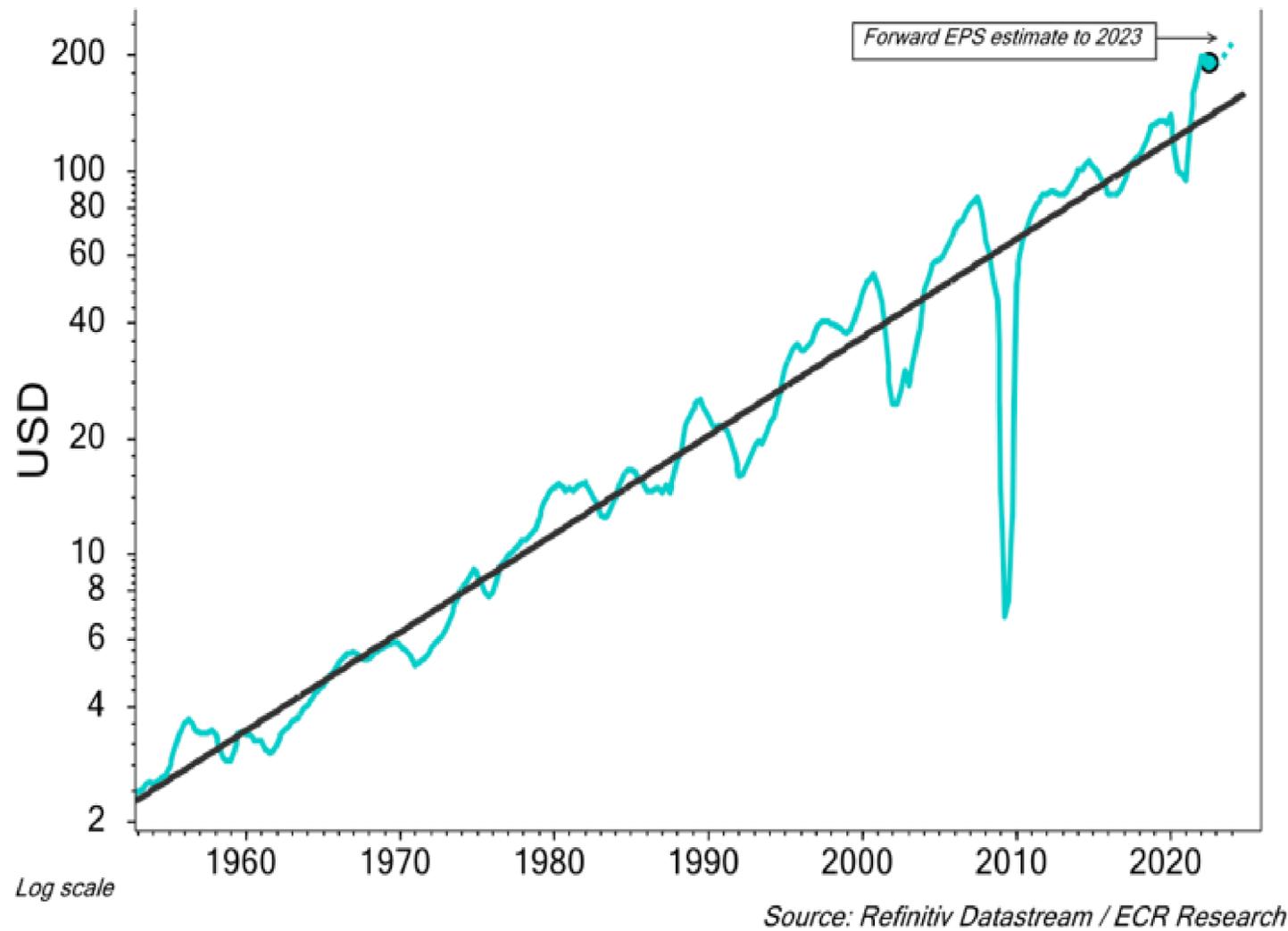


...and much lower inflation before easing

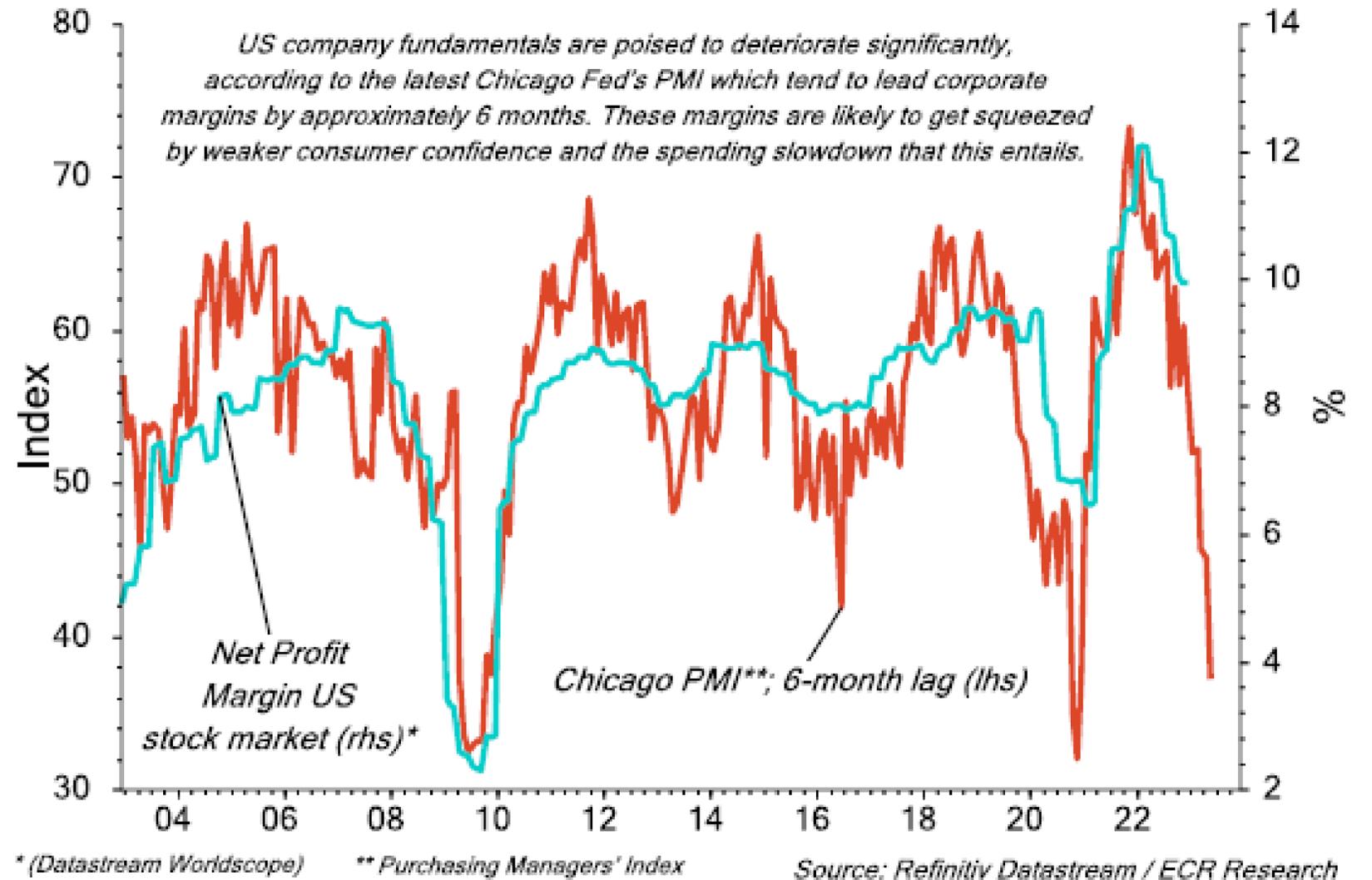
So may inadvertently push economy into hard landing

Earnings in the US will likely fall as slowdown bites

S&P 500 12-month as reported EPS (earnings-per-share) and long-term trend line



Very doubtful whether high US corporate profit margins are sustainable



Earnings per share in Europe also likely to fall off

Eurozone EPS growth vs GDP Growth



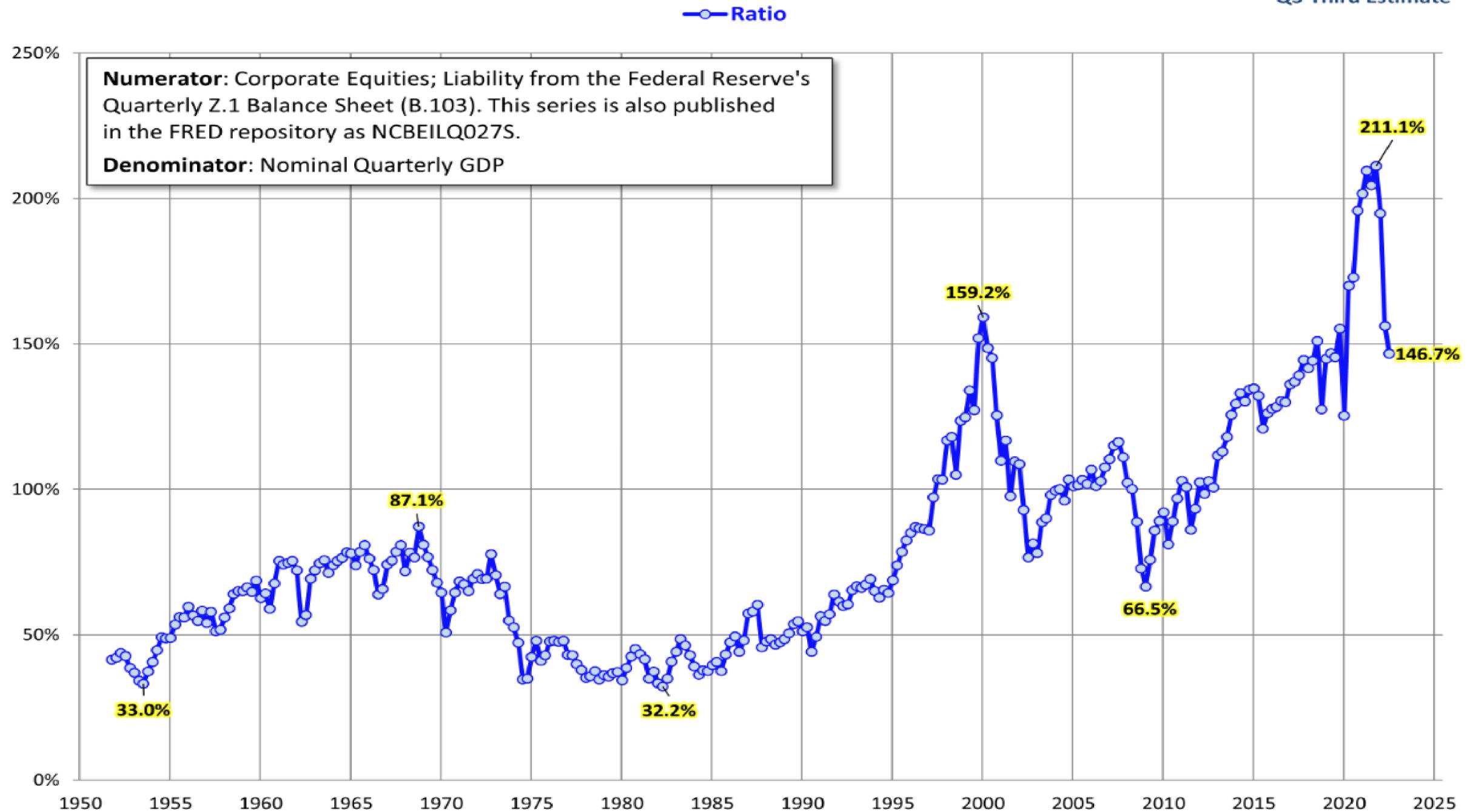
Source: IBES, J.P. Morgan

US market is still expensive if we are entering slowdown

VettaFi | ADVISOR PERSPECTIVES

The Buffett Indicator: Corporate Equities to GDP

advisorperspectives.com
January 2023
Q3 Third Estimate

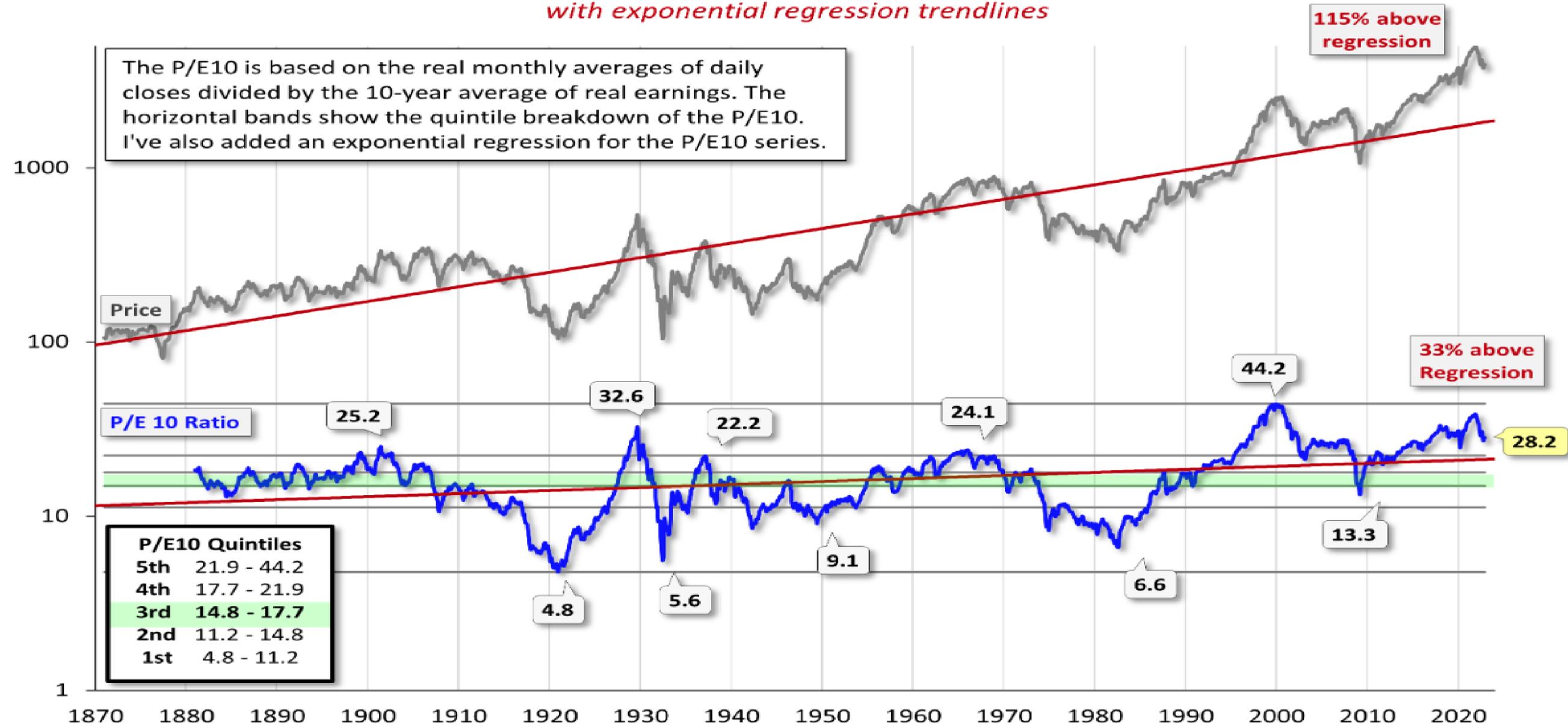


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VettaFi | ADVISOR PERSPECTIVES

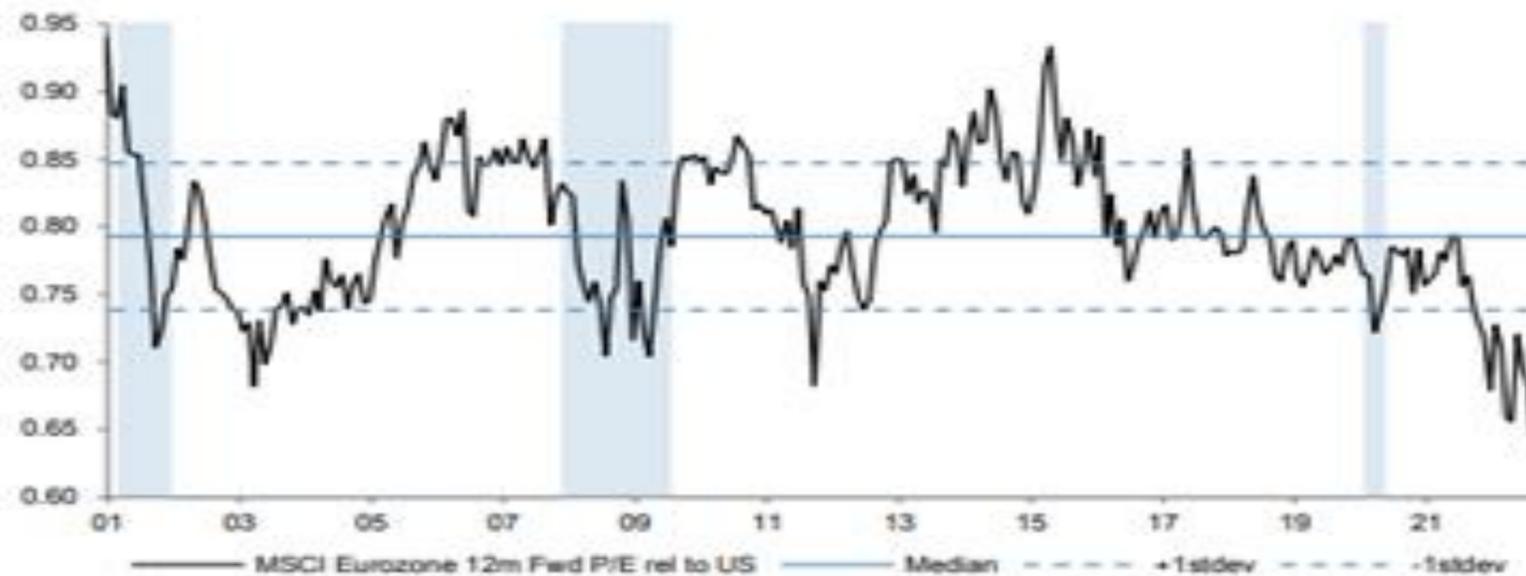
advisorperspectives.com
January 2023
As of December

Real S&P Composite: 1871-Present with P/E10 Ratio *with exponential regression trendlines*



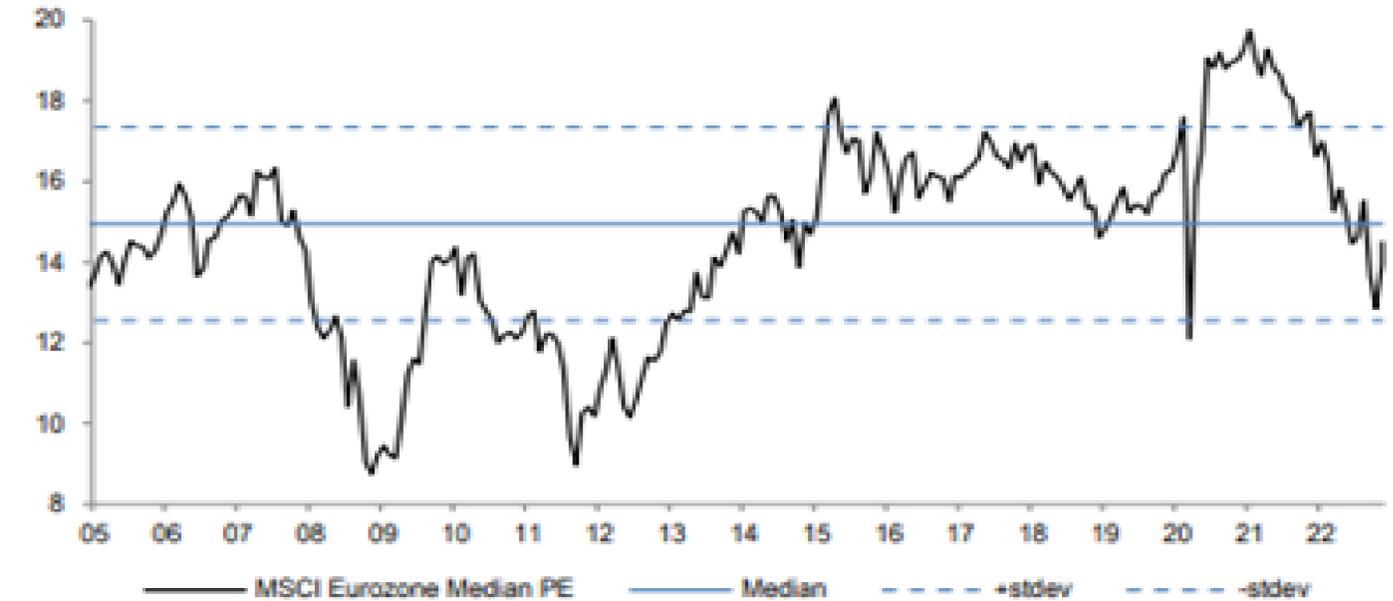
European equities offer value

MSCI Eurozone 12M FWD PE Relative to US



Source: IBES

MSCI Eurozone median P/E



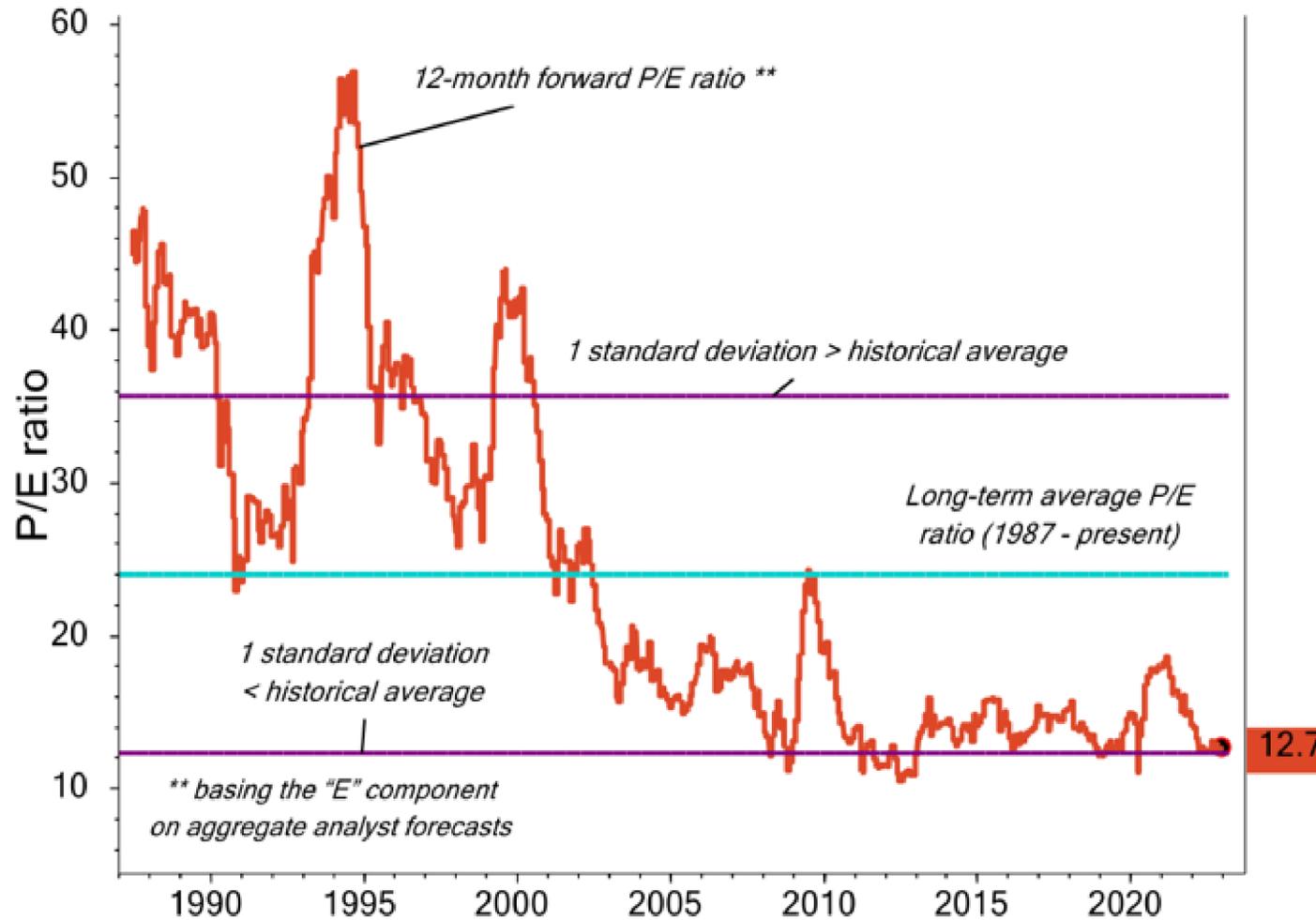
Source: IBES

MSCI Eurozone 12M FWD PE relative to MSCI World



Japanese equities offer value...and are defensive

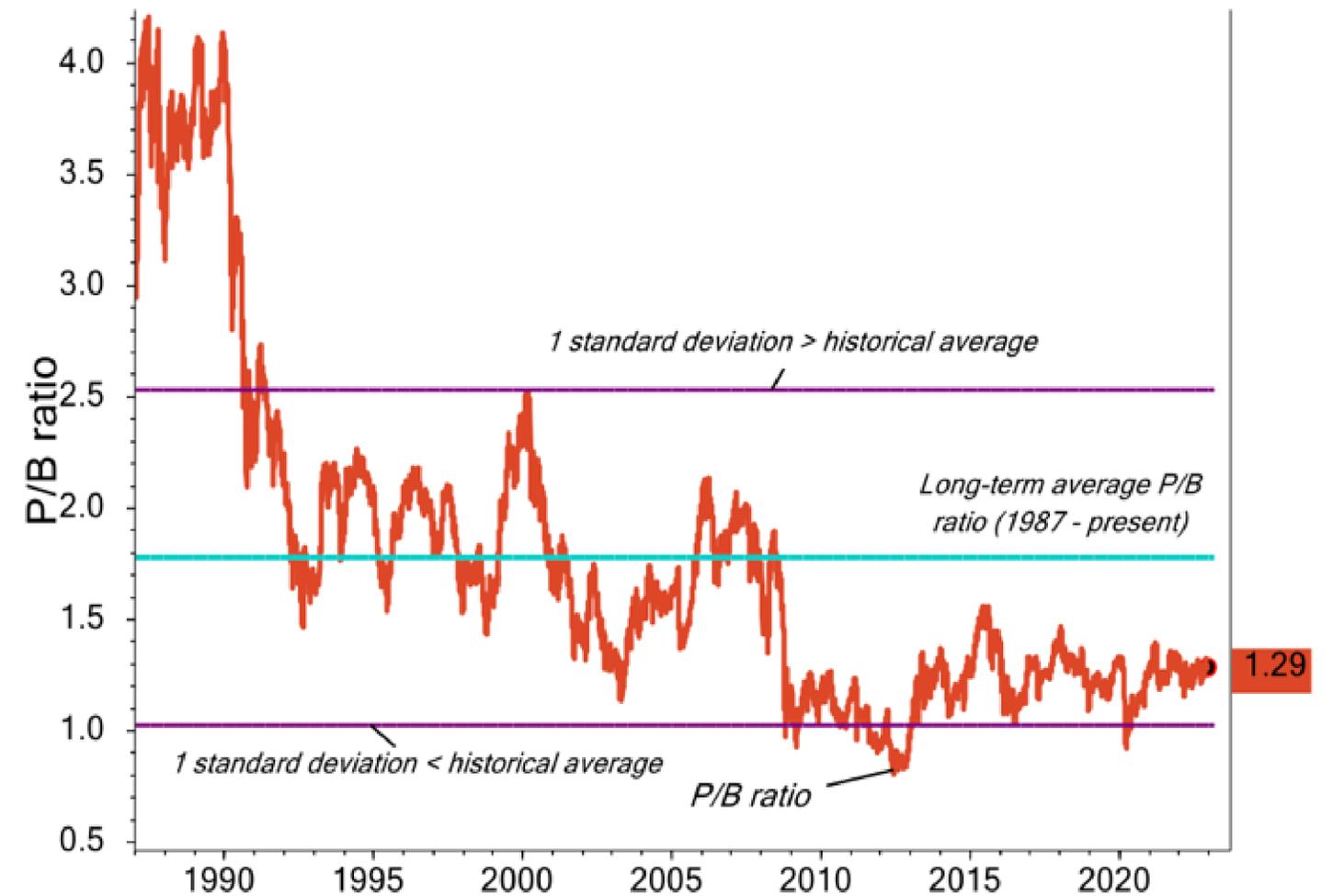
12-month forward P/E ratio Japan *



* Datastream Japan stock market

Source: Refinitiv Datastream / ECR Research

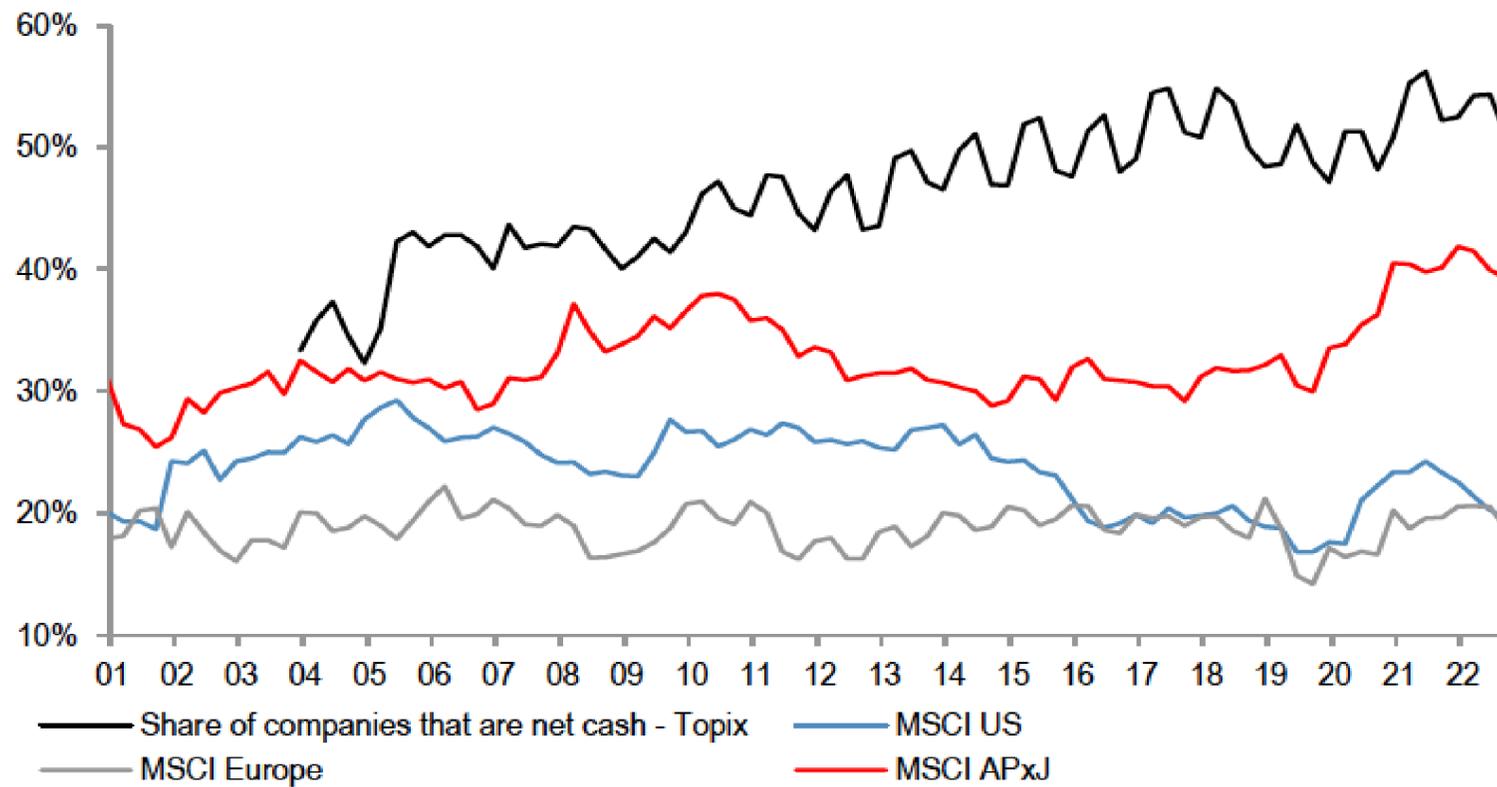
Price / Book ratio Japan



Source: Refinitiv Datastream / ECR Research

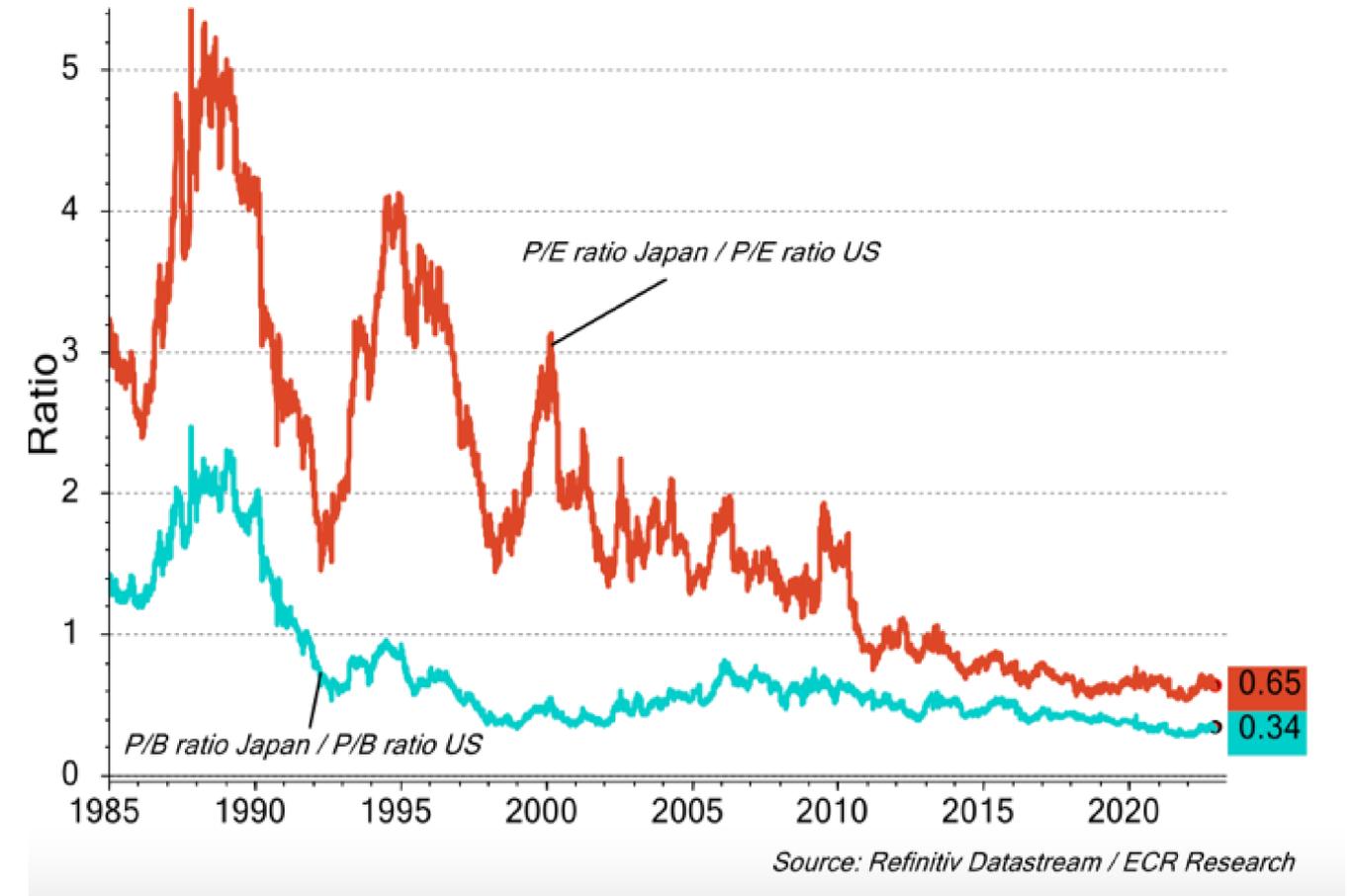
Japanese equities offer value...and are defensive

Share of Corporates that are Net cash



Source: Bloomberg Finance L.P.

The Japanese stock market is firmly undervalued relative to the US for a very long time



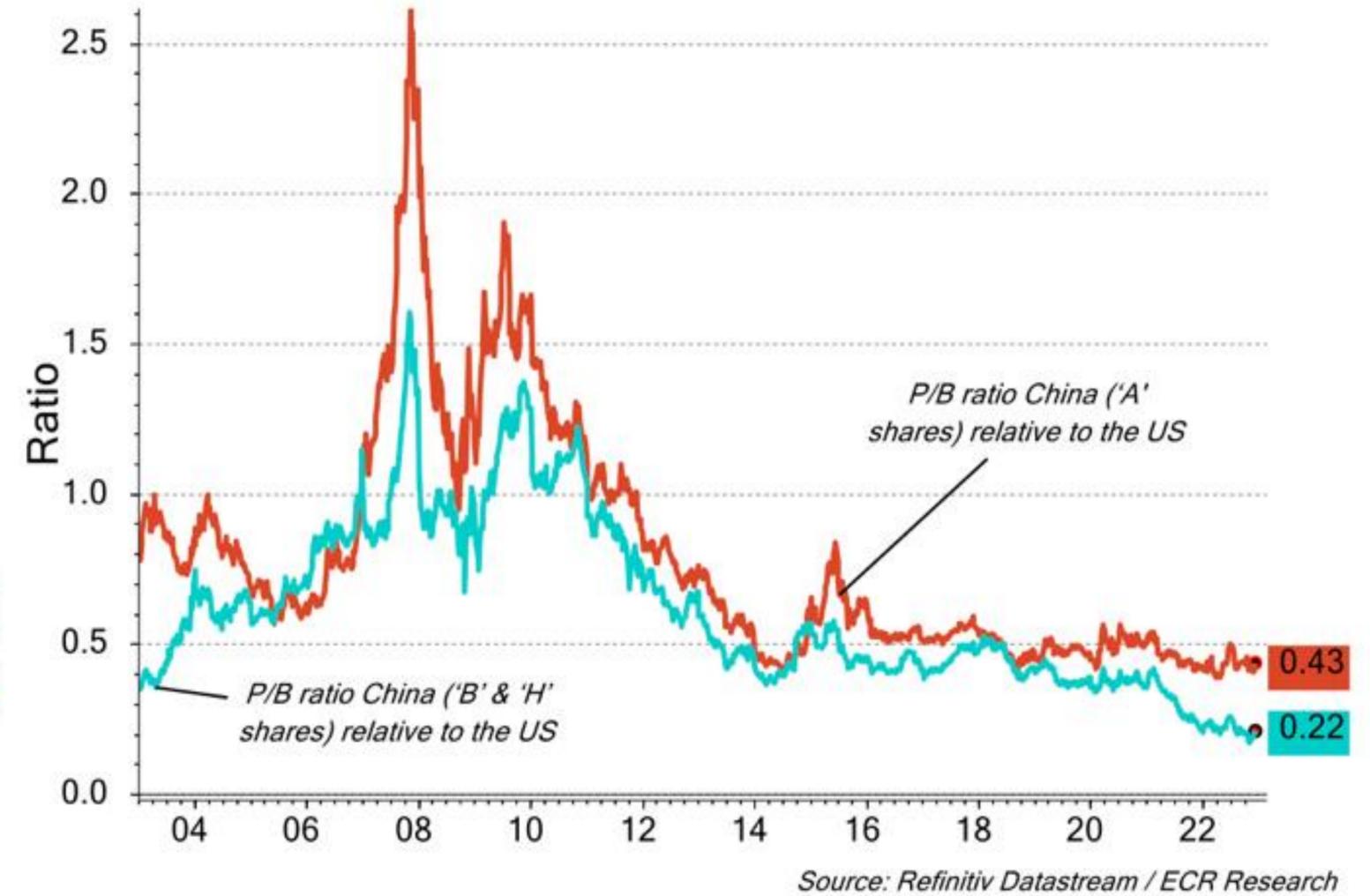
Source: Refinitiv Datastream / ECR Research

China stocks also cheap and market reopening

Forward P/E indicator signals that both categories China stocks are undervalued relative to the US for a very long time

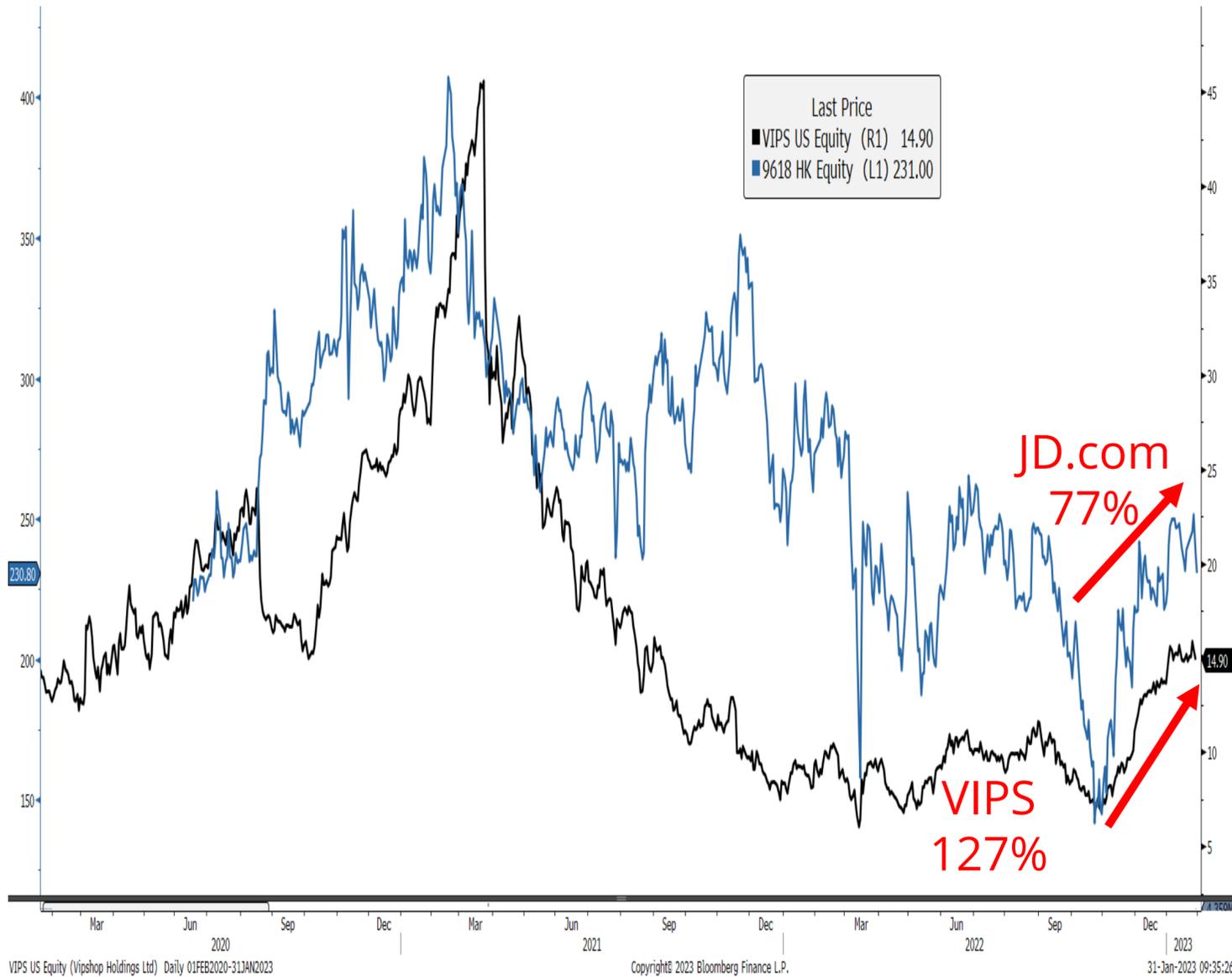


Price to Book ratio shows lengthy undervaluation of Chinese stock market relative to the US

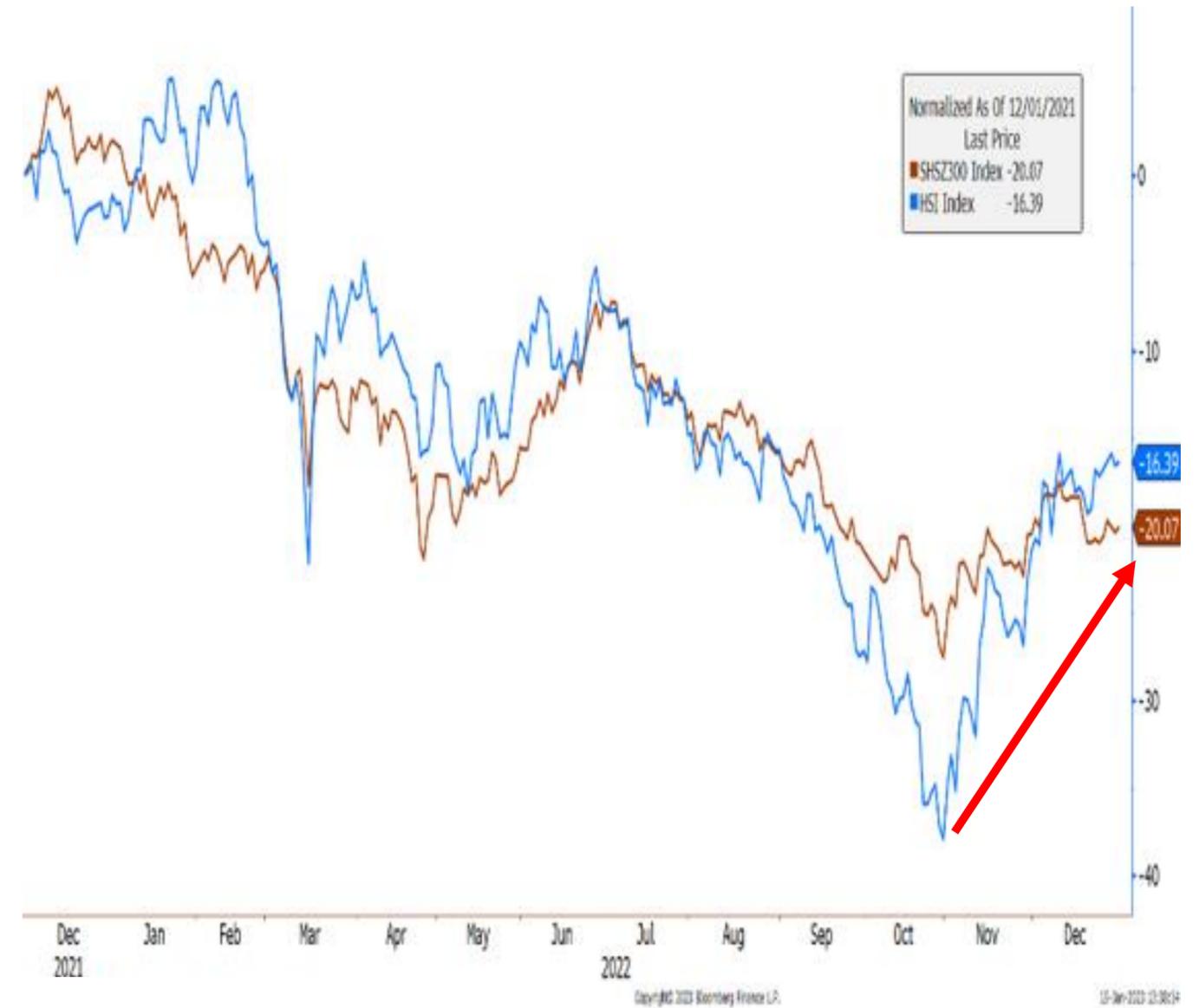


China stocks also cheap and market reopening

JD.com and Vipshop Stock- YTD

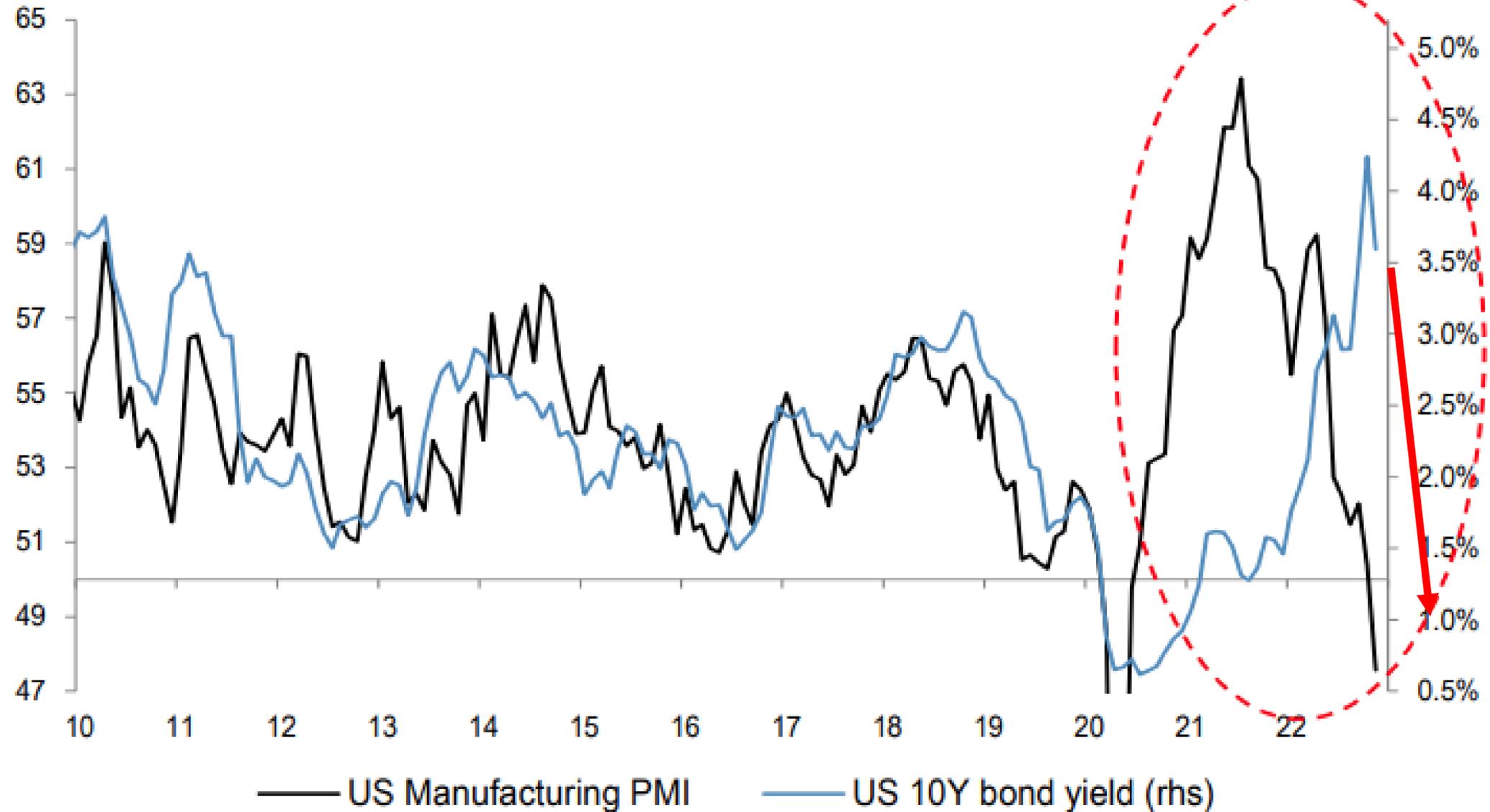


Market Rally In Heng Seng Index and Shanghai Shenzen Index



Sukuk offers strong upside particularly if economy weakens

US manufacturing and bond yields

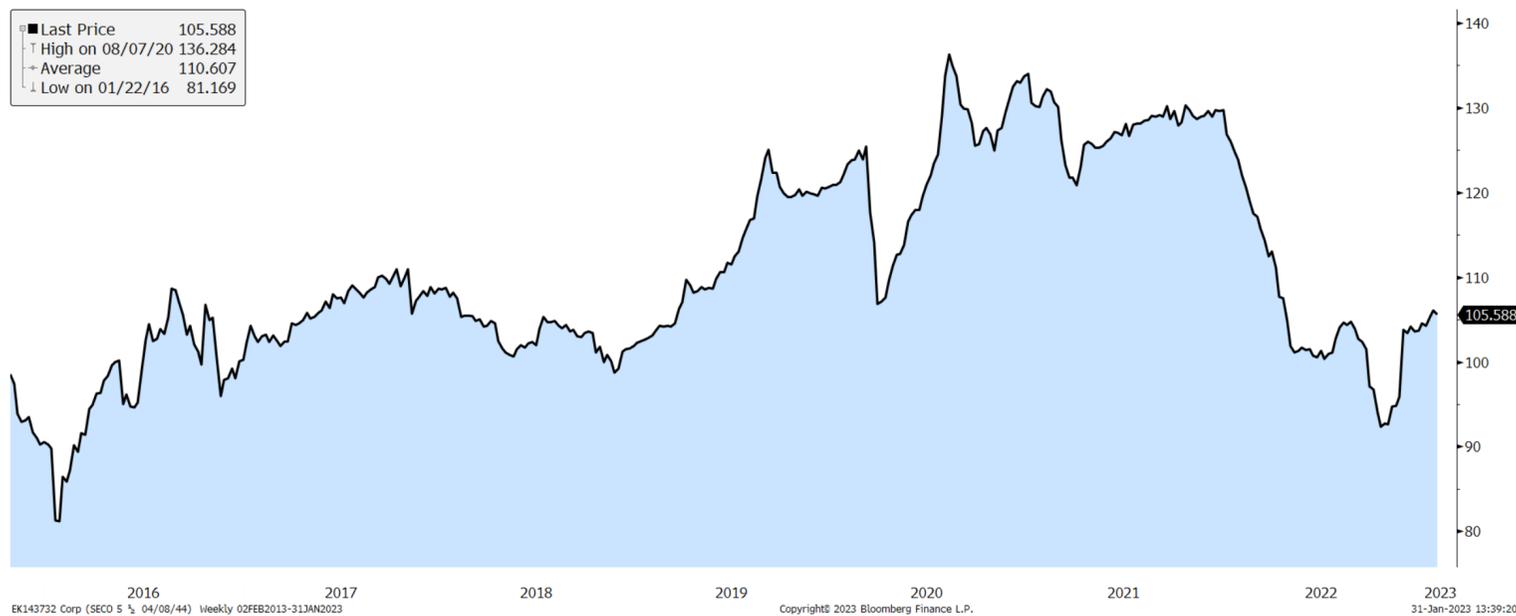


Source: Bloomberg Finance L.P.

Sukuk offers strong upside particularly if economy weakens

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Seco '44 offering a yield 5%



SUKUK PORTFOLIO

Overview

The Strategy is designed to tactically take exposure to a basket of high quality sukuk that are set to benefit from capital appreciation should yields fall.

Opportunity

- We expect that the basket of Sukuk has room to appreciate by up to 20% should yields revert to 2021 levels; this is in line with our view of an expected economic slowdown in 2023.
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- Managing duration, risk, and liquidity according to the client's needs and opportunity set.
- All run in the client's account at Rasameel at lowest possible cost.

Asset Class
Fixed-Income

Risk Tolerance
Medium

Structure
SMA

Minimum Investment
\$ 2 Million

Investment Parameters

Credit Quality	A-
Issuer	Government and Quasi Government
Duration	10 year Avg.
YTM of Sample Portfolio	4.8%

Fee Structure

- 0% Management Fee
- 20% Performance Fee
- Soft-lock up for 6 months

Investors can liquidate anytime, with a charge of 1% only in the first 6 months.

Sample Allocation

A
4.8%

Conclusion

BoomBust...Boom cycle: nothing really new

Sukuk: Yields attractive.....now a good opportunity to add as trade

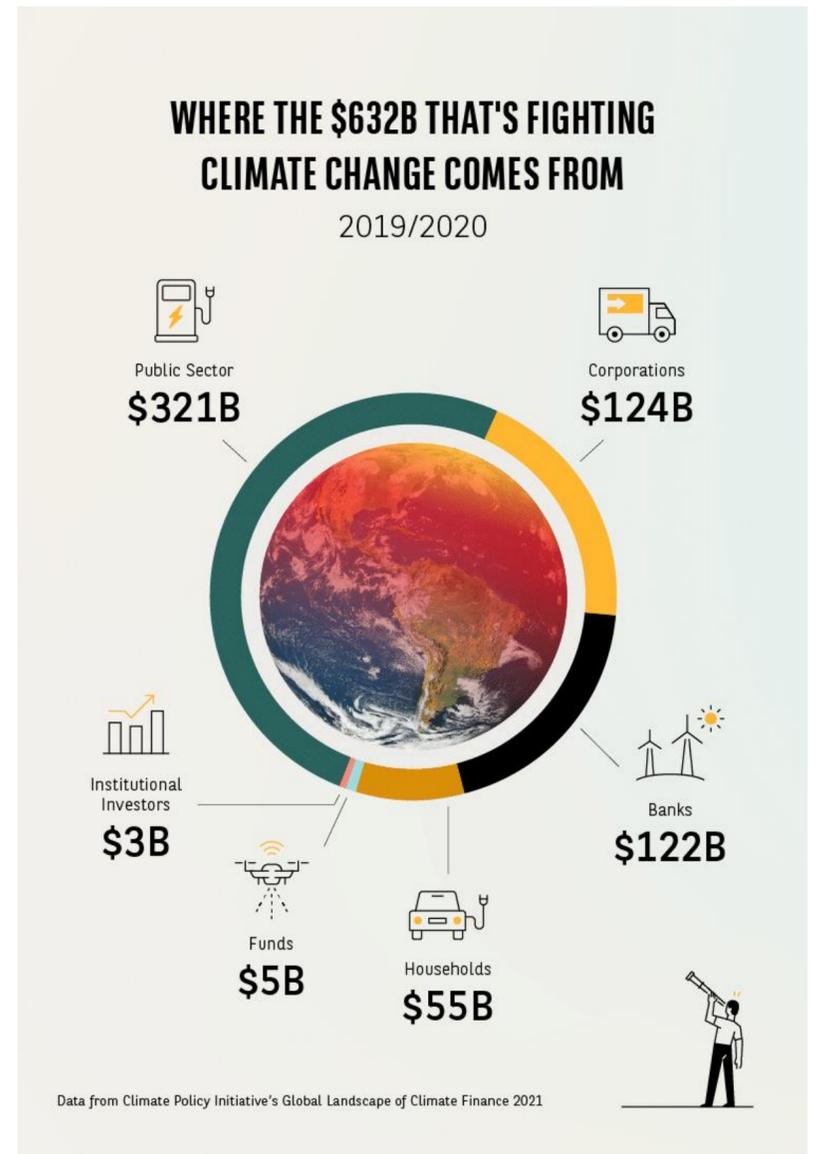
Equities: Too early to add.....but will offer excellent upside once this 'recalibration' is complete

VC: watch for sold down deals

Real Estate: Excellent asset to hold once pricing reflects new realities

Gold: watch for USD weaknessnot far off if DXY starts to peak

Whether you believe in it or not, one should expect Trillions of USD to flow into the space



UN today calls for a massive increase in investment to the tune of \$4 Trillion annually until 2030 to reach stated climate goals

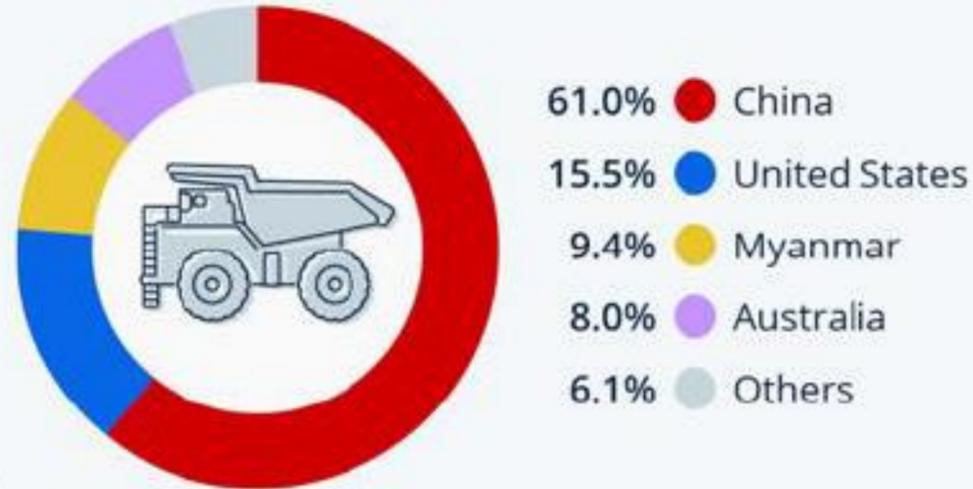
Build back Better at Home...will also be inflationary

China Dominates the Rare Earth Market

Global rare earth reserves in 2021 (in million REO tons)*



Leading countries' share of global mine production in 2021

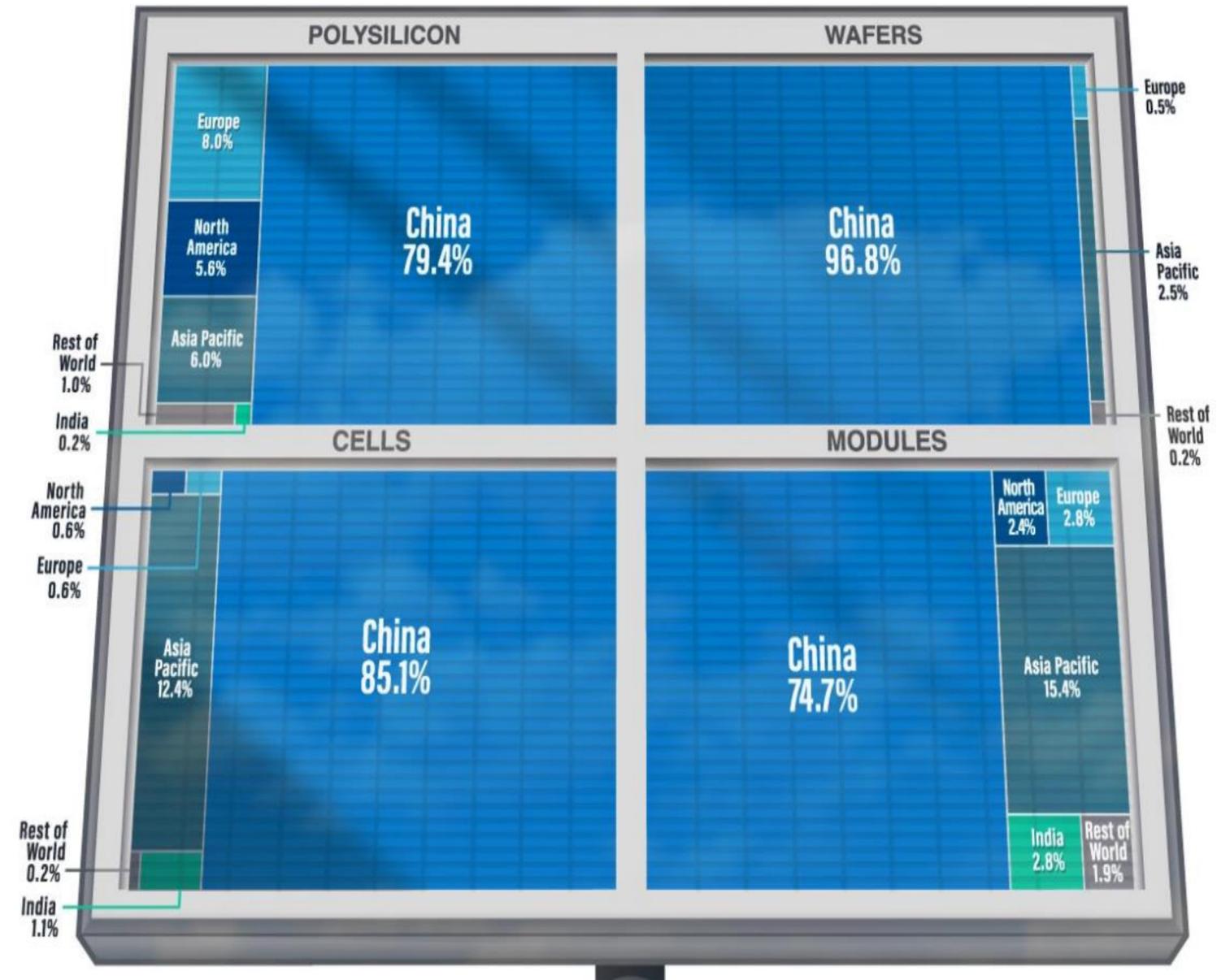


* REO=rare-earth oxides
Source: U.S. Geological Survey



statista

Share of Manufacturing Capacity by Country/Region in 2021



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