ADCB PJSC

Asset Management

ADCB UAE Funds: ADCB Balanced Sub-Fund

Sub-Fund Performance Report

November 2024 to December 2025

ADCB PJSC
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1. Strategic Review

1.1 Sub-Fund Overview

The sub-fund's investment objective is to achieve medium to long-term capital growth and a reasonable level of income by investing predominantly in open-ended funds and exchange traded funds listed on global markets. The sub-fund is actively managed, while the investment restrictions and strategies followed imply a characteristically moderate risk level. The Fund Manager develops, implements and monitors the strategic asset allocation targets while actively rebalancing the strategy to identify opportunities over the short to medium term. In identifying underlying funds and target weights, the Fund Manager considers both quantitative measures and qualitative factors.

As of Dec 2025, the sub-fund has, on a look-through basis, an equal allocation to global equity and fixed income funds, which reflects the strategic asset allocation determined by the Fund Manager. The underlying funds invest in growth and value stocks of companies, fixed income securities and a range of other securities and derivatives.

1.2 Factors Impacting Performance

The sub-fund is actively managed and invests in open-ended funds and exchange traded funds that invest in global equity and fixed income securities. The sub-fund is invested in funds listed in Ireland and Luxembourg. Furthermore, the sub-fund has an equal allocation to global equity and fixed income funds, which reflects the strategic asset allocation determined by the Fund Manager. Therefore, performance has been equally influenced by the performance of global equity and fixed income asset classes during the period.

Global macroeconomic and political events routinely impact the performance of developed and emerging markets. Global equities delivered strong gains in the second half of 2025, adding more than 10% and bringing full-year 2025 returns to roughly 20%, supported by resilient earnings, favorable macro sentiment, and fading recession risks. Global bonds delivered a weak performance in the second half of 2025, weighed down by widening fiscal deficits and uncertainty around the timing of interest-rate cuts. The sub-fund generated a net return of 8.8% for full-year 2025.

1.3 Sub-Fund Distributions

There were no distributions during 2025.

1.4 Adherence to Investment Guidelines

The sub-fund adhered to investment guidelines during the period, and there were no breaches recorded. In the event of any breaches, the Fund Manager will perform the necessary corrective actions to bring the sub-fund back into compliance in the most efficient manner, while taking into account the best interests of unitholders.

1.5 Material Changes in Ownership

There were no material changes in ownership of the sub-fund during the period.

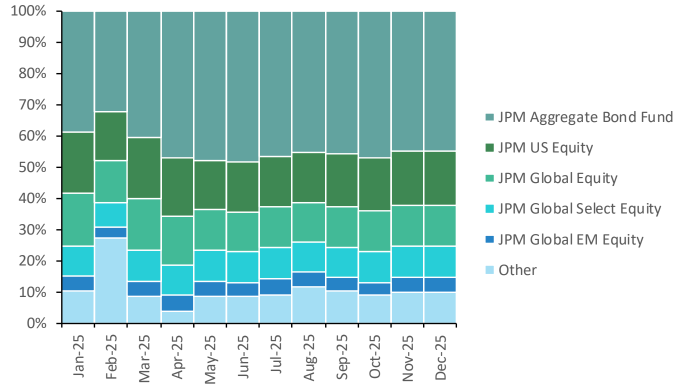
2. Sub-Fund Analysis

2.1 Sub-Fund Top Holdings

The sub-fund has an almost equal allocation to global equity and fixed income funds at present. Top holdings are principally comprised of 45% allocation to the JP Aggregate Bond fund and 17% allocation to the JP Morgan US Research Enhanced Equity ETF.

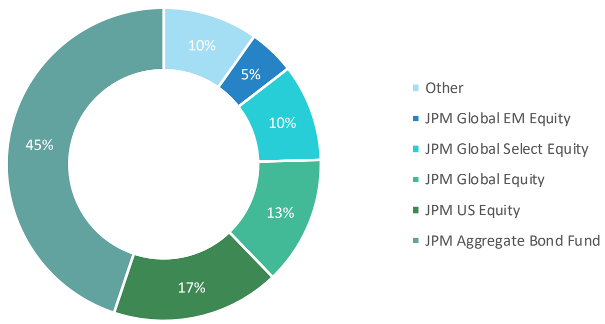
The Fund Manager follows a top-down approach in determining the appropriate target asset allocation, which is largely based on the analysis of global macroeconomic trends. This is followed by a bottom-up approach to selecting suitable securities and allocating risk. The investment process involves conducting the necessary due diligence on target funds and securities prior to capital deployment. The Fund Manager subsequently allocates risk to suitable securities depending on the adopted target asset allocation model. Risk management is later conducted on an ongoing basis to ensure that allocations remain aligned with the Fund Manager's views and overall targeted portfolio risk level. Consequently, top holdings evolve from and are a product of the recursive application of fundamental and risk analysis by the Fund Manager.

Evolution of Fund Holdings
(% of Portfolio)



Source: Fund Administrator, ADCB

Top Fund Holdings
(% of Portfolio)

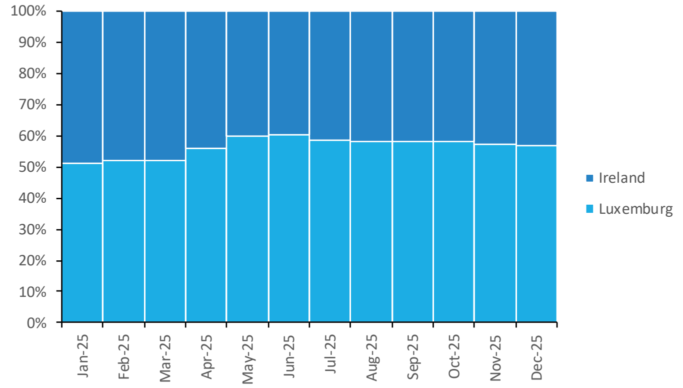


Source: Fund Administrator, ADCB

2.2 Sub-Fund Allocations

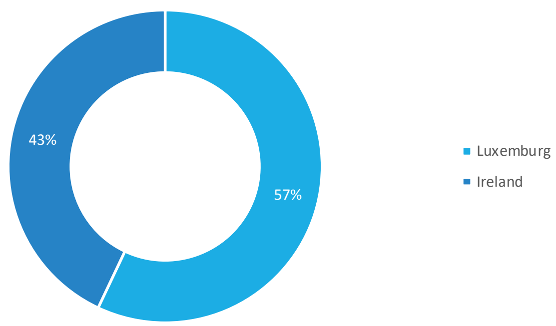
The sub-fund is actively managed and invests in open-ended funds and exchange traded funds that invest in global equity and fixed income securities, while target asset allocation is based the ADCB Asset Management global asset allocation approach. As of December 2025, the sub-fund is invested in funds listed in Ireland and Luxembourg. Since July 2025, the sub-fund has had marginally higher allocation to global equity against fixed income funds.

Evolution of Country Allocations
(% of Portfolio)



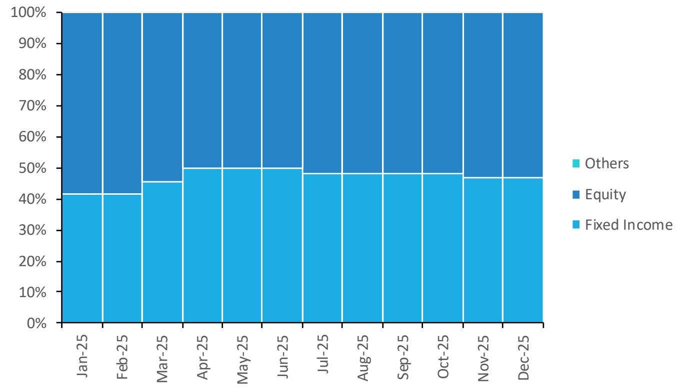
Source: Fund Administrator, ADCB

Country Allocations
(% of Portfolio)



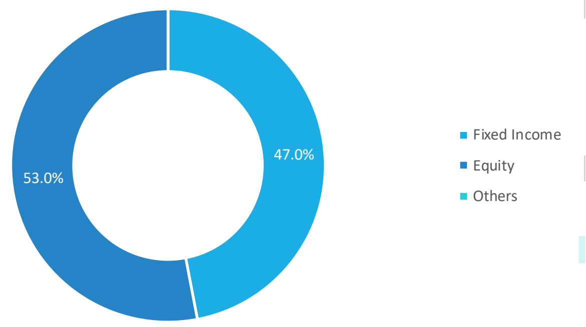
Source: Fund Administrator, ADCB

Evolution of Target Asset Allocation
(% of Portfolio)



Source: Fund Administrator, ADCB

Target Asset Allocation
(% of Portfolio)

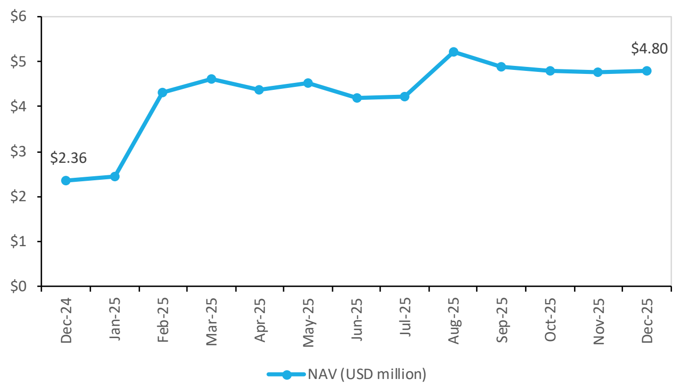


Source: Fund Administrator, ADCB

2.3 Sub-Fund Size

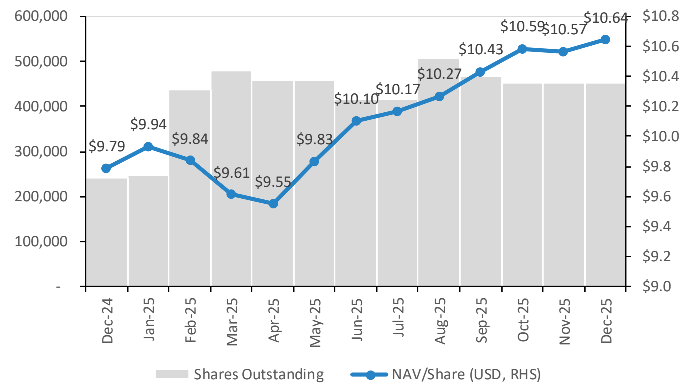
The sub-fund was launched in late 2024 and began deploying initial proceeds in early December 2024. Total size grew from $2.4 million to $4.8 million by the end of December 2025, demonstrating doubling of assets during the period, with the bulk of growth witnessed between inception data and February 2025. The net asset value per share on a sub-fund level grew by 8.8% year to date, reaching $10.64 per share, net of expenses.

Evolution of Fund Size
(USD million)



Source: Fund Administrator, ADCB

Evolution of Net Asset Value per Share
(USD, Number of Shares Outstanding)



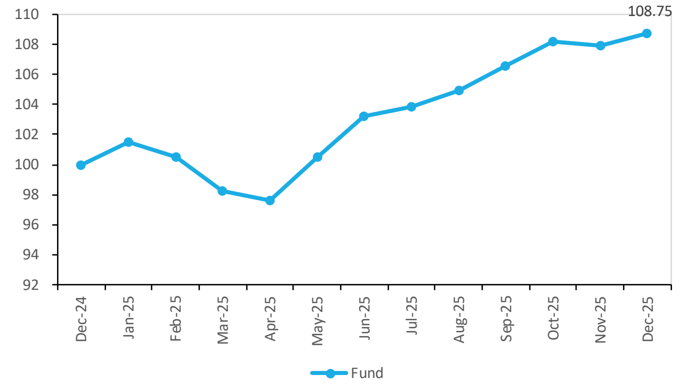
Source: Fund Administrator, ADCB

2.4 Sub-Fund Performance

During the period, the sub-fund generated a net return of 8.8% with an estimated annualized total expense ratio of 2.64%. The sub-fund is actively managed and invests in global equity and fixed income funds, while target asset allocation is based on the ADCB Asset Management global asset allocation approach. The sub-fund has an equal allocation to global equity and fixed income funds. Consequently, performance has been equally influenced by the performance of these asset classes.

There were no distributions during 2025.

Fund Performance
(Rebased)

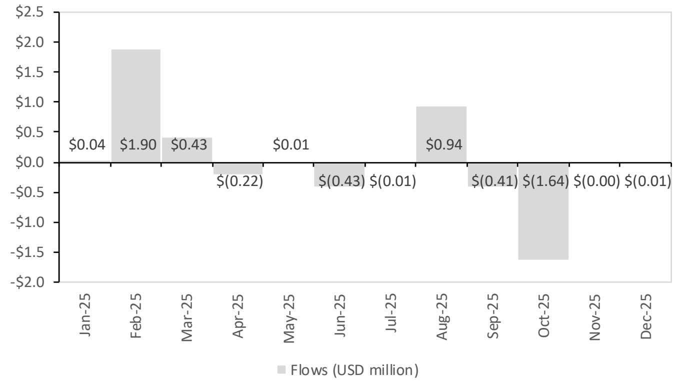


Source: Fund Administrator, ADCB

2.5 Sub-Fund Flows

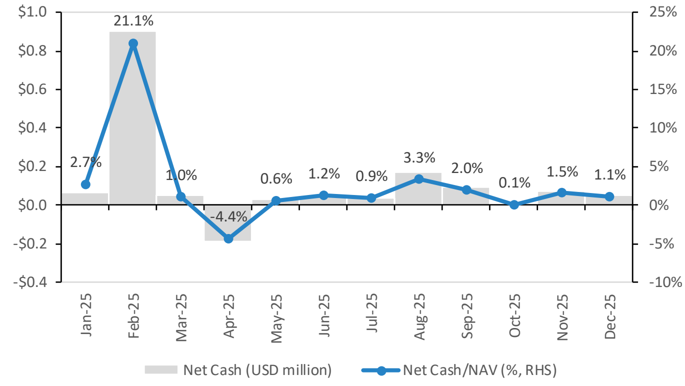
Inflows showed steady growth in the first half of 2025 while the second half of 2025 saw some redemptions on cumulative basis. The sub-fund was fully invested based on the intended asset allocation model, with a minor cash balance retained for the purpose of managing redemptions.

Fund Flows
(USD million)



Source: Fund Administrator, ADCB

Fund Net Cash Position
(USD million, % of NAV)

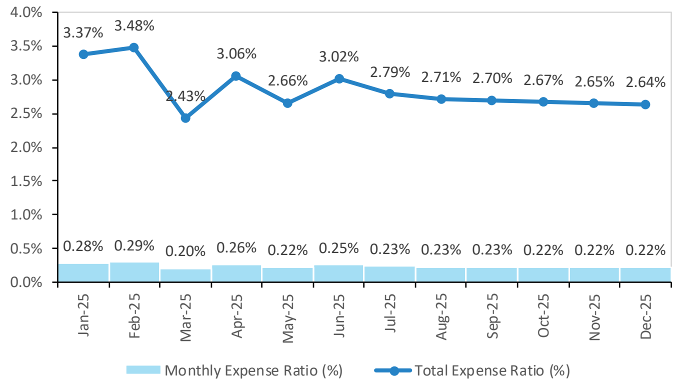


Source: Fund Administrator, ADCB

2.6 Sub-Fund Expense Ratio

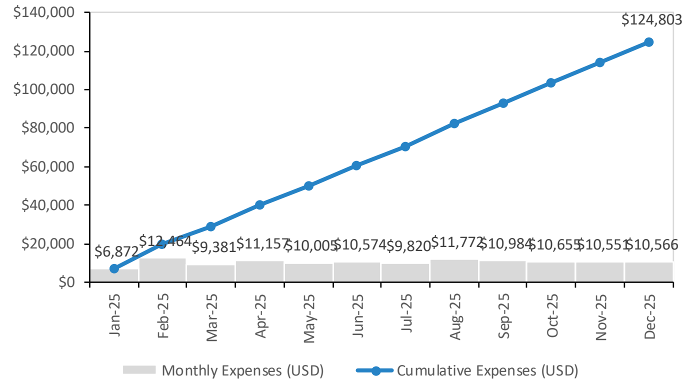
The estimated sub-fund total expense ratio is 2.64% at the end of December 2025 and has seen a gradual decline by year-end as a result of asset growth.

Fund Total Expense Ratio
(% of NAV)



Source: Fund Administrator, ADCB

Fund Monthly Expenses
(USD)



Source: Fund Administrator, ADCB

3. Market Analysis

3.1 Market Overview

Global equities delivered strong gains in the second half of 2025, adding more than 10% and bringing full-year 2025 returns to roughly 20%, supported by resilient earnings, favorable macro sentiment and fading recession risks. Sector performance was similarly broad-based: materials, IT, communication services, and industrials were among the strongest contributors in both the second half of 2025 and full-year 2025, while consumer staples was the only sector to register negative returns in the second half of 2025.

Global bonds delivered a weak performance in the second half of 2025, weighed down by widening fiscal deficits and uncertainty around the timing of interest-rate cuts. Despite this soft patch, full-year 2025 returns were strong overall, driven largely by the robust gains recorded in the first half. Global Treasuries came under pressure in the second half of 2025 as rising debt levels and shifting policy expectations pushed yields higher. Across credit markets, Global HY and EM external debt were the standout performers for both 2025 and the second half of 2025, supported by investors' search for carry and signs of improving fundamentals. Within credit, Global HY outpaced Global IG, with EUR HY leading the pack due to its shorter-duration profile.

The broad commodity index posted strong performance in 2025, driven by the rally in precious and industrial metals. Precious metals dominated, with Silver and Gold delivering exceptional gains, supported by strong safe-haven demand, falling real yields, and heightened geopolitical risk. Copper also performed strongly, reflecting resilient industrial demand and ongoing supply constraints. Energy prices were a major drag with WTI crude and Brent crude declined, pointing to persistent oversupply and weaker global demand conditions.

3.2 Market Outlook

The global economy has entered 2026 on a steady, robust footing – with a growth rate strong enough to support risk assets. While we expect developed-market growth to soften slightly in the second half of 2026, overall conditions remain resilient, broad, and supportive enough to justify a more risk-on stance. Inflation is likely to prove sticky in the near term, especially in the US, but the medium-term trajectory still points towards central bank targets.

At present, significant uncertainty surrounds US tariff policy, with recently announced rates retreating slightly but still at their highest levels since the late 1930s. Despite legal challenges, the Trump administration appears committed to its trade policy goals, particularly as it aligns these with fiscal planning. We expect uncertainty over trade and fiscal policy to weigh on the global market sentiment in the medium term.

Market pricing and policy commentary continue to point towards additional Fed easing in the second half of 2026, even though Fed might pause in its upcoming meetings. Fed funds futures still embed a path of gradual reductions, consistent with inflation drifting lower and growth remaining resilient rather than collapsing.

Elsewhere, we expect the European Central Bank to remain on hold for the foreseeable future. In the United Kingdom, weaker growth dynamics and improving inflation trends should allow the Bank of England to deliver up to three rate cuts, although the pace will remain data dependent. We continue to expect two rate hikes from the Bank of Japan, although the probability of fewer moves is rising.

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