

ADCB PJSC

Asset Management

ADCB GCC Equity Sub-Fund

Sub-Fund Performance Report

January 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 by investing primarily in GCC listed Shariah-compliant equities. The sub-fund is being actively managed with the aim of maximizing total returns and return per unit of risk while investing in high quality companies that possess superior growth potential and trade at attractive valuations.

As of the end of 2025, the sub-fund is predominantly invested in Saudi Arabia and the UAE, which together account for 79% of assets. The top 5 holdings account for approximately 31%, while the banking and telecommunications sectors account for approximately 41% of the fund's net asset value.

1.2 Factors Impacting Performance

The sub-fund's performance is primarily impacted by the GCC market's performance, since all assets are invested in equities listed in the GCC region. The GCC market's performance has recently benefited from positive sentiment and local economic factors, including robust economic activity, real estate sector growth, investment in new economic sector and foreign direct investment. Additionally, continued government investment into infrastructure and economic diversification served to enhance economic activity and consumer confidence.

These factors have culminated in a rising degree of investor optimism that has been attracted to regional equity markets, which offer attractively priced investment opportunities both in absolute and relative to global peers. However, the performance of the Saudi Arabian equity market, in which fund is concentrated, lagged behind regional peers due to various idiosyncratic factors. Also, given the size of the sub-fund, annualized estimated TER remains high at approximately 23.0%, thereby dragging the performance of the sub-fund. The ADCB GCC Equity fund declined by -21.8% (net of fees) while up +1.2% (gross of fees) during full-year 2025, compared to -3.1% for the benchmark index.

1.3 Sub-Fund Distributions

There were no distributions during full-year 2025.

1.4 Adherence to Investment Guidelines

The sub-fund experienced two passive breaches during the month of April 2025, arising from the same event that were rectified at the time. Apart from these, the sub-fund adhered to its investment guidelines during the period, and there were no material breaches recorded.

In the event of any breaches, the Fund Manager will perform the necessary corrective actions to bring the fund back into compliance in the most efficient manner while taking into account the interests of sub-fund unitholders.

The following table describes the major investment guidelines and adherence or violations that took place:

Investment Guideline	Adherence Status
Invest up to 10% of assets in individual equities	Passive breach occurred during April 2025 upon the receipt of bonus shares of Kuwait Finance House (position reached 11%)
Invest no more than 30% of assets in any one ICB super sector in the Index as defined by Dow Jones	Passive breach occurred during April 2025 upon the receipt of bonus shares of Kuwait Finance House (banking sector reached 33%)

1.5 Material Changes in Ownership

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

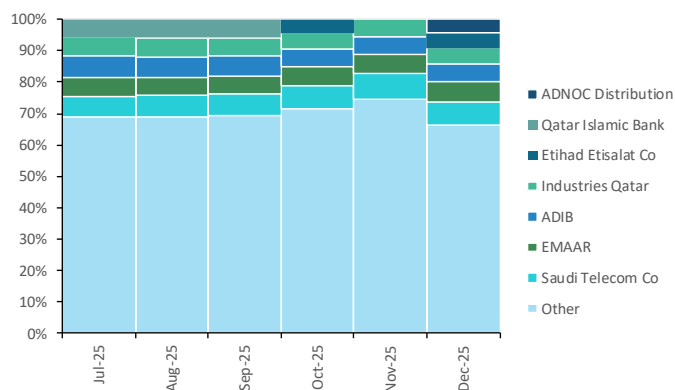
2. Sub-Fund Analysis

2.1 Sub-Fund Top Holdings

The ADCB GCC Equity sub-fund invests primarily in equities listed on GCC stock exchanges. The GCC stock market is characterised by a significant degree of concentration whereby Aramco and the largest bank account for a substantial portion of market capitalization. As for the sub-fund, the top 5 holdings account for 31%, while the banking and telecommunications sectors accounted for 41% of the fund’s net asset value at the end of December 2025.

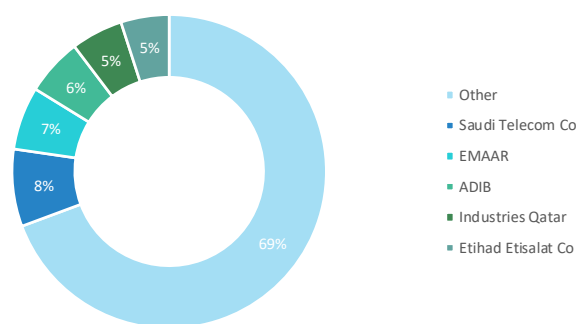
The Fund Manager follows an approach of bottom-up analysis while selecting securities and allocating risk. The investment process involves identifying potentially attractive investments that will undergo in-depth due diligence prior to capital deployment. The Fund Manager subsequently allocates risk on a relative basis, depending on the degree of conviction, valuation upside and quality of the target investment. 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)

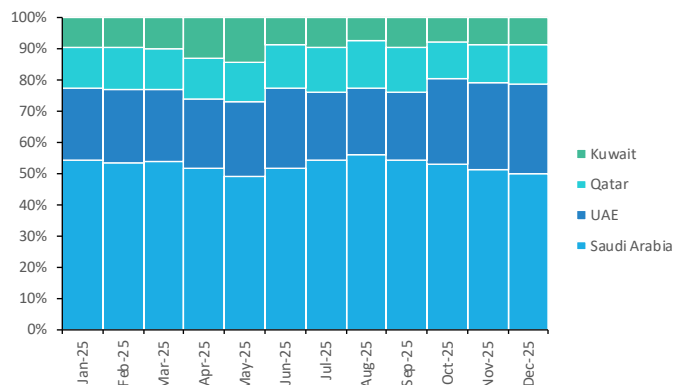


Source: Fund Administrator, ADCB

2.2 Sub-Fund Allocations

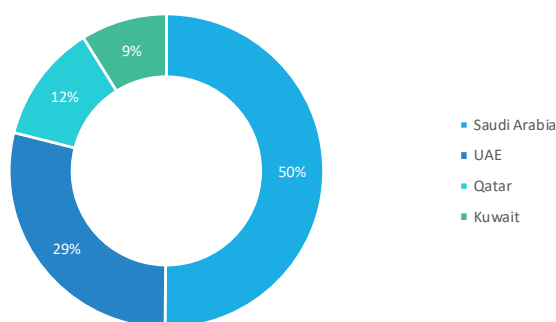
The ADCB GCC Equity sub-fund is invested in Saudi Arabia, the UAE, Qatar and Kuwait. The largest representation is that of Saudi Arabia with a 50% allocation, followed by the UAE at 29% and Qatar at 12%. Saudi Arabia’s dominance within the portfolio is a reflection of regional market capitalizations, where the bulk is concentrated in Aramco and its large banks. From a sector allocation viewpoint, banking with 27% allocation and telecommunications with 14% allocation account for 41% of the sub-fund’s net assets, while the materials sector accounts for an additional 13%.

Evolution of Country Allocations
(% of Portfolio)



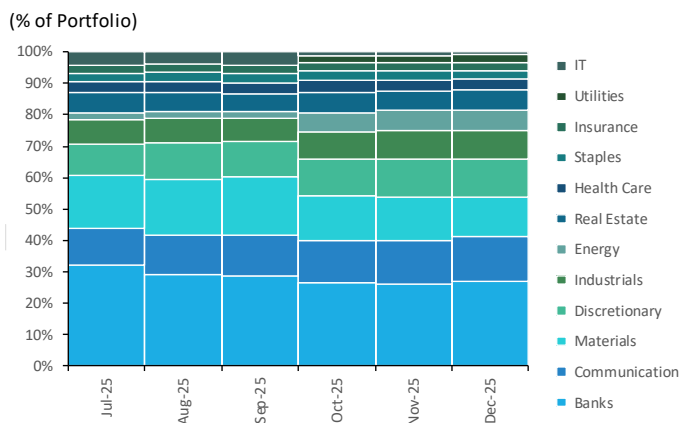
Source: Fund Administrator, ADCB

Country Allocations
(% of Portfolio)



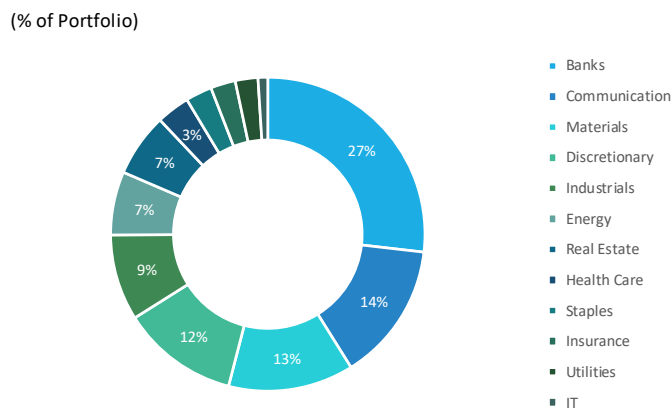
Source: Fund Administrator, ADCB

Evolution of Sector Allocations



Source: Fund Administrator, ADCB

Sector Allocations

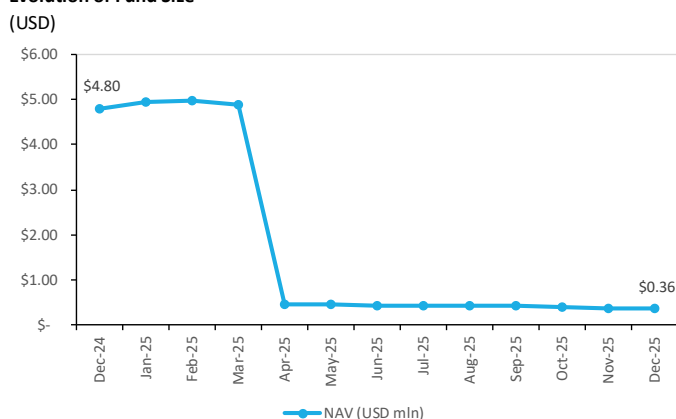


Source: Fund Administrator, ADCB

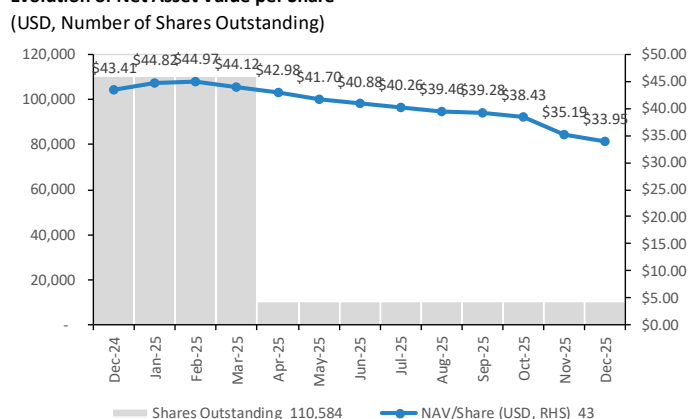
2.3 Sub-Fund Size

The sub-fund size declined from \$4.8 million at the end of 2024 to \$0.36 million at the end of December 2025. The reduction in size resulted from a single large redemption which took place during the month of April. The net asset value per share on a sub-fund level declined from \$43.41 per share at the end of 2024 to \$33.95 per share at the end of December 2025.

Evolution of Fund Size



Evolution of Net Asset Value per Share

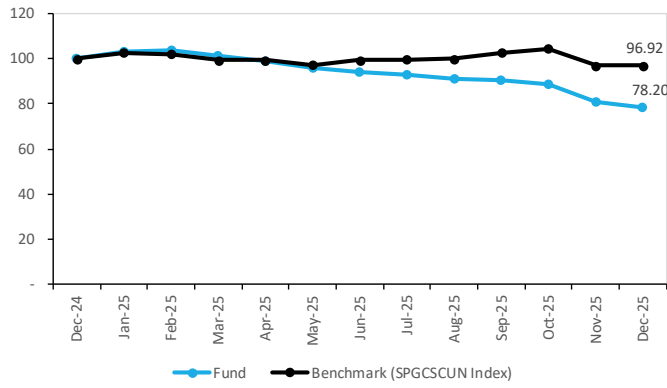


2.4 Sub-Fund Performance

During the period, the sub-fund generated a net return of -21.8%, compared to -3.1% for the relevant benchmark. Performance experienced a period of growth during the first quarter of 2025, while the remainder of the year saw gradual declines largely due to a rising total expense ratio. Consequently, the sub-fund’s performance relative to the benchmark is -18.7% in 2025.

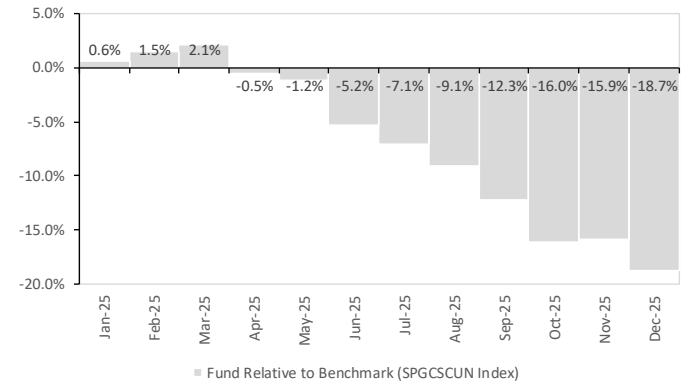
The sub-fund did not distribute any dividends during the full-year 2025.

Fund & Benchmark Performance
(Rebased to 100)



Source: Fund Administrator, ADCB

Fund Cumulative Performance Relative to the Benchmark
(%)

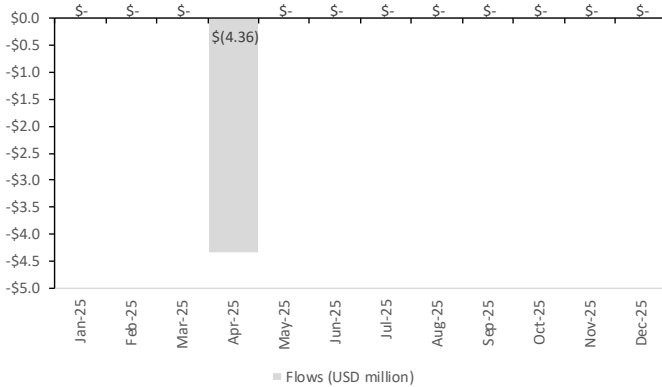


Source: Fund Administrator, ADCB

2.5 Sub-Fund Flows

The sub-fund witnessed a single large redemption in April 2025 from a major unitholder for the value of \$4.36 million. There were no other subscriptions or redemptions during the period.

Fund Flows
(USD million)

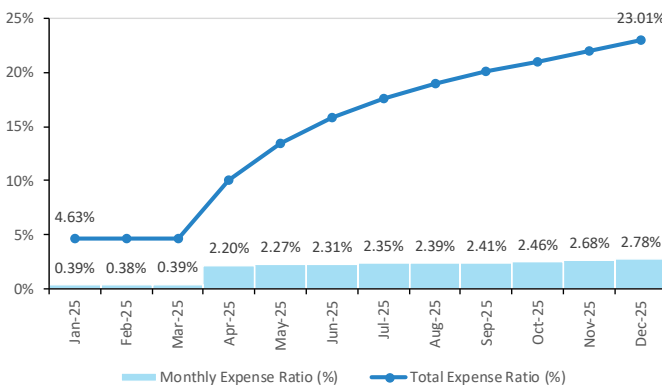


Source: Fund Administrator, ADCB

2.6 Sub-Fund Expense Ratio

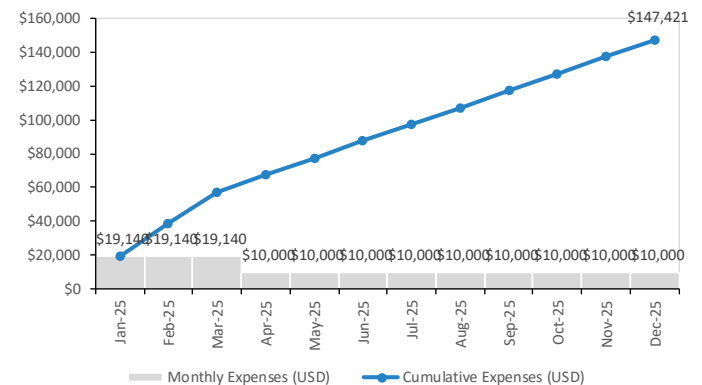
Following the redemption that took place in April 2025, the estimated sub-fund total expense ratio was 23.0% at the end of December 2025, compared to 4.7% earlier in the year.

Estimated Fund Total Expense Ratio
(% of NAV)



Source: Fund Administrator, ADCB

Estimated Fund Monthly Expenses
(USD)



Source: Fund Administrator, ADCB

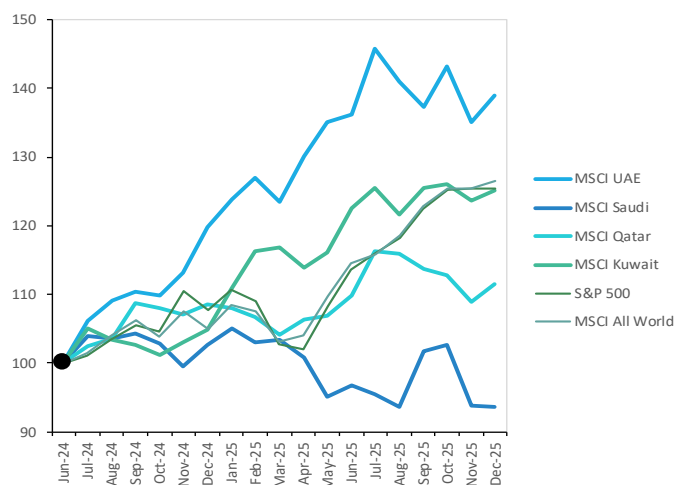
3. Market Analysis

3.1 Market Overview

The UAE has been one of the best performing markets in GCC and was largely driven by positive tailwinds from strong government spending and reforms – leading to real estate sector growth, rising population, higher foreign direct investment, as well as rising corporate earnings. This underpinned investor optimism thereby boosting foreign and retail participation in local equity markets, which offered attractively priced investment opportunities both in an absolute and relative sense. While bulk of the positive performance was delivered in the first half of 2025 was on back of local factors however, slowdown in the second half of 2025 positive performances was largely driven by rising global volatility from geo-political tension, US Government shutdown, AI disruptions and elevated valuations.

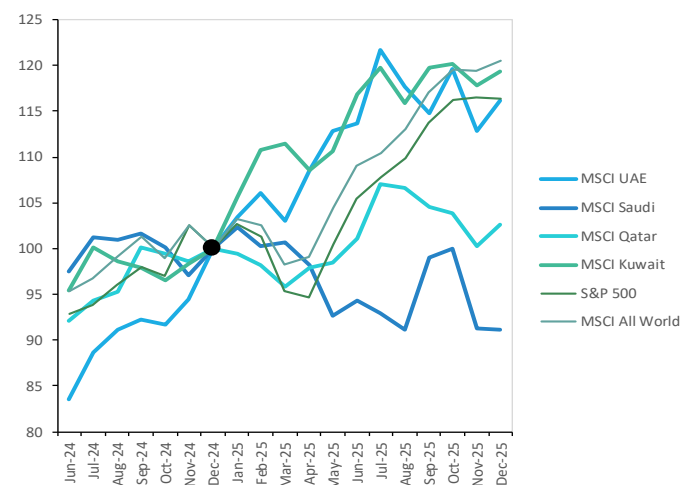
The performance in GCC market remained mixed with Kuwaiti and Omani equities outperforming others on back of structural reforms boosting market transparency, solid macro factors and foreign inflows. However, Saudi Arabian equity market continued to underperform, despite regulatory changes around foreign investments, majorly due to headwinds in petrochemical sector and weaker oil prices impacting the country’s revenues and increasing potential risk around government spending.

GCC & Global Markets Performance - Trailing 12 Months
(Rebased to 30-Jun-24)



Source: MSCI, Bloomberg, ADCB

GCC & Global Markets Performance - Year to Date
(Rebased to 31-Dec-24)



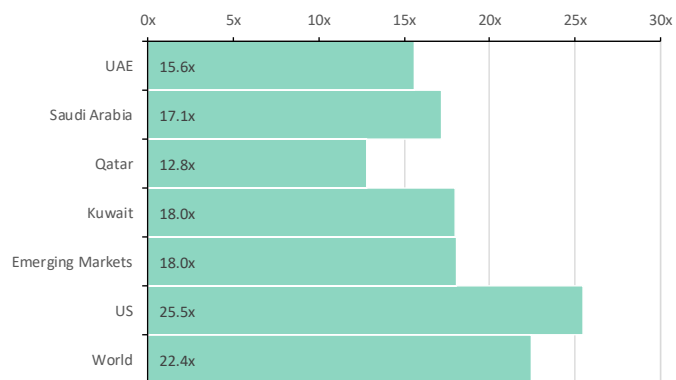
Source: MSCI, Bloomberg, ADCB

3.2 Market Outlook

Overall, GCC markets continue to demonstrate strong resilience despite geopolitical tensions, global trade frictions, and softer oil prices. Corporate credit quality remains robust, supported by solid sovereign balance sheets. We expect economic growth to stay resilient, underpinned by sustained government spending, rising populations that drive domestic demand, and the implementation of sound economic policies. Moreover, despite the strong equity performance recently seen in select GCC markets, we still identify pockets of attractive valuations, backed by healthy cash flow visibility and sustainable dividend profiles.

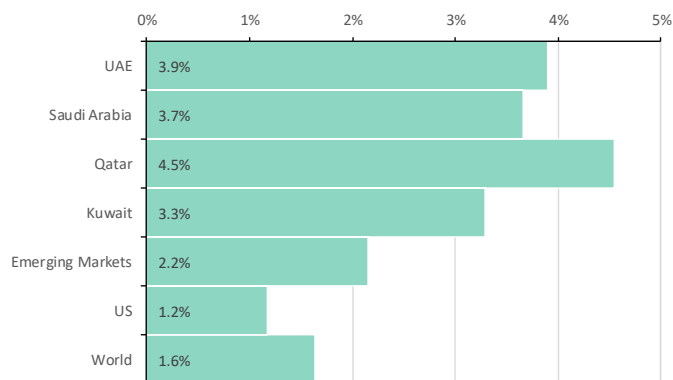
We maintain our view that the UAE will continue to benefit from sustained government investment in infrastructure and economic diversification, supported by strong population growth, rising economic activity, and improving consumer confidence. In addition, government initiatives aimed at broadening the country’s global trade partnerships are expected to create further opportunities for corporates and serve as an additional driver of medium/long-term growth.

**Comparison of Price/Earnings Ratios
(Multiple)**



Source: MSCI, Bloomberg, ADCB

**Comparison of Dividend Yields
(%)**



Source: MSCI, Bloomberg, ADCB

Following a period of underperformance relative to other GCC markets, we believe Saudi equities now offer compelling value, supported by more attractive valuations and elevated dividend yields. Private sector consumption is expected to remain resilient, underpinned by sustained population growth. While certain mega-projects are undergoing reassessment, we expect infrastructure development linked to major upcoming global events in the Kingdom to continue providing near-term opportunities. Although oil-related sectors may experience increased volatility amid ongoing global uncertainties, the government’s continued focus on expanding the non-oil economy should create multiple growth avenues. Rising labor-force participation, higher personal consumption expenditure, and increasing construction activity are expected to support the momentum within the non-oil sectors.

Overall, we believe growth prospects across the GCC remain resilient, supported by the region’s ongoing efforts to diversify economic activity away from hydrocarbons. Structural tailwinds, including sustained investments in services, infrastructure, and technology, combined with strong population growth and continued foreign capital inflows, are expected to provide robust and sustainable long-term opportunities. These dynamics should increasingly shift growth drivers toward domestic, non-oil sectors, reinforcing the region’s medium-term economic momentum. Overall, we believe valuation multiples across the GCC remain reasonable, while the region continues to offer dividend yields that are attractive relative to other global markets.

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