ADCB PJSC

ADCB UAE Funds: ADCB Balanced Sub-Fund

Sub-Fund Performance Report

January 2026 to June 2026

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 (ETFs) 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.

At the end of June 2026, the sub-fund had a 54.5% allocation to global equity funds and 45.5% allocation to 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.

Global macroeconomic and geopolitical events routinely impact the performance of developed and emerging markets. Global equity markets delivered strong gains during the first half of 2026, driven by AI optimism and improved earnings outlook while global fixed income market performance was characterized by elevated US Treasury yields, higher inflation volatility due to rise in energy prices and a shift from expectations of central bank rate cuts to inflation risks. The sub-fund generated a net return of 4.3% year to date and paid out one dividend during the first half of 2026.

1.3 Sub-Fund Distributions

The sub-fund paid a dividend of $0.5443 per unit at record date of 20th January 2026 for profits accrued in 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.

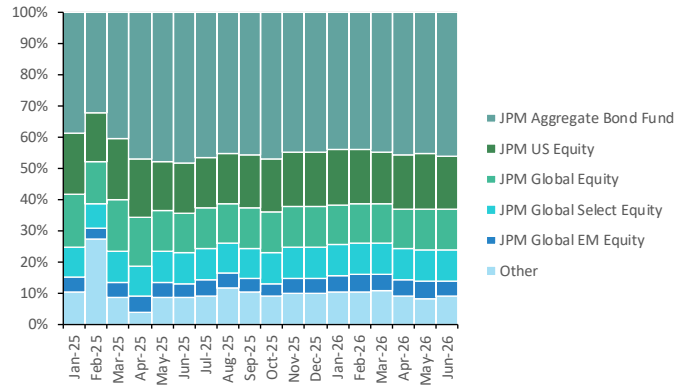
2. Sub-Fund Analysis

2.1 Sub-Fund Top Holdings

At the end of June 2026, the sub-fund had 54.5% allocation to global equity funds and 45.5% allocation to fixed income funds. Top holdings are comprised of a 46% allocation to the JP Morgan Aggregate Bond fund and 17% allocation to the JP Morgan US Research Enhanced Index Equity ETF.

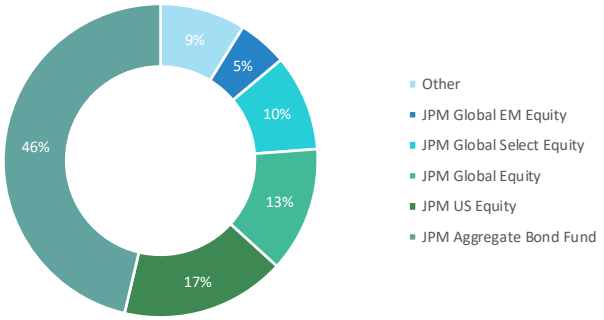
The Fund Manager follows a top-down approach in determining the appropriate target asset allocation, which is largely based on the analysis of global macroeconomic trends and the sub-funds target risk budget. This is followed by a bottom-up approach to selecting suitable investments and allocating risk. The investment process involves conducting the necessary due diligence on target funds and investments 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)

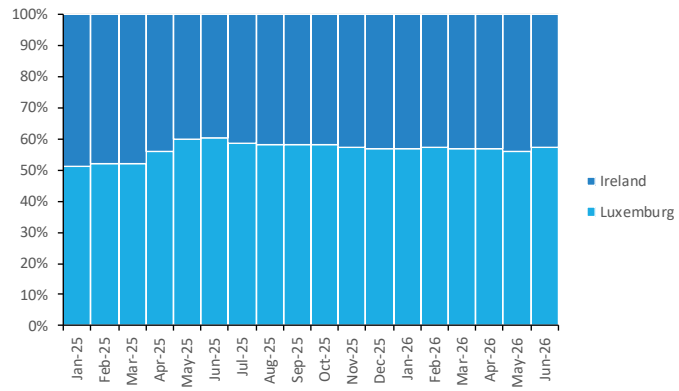


Source: Fund Administrator, ADCB

2.2 Sub-Fund Allocations

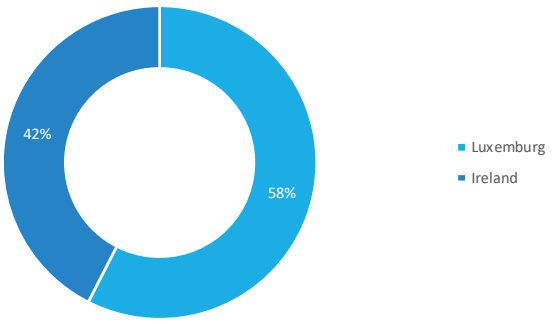
The sub-fund is actively managed and invests in open-ended funds and ETFs that invest in global equity and fixed income securities. As at end of June 2026, the sub-fund is invested in funds listed in Ireland and Luxembourg.

Evolution of Country Allocations
(% of Portfolio)



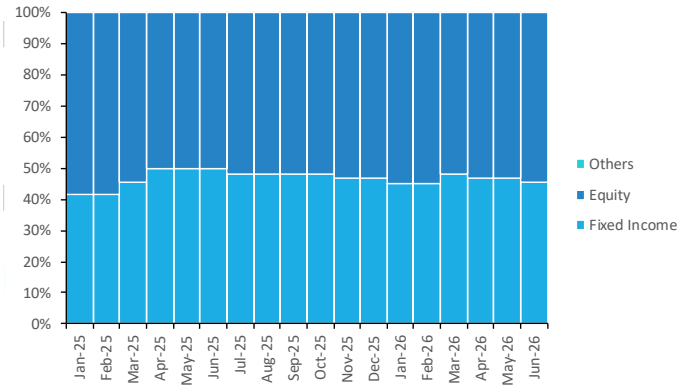
Source: Fund Administrator, ADCB

Country Allocations
(% of Portfolio)



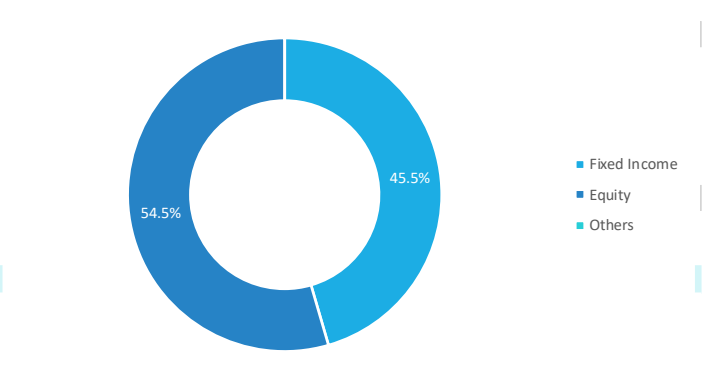
Source: Fund Administrator, ADCB

Evolution of Target Asset Allocation
(% of Portfolio)



Source: Fund Administrator, ADCB

Target Asset Allocation
(% of Portfolio)

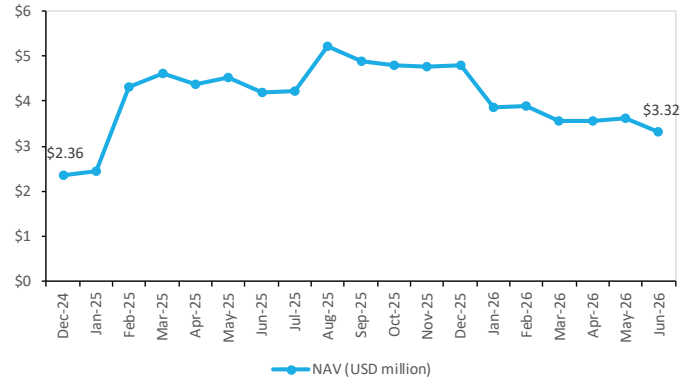


Source: Fund Administrator, ADCB

2.3 Sub-Fund Size

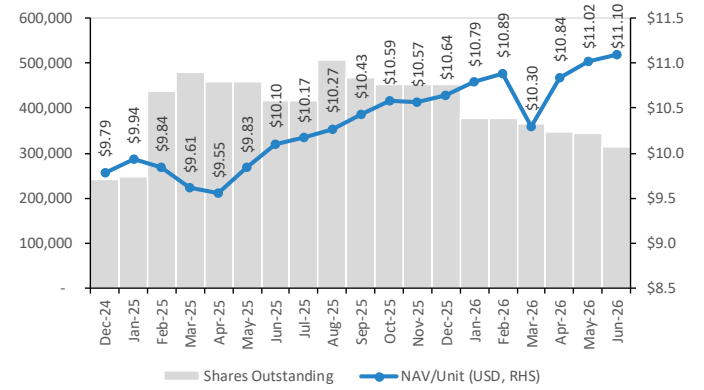
The sub-fund was launched in late 2024 and began deploying initial proceeds in early December 2024. Total size grew from $2.4 million to $3.3 million by the end of June 2026, increasing c.40% since inception. Total size fell approximately 31% in the first half of 2026. The net asset value per unit on a sub-fund level rose 4.3% year to date, ending at $11.10 per unit, net of expenses.

Evolution of Fund Size
(USD million)



Source: Fund Administrator, ADCB

Evolution of Net Asset Value per Unit
(USD, Number of Units Outstanding)

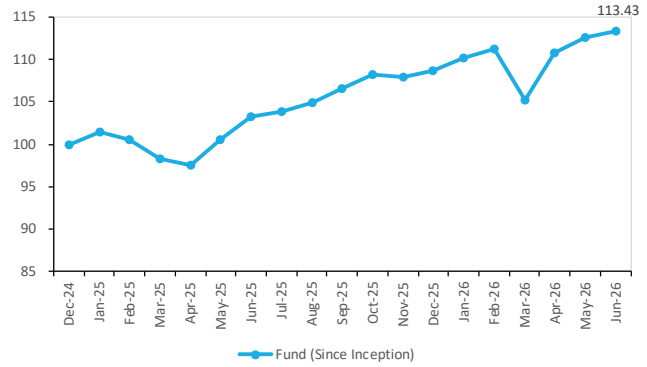


Source: Fund Administrator, ADCB

2.4 Sub-Fund Performance

The sub-fund generated a net return of 4.3% with an estimated annualised total expense ratio of 2.7% as at end of June 2026. The sub-fund is actively managed and invests in global equity and fixed income funds. The sub-fund's asset allocation is tilted towards global equity while retaining a substantial allocation to fixed income funds. Consequently, performance has been influenced by the performance of both the asset classes. Furthermore, the sub-fund distributed $0.5443 per unit in dividends to unitholders in January 2026 for profits accrued in 2025.

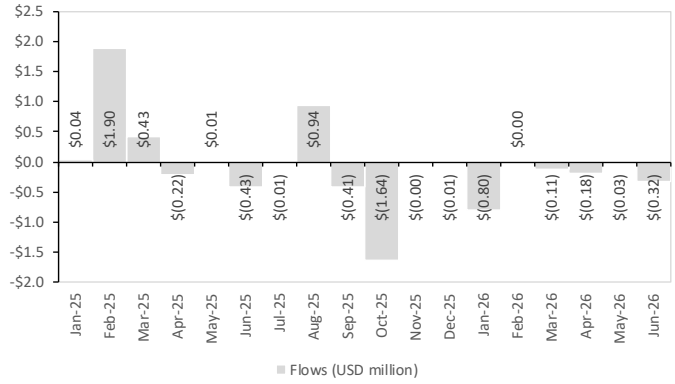
Fund Performance Since Inception
(Rebased)



2.5 Sub-Fund Flows

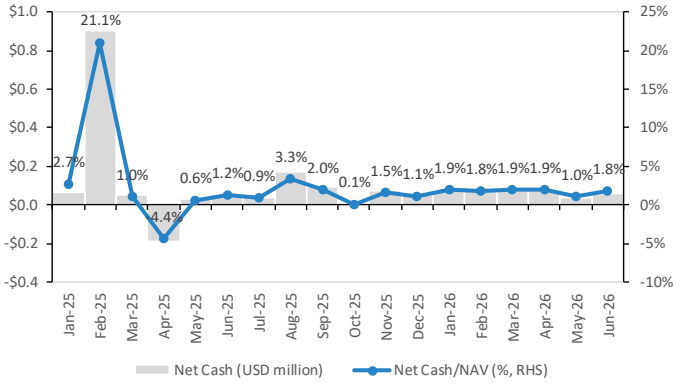
The sub-fund experienced net outflows during the first half of 2026. The sub-fund was fully invested based on the intended asset allocation model, with a minor cash balance retained for the purpose of managing redemptions.

Fund Flows
(USD million)



Source: Fund Administrator, ADCB

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

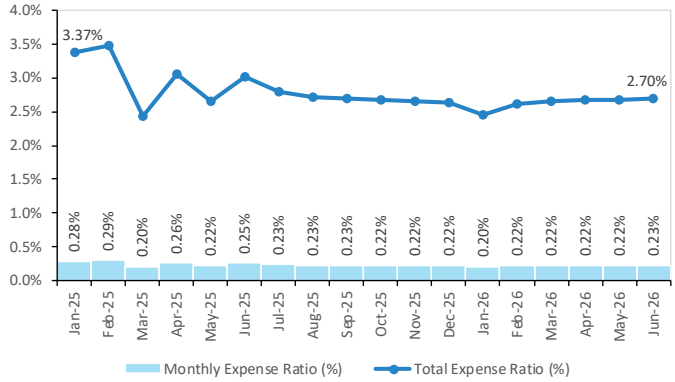


Source: Fund Administrator, ADCB

2.6 Sub-Fund Expense Ratio

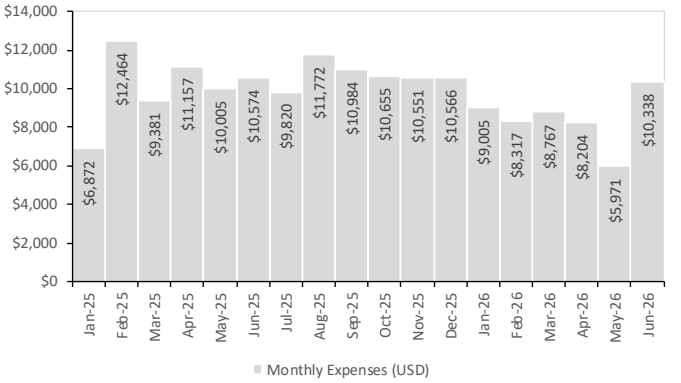
The estimated sub-fund total expense ratio is 2.7% at end of June 2026. It rose slightly from January 2026 due to a decline in assets year to date.

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 a strong performance in the first half of 2026, supported by improved earnings outlook, continued strength in technology-related sectors and resilient economic activity despite the US-Iran war, inflation volatility and elevated bond yields. Emerging markets outperformed developed markets, driven by particularly strong gains across parts of Asia. Sector returns were led by IT, energy, and industrials, while consumer discretionary and communication services lagged broader equity markets.

Global bonds were broadly flat during the first half of 2026 as higher sovereign yields offset income generation. Government bonds came under pressure amid ongoing fiscal concerns and uncertainty around the path of monetary policy. Credit markets fared better, with high yield and emerging market debt outperforming investment-grade bonds, supported by attractive carry and resilient corporate fundamentals. Within credit, lower-rated emerging market corporates were among the strongest performers.

The broad commodity index posted solid gains in the first half of 2026, largely driven by a sharp rally in energy markets. Oil prices advanced strongly on supply-related concerns and geopolitical developments, while industrial metals also generated positive returns, supported by resilient demand expectations. In contrast, precious metals weakened driven by strengthening US dollar and reduced Fed rate cut expectations.

3.2 Market Outlook

Global growth has been resilient but fragile, reflecting a mature early-cycle expansion marked by a growing divergence between stronger manufacturing activity and weaker services demand. The US is showing signs of moderating demand despite strong payrolls, Eurozone faces a deeper slowdown, and commodity-driven emerging markets continue to outperform. We believe the global growth narrative has shifted from a clean disinflationary soft landing to a more complex stagflation-risk environment, where upside surprises in activity are increasingly driven by precautionary behavior rather than strength in demand. Yet we believe there are no signs of an impending recession.

The global disinflation trend has stalled as higher energy, transport, and trade-related costs linked to the Middle East conflict have reintroduced inflationary pressures. Although the recent ease in US-Iran tensions has contributed to a decline in inflation breakevens and improved inflation expectations, the path back to central bank targets is likely to remain uneven. Geopolitical risks and fiscal dynamics are expected to keep medium-term inflation expectations and term premia elevated.

Against this backdrop, markets have steadily repriced the Federal Reserve toward a more hawkish stance. We expect the Federal Reserve to remain on hold through year-end, as sticky inflation and resilient economic activity reduce the case for rate cuts, while easing war-related price pressures limit the need for additional tightening. Elsewhere, the European Central Bank is nearing the end of its tightening cycle and may deliver one final hike before pausing and eventually pivoting toward rate cuts as growth remains fragile and inflation moderates. The Bank of England is also expected to stay on hold, although weaker growth and easing inflation suggests the next move is more likely to be a cut than a hike. Meanwhile, following its recent front-loaded rate increase, the Bank of Japan is expected to pause for the remainder of the year amid below-target inflation and rising external headwinds.

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