ADCB PJSC

ADCB UAE Funds: ADCB Income Sub-Fund

Sub-Fund Performance Report

January 2026 to June 2026

ADCB PJSC
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Contents

1. Strategic Review	**3**
1.1 Sub-Fund Overview	3
1.2 Factors Impacting Performance	3
1.3 Sub-Fund Distributions	3
1.4 Adherence to Investment Guidelines	3
1.5 Material Changes in Ownership	3
2. Sub-Fund Analysis	**4**
2.1 Sub-Fund Top Holdings	4
2.2 Sub-Fund Allocations	4
2.3 Sub-Fund Size	5
2.4 Sub-Fund Performance	5
2.5 Sub-Fund Flows	6
2.6 Sub-Fund Expense Ratio	6
3. Market Analysis	**7**
3.1 Market Overview	7
3.2 Market Outlook	7

1. Strategic Review

1.1 Sub-Fund Overview

The sub-fund's investment objective is to provide regular income with medium to long-term capital growth 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 to low 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. The Fund Manager considers both quantitative measures and qualitative factors in identifying underlying funds and target weights.

As of June 2026, the sub-fund has a 50% allocation to global equity funds and ETFs and 50% allocation to fixed income funds and ETFs, which reflects the strategic asset allocation determined by the Fund Manager. The underlying instruments 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. Performance has been influenced by the performance of global equity and fixed income asset classes during the period.

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 shift from central bank rate cuts to inflation risks. The sub-fund generated a net return of approximately 1.4% year to date and paid out dividend distributions during the first quarter of 2026.

1.3 Sub-Fund Distributions

The sub-fund’s strategy aims to provide unitholders with regular income and medium to long-term capital growth. Accordingly, the sub-fund declared and paid dividends out of profits generated during the year, in line with the Fund Manager’s intentions to pay dividends. The dividends were paid on a monthly basis during the first quarter of 2026.

Total dividends amounted to $0.1393 per unit (of which $0.0888 per unit was paid for profits generated in 2025) were paid to active unitholders of the Class A distributing unit class in the first half of 2026

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.

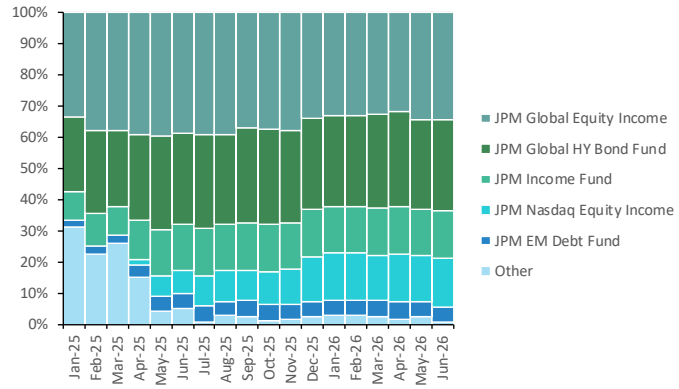
2. Sub-Fund Analysis

2.1 Sub-Fund Top Holdings

The sub-fund has 50% allocation to global equity funds and 50% allocation to fixed income funds as of 30th June 2026. Top holdings are a 34% allocation to the JP Morgan Global Equity Income ETF and a 29% allocation to the JP Morgan Global High-Yield Bond fund.

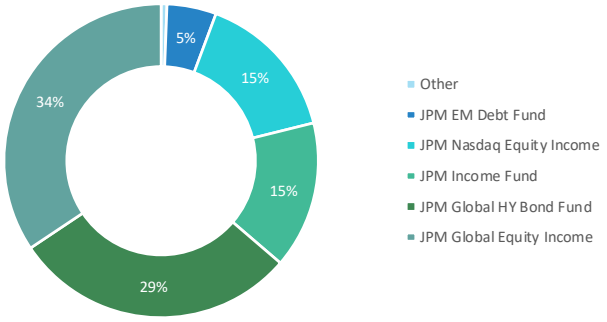
The Fund Manager follows a top-down approach in determining the appropriate target asset allocation, which is based on the analysis of global macroeconomic trends. This is followed by a bottom-up approach to selecting suitable investments and allocating risk. The investment process involves conducting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

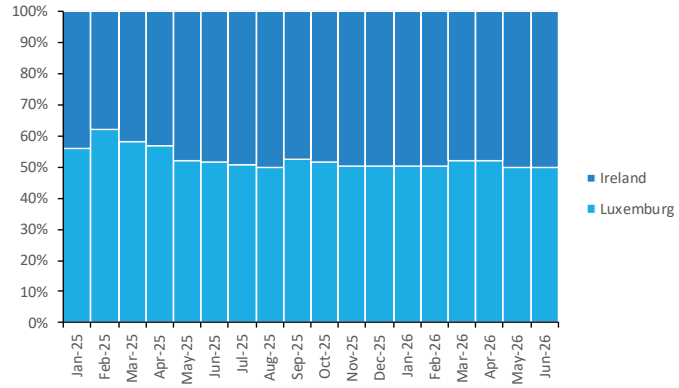


Source: Fund Administrator, ADCB

2.2 Sub-Fund Allocations

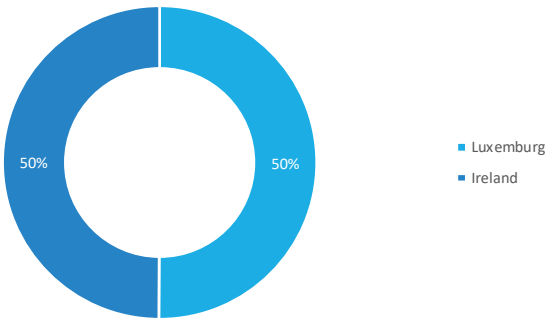
The sub-fund is actively managed and invests in open-ended funds and exchange traded funds that invest in global equity and fixed income securities. As of June 2026, the sub-fund is invested in funds listed in Ireland and Luxembourg. During the period of January 2026 to June 2026, the sub-fund has had an approximately equal allocation to global equity and fixed income funds.

Evolution of Country Allocations
(% of Portfolio)



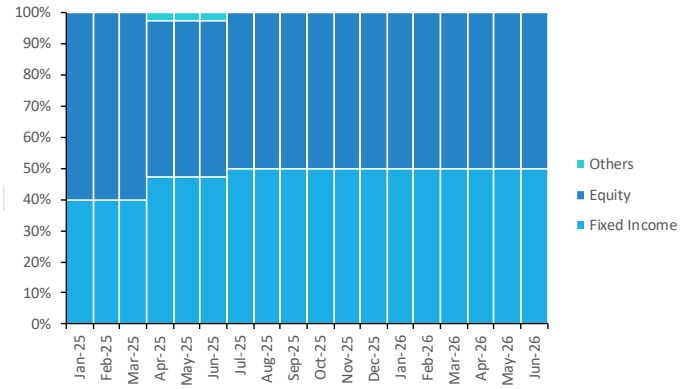
Source: Fund Administrator, ADCB

Country Allocations
(% of Portfolio)



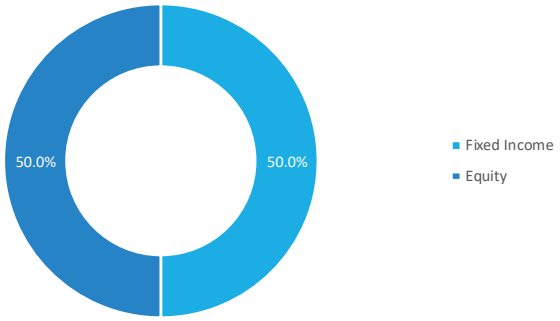
Source: Fund Administrator, ADCB

Evolution of Target Asset Allocation
(% of Portfolio)



Source: Fund Administrator, ADCB

Target Asset Allocation
(% of Portfolio)

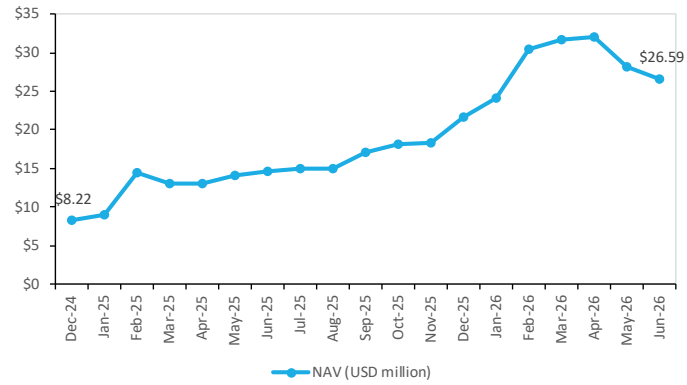


Source: Fund Administrator, ADCB

2.3 Sub-Fund Size

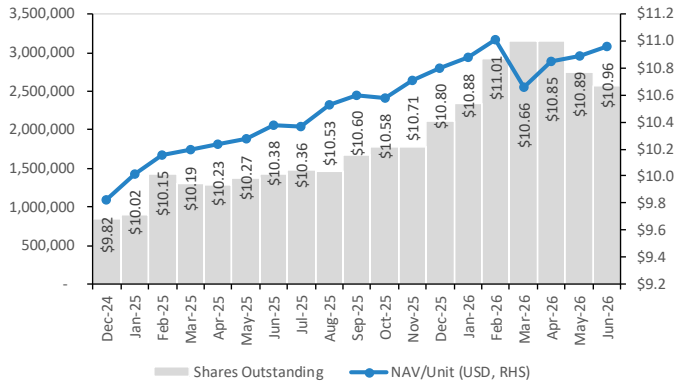
The sub-fund was launched in late 2024 and began deploying initial proceeds in early December 2024. Total size grew from approximately $8.2 million to approximately $26.6 million by the end of June 2026, demonstrating a robust growth since inception. The size of the sub-fund grew in the first half of 2026 by 22%. The net asset value per share on a sub-fund level rose by approximately 1.4% during the same period, to $10.96 per share, net of expenses and adjusted for dividends.

Evolution of Fund Size
(USD million)



Source: Fund Administrator, ADCB

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



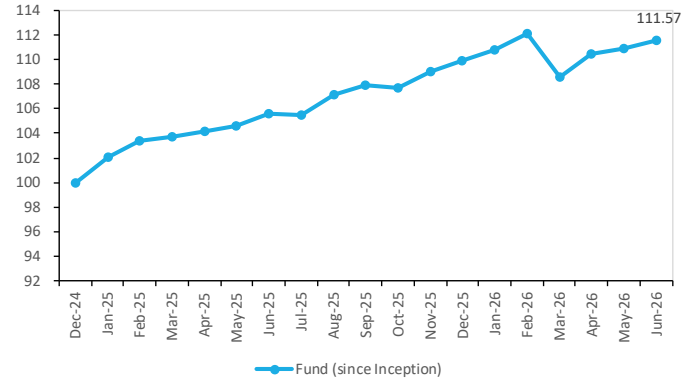
Source: Fund Administrator, ADCB

2.4 Sub-Fund Performance

During the first half of 2026, the sub-fund generated a net return of approximately 1.4% with an estimated annualized total expense ratio of approximately 1.2%. The sub-fund is actively managed and invests in global equity and fixed income funds. The sub-fund has 50% allocation to global equity funds and 50% allocation to fixed income funds as of 30th June 2026. Consequently, performance has been equally influenced by the performance of these asset classes.

Total dividends amounted to $0.1393 per share (of which $0.0888 per share was paid for profits generated in 2025) were paid to active unitholders of the Class A distributing share class in the first half of 2026.

Fund Performance Since Inception
(Rebased)

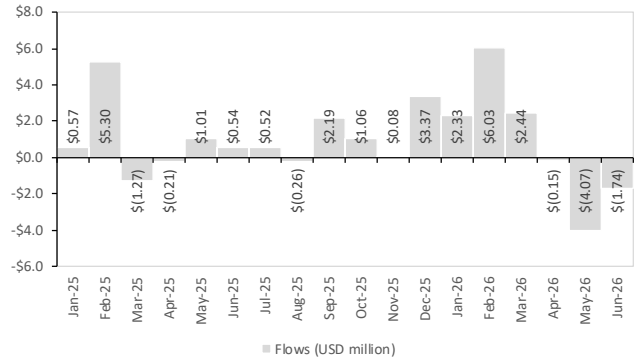


Source: Fund Administrator, ADCB

2.5 Sub-Fund Flows

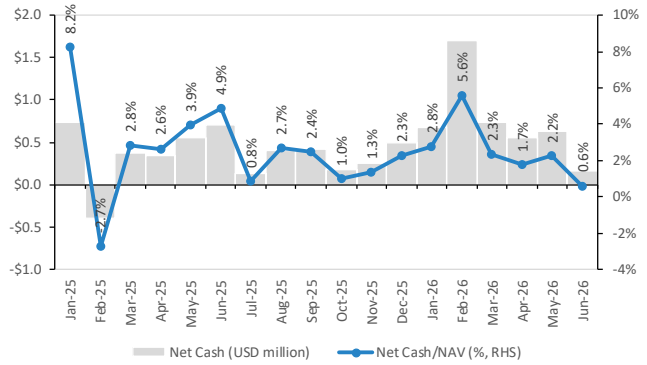
The sub-fund experienced net inflows during the first half of 2026, with the first quarter recording strong inflows. The sub-fund was fully invested based on the intended asset allocation model, with a minor cash balance retained for the purpose of managing redemptions.

Fund Flows
(USD million)



Source: Fund Administrator, ADCB

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

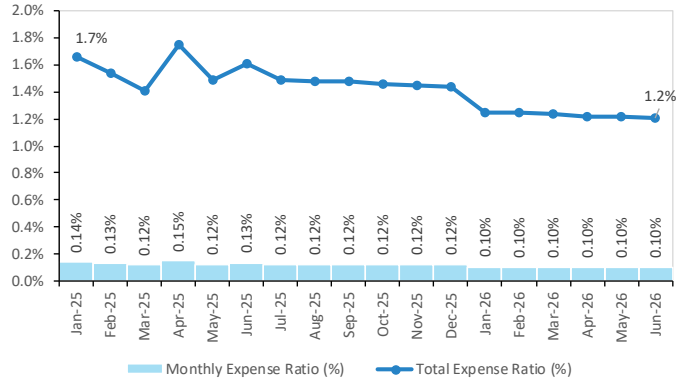


Source: Fund Administrator, ADCB

2.6 Sub-Fund Expense Ratio

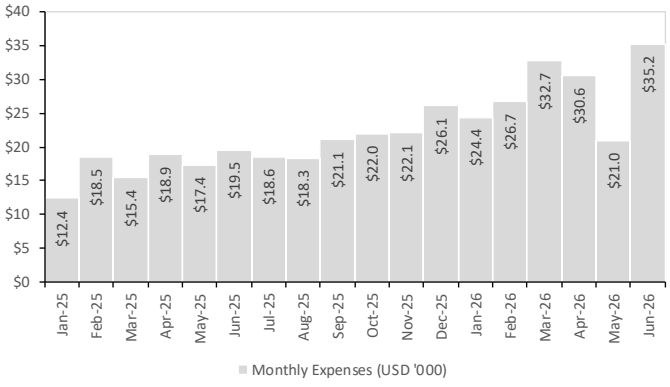
The estimated sub-fund total expense ratio is approximately 1.2% at the end of June 2026. It gradually declined from 1st January 2026 as a result of asset growth.

Fund Total Expense Ratio
(% of NAV)



Source: Fund Administrator, ADCB

Fund Monthly Expenses
(USD '000)



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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