ADCB PJSC

Asset Management

ADCB UAE Funds: ADCB UAE Equity Sub-Fund

Sub-Fund Performance Report

January to June 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 primarily in equities of the UAE listed on the Abu Dhabi Securities Market, Dubai Financial Market and the Nasdaq Dubai. The sub-fund is actively managed and is benchmarked against the S&P UAE Domestic 4.5/9/35 Capped Index for the purpose of measuring performance. The sub-fund is permitted to invest up to 30% of its net asset value in equities listed on stock exchanges outside the UAE.

As of the end of the first half of 2025, the sub-fund's non-cash exposure is invested exclusively in UAE listed equities given the attractiveness of this market and the robust growth being witnessed by its constituents. The top 5 holdings account for 36% of holdings, while the sub-fund held an 8% cash position at the end of June 2025. Major sector allocations included the financial sector (31%), communication sector (12%) and energy sector (10%), which together accounted for 53% of assets. Since launch in late 2024, total assets grew to $2.87 million by the end of June 2025. 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.

1.2 Factors Impacting Performance

The sub-fund's performance is primarily impacted by the UAE market's performance, since 92% of assets are invested in equities listed in the country. The UAE market's performance has recently benefitted from positive sentiment and local economic factors, including robust economic activity, real estate sector growth, influx of residents and foreign direct investment. Additionally, favorable oil prices and 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 absolute and relative to global peers. The sub-fund has gained 9.5% during the first half of 2025 and we expect continued positive performance.

1.3 Sub-Fund Distributions

The strategy aims to provide unitholders with both income and long-term capital growth. Accordingly, the sub-fund declared and paid a dividend for the first half of 2025 out of profits generated during the year, in line with the Fund Manager's intentions to pay dividends semi-annually. The dividend amounted to AED 0.2770 per share and was paid to active unitholders of the Class A distributing share class at record date 23-Jun-25.

1.4 Adherence to Investment Guidelines

The sub-fund adhered to 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 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 during the period.

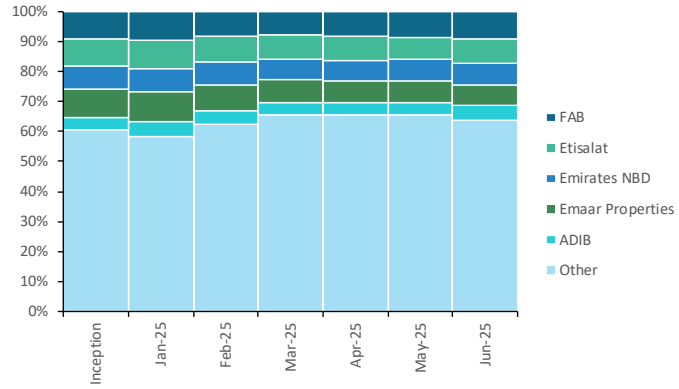
2. Sub-Fund Analysis

2.1 Sub-Fund Top Holdings

The sub-fund invests primarily in equities listed on UAE stock exchanges. The UAE stock market is characterized by a relatively high degree of concentration whereby the top 10 largest stocks account for 65-70% of market capitalization. As for the sub-fund, the top 10 holdings account for 59% while the top 5 holdings account for 36% of net assets. The top 5 holdings include companies from the financial, communications and real estate sectors, as described in the charts below.

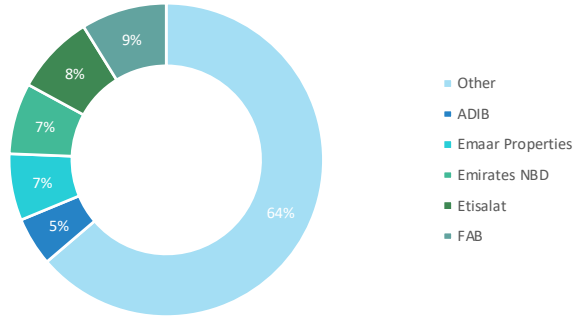
The Fund Manager follows an approach of bottom-up analysis while selecting securities and allocating risk. The investment process involves identifying potentially attractive investments that will undergo in-depth due diligence prior to capital deployment. The Fund Manager subsequently allocates risk 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)

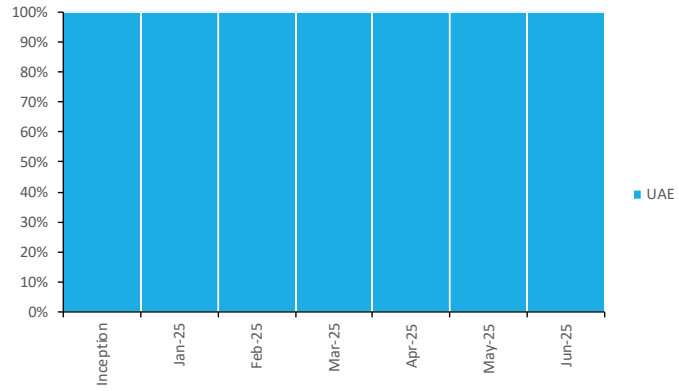


Source: Fund Administrator, ADCB

2.2 Sub-Fund Allocations

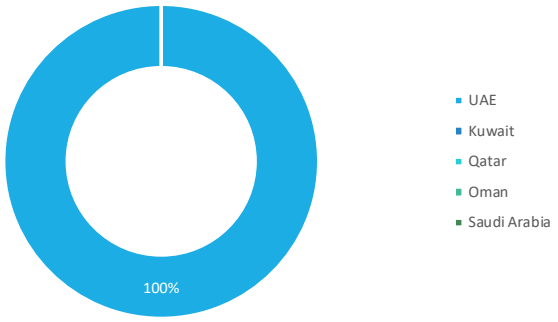
The sub-fund is fully invested in the UAE, although it is also permitted to invest up to 30% of its net asset value in equities listed on stock exchanges outside the UAE. Allocation to the financial sector accounts for 31%, while the communications sector accounts for 12% and the energy sector 10%. During June 2025, the Fund Manager reduced exposure to the real estate sector following sharp price appreciation in favor of increasing exposure to the financial sector where several value accretive opportunities existed. A cash balance was also maintained with the intention to deploy towards investment opportunities that may arise in the near term.

Evolution of Country Allocations
(% of Portfolio)



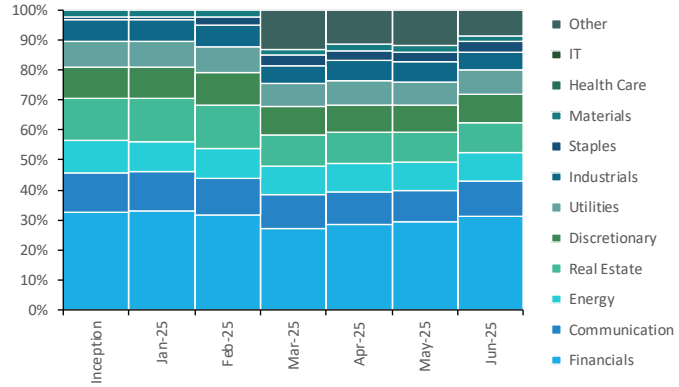
Source: Fund Administrator, ADCB

Country Allocations
(% of Portfolio)



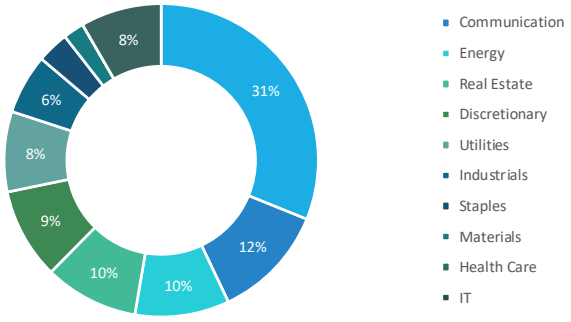
Source: Fund Administrator, ADCB

Evolution of Sector Allocations
(% of Portfolio)



Source: Fund Administrator, ADCB

Sector Allocations
(% of Portfolio)

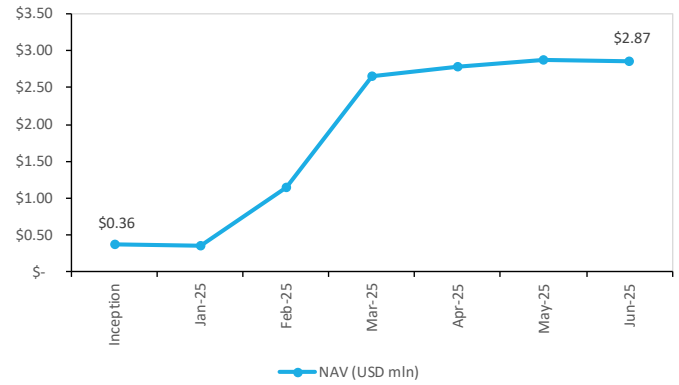


Source: Fund Administrator, ADCB

2.3 Sub-Fund Size

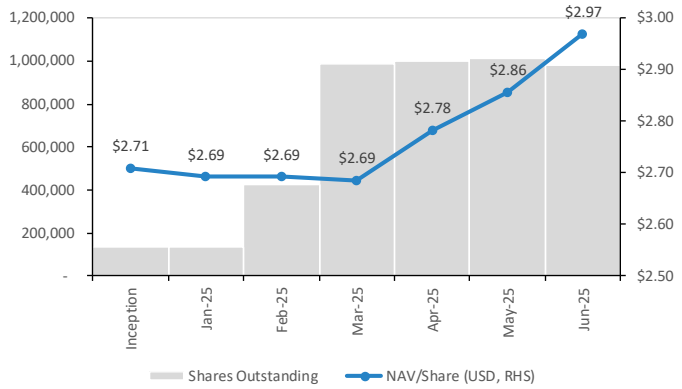
The sub-fund was launched in late 2024 and began deploying initial proceeds in January 2025. Total size grew from $0.36 million to $2.86 million by the end of June 2025, demonstrating a growth rate of 689% during the period. The net asset value per share on a sub-fund level grew by 9.5%, net of expenses and adjusted for dividends.

Evolution of Fund Size
(USD)



Source: Fund Administrator, ADCB

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



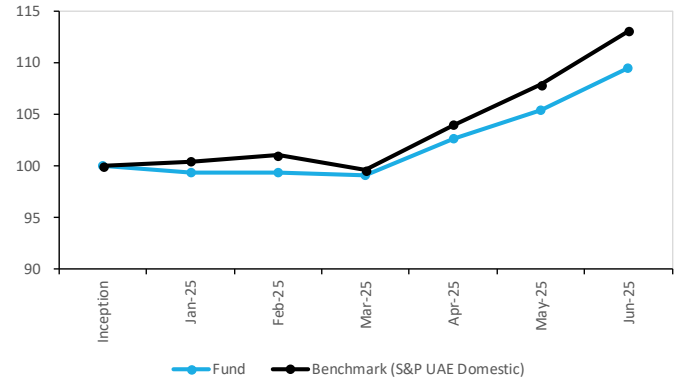
Source: Fund Administrator, ADCB

2.4 Sub-Fund Performance

During the period, the sub-fund generated a net return of 9.5% and gross return of 11.8%, compared to 13.1% for the relevant benchmark. Performance saw a notable period of growth between April and June as market wide optimism drove a general market rally across most constituents.

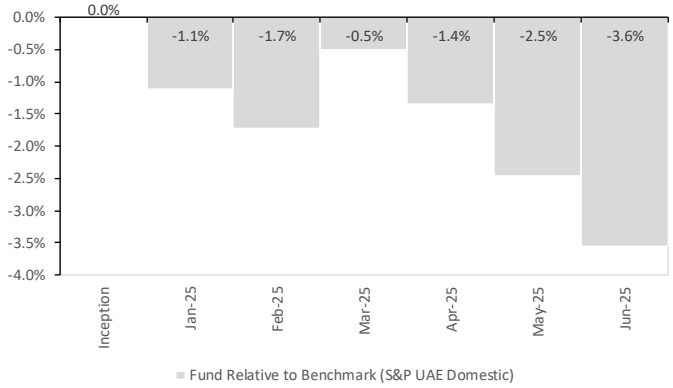
Furthermore, the sub-fund has distributed AED 0.2770 per share in dividends to unitholders of the Class A distributing share class at record date 23-Jun-25.

Fund & Benchmark Performance
(Rebased to 100)



Source: Fund Administrator, ADCB

Fund Cumulative Performance Relative to the Benchmark
(%)

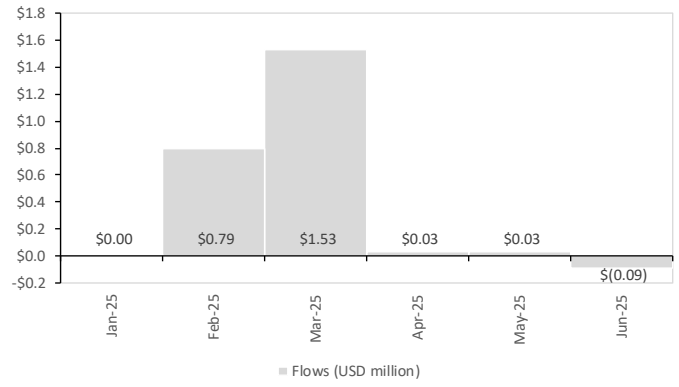


Source: Fund Administrator, ADCB

2.5 Sub-Fund Flows

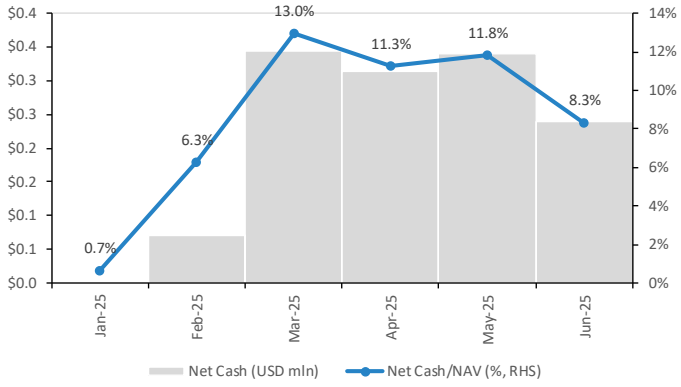
Inflows showed steady growth during the first half of 2025. A portion of inflows received in March was retained as cash with the intention to deploy towards investment opportunities that may arise. However, this cash has not yet been fully deployed.

Fund Flows
(USD million)



Source: Fund Administrator, ADCB

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

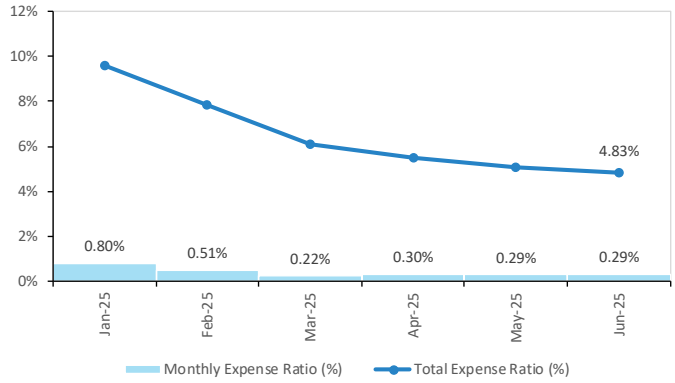


Source: Fund Administrator, ADCB

2.6 Sub-Fund ExpSub-Fund Overviewense Ratio

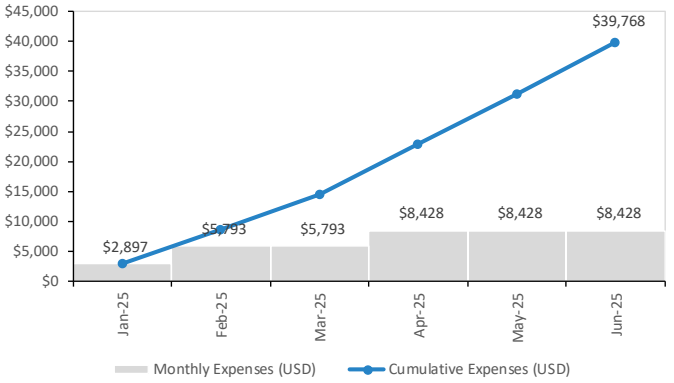
The estimated total expense ratio is 4.83%, while we expect the ratio to decline by year end as a result of asset growth. The monthly expense ratio during the most recent month was 0.29%.

Estimated Fund Total Expense Ratio
(% of NAV)



Source: Fund Administrator, ADCB

Estimated Fund Monthly Expenses
(USD)



Source: Fund Administrator, ADCB

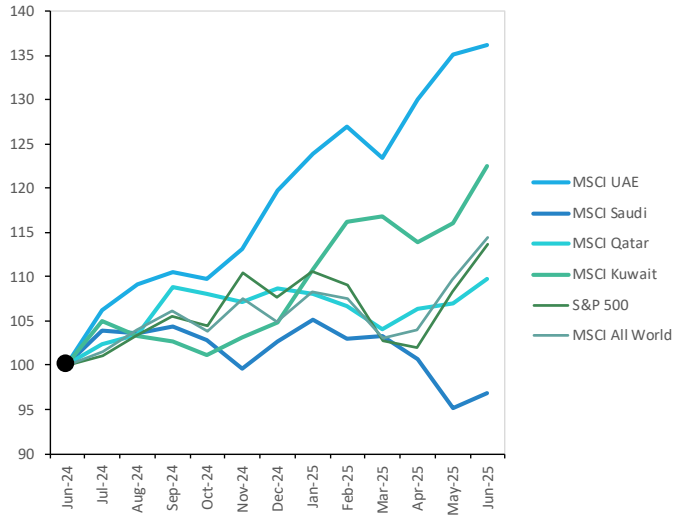
3. Market Analysis

3.1 Market Overview

The UAE market's performance has recently been largely driven by local economic factors, including robust economic activity, real estate sector growth, influx of residents and foreign direct investment, as well as favorable oil prices and continued government investment into a variety of projects. These factors have culminated in a rising degree of investor optimism that has been attracted to local equity markets, which offer attractively priced investment opportunities both in an absolute and relative sense.

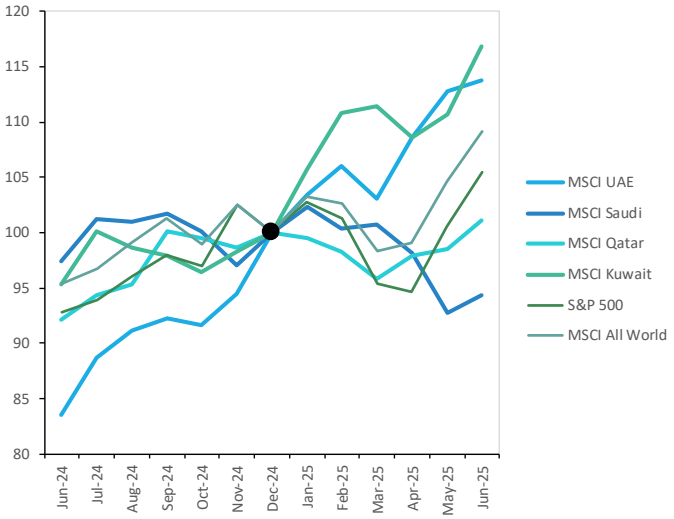
The broader GCC market also witnessed positive performance during 2025, with equities in Kuwait and Qatar enjoying price appreciation comparable to that witnessed in the UAE and with similar driving factors. The Saudi Arabian equity market, however, experienced weaker relative performance over recent months and has recorded minor losses on both a year to date and trailing year basis. The petrochemical sector, which continues to face oversupply and weak price trends, holds a large representation in the Saudi Arabian market, and has exerted downward pressure on overall market performance.

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)



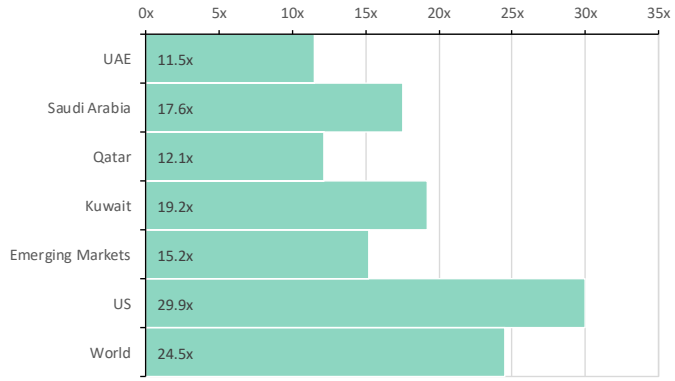
Source: MSCI, Bloomberg, ADCB

3.2 Market Outlook

The region's markets and economies have been largely immune to negative impacts arising from global conflicts and trade related events, but these factors remain key potential risks that we closely monitor. GCC markets continue to offer appealing investment propositions relative to global markets. Regional equity valuations, particularly in the UAE and Qatar, offer substantial discounts to global markets, while dividend yields remain comparatively high despite recent price appreciation.

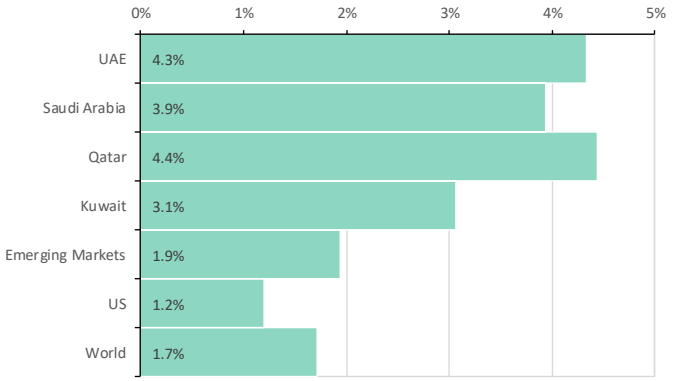
We expect the UAE market's performance to continue benefitting from positive sentiment and local economic factors, including robust economic activity, real estate sector growth, influx of residents and foreign direct investment. Additionally, favorable oil prices and continued government investment into infrastructure and economic diversification served to enhance economic activity and consumer confidence.

Comparison of Price/Earnings Ratios
(Multiple)



Source: MSCI, Bloomberg, ADCB

Comparison of Dividend Yields
(%)



Source: MSCI, Bloomberg, ADCB

The region has witnessed remarkable economic growth over the past decade, as GDP growth in Saudi Arabia and UAE rivaled that of global developed and emerging economies. Private sector loan growth, one of our favorite private sector growth metrics, also illustrates a robust growth trend, particularly in Saudi Arabia. Financial and human resources will drive sustainable long term economic growth. GCC sovereign wealth funds continue to dominate global league tables, accounting for over 40% of the top 10 funds' assets. GCC government debt/GDP hovers around 30% on average, far lower than in development markets. Acceleration of labor force participation in Saudi Arabia illustrates the untapped wealth of human resources. This will be vital in driving productivity gains and personal consumption expenditure.

Regional markets continue to enjoy various structural tailwinds that we believe will act to sustain long-term economic growth despite potential short-term fluctuations. Strategic plans focused on reinvesting petrodollar revenues continuously towards diversifying the region's economies, combined with population and consumption growth are expected to bear fruit. Stock market valuations remain relatively attractive relative to global developed and emerging markets, thus presenting opportunities for value-accretive diversification.

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