ADCB PJSC

ADCB UAE Funds: ADCB UAE Equity 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 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 June 2026, 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 37% of holdings, while the sub-fund held a 3% cash position at the end of June 2026. Major sector allocations included the financial sector (31%), communication sector (13%) and real estate sector (12%), which together accounted for 56% of assets. Since the launch in late 2024, total assets have grown to $4.09 million, as of the end of June 2026. The sub-fund is being actively managed with the aim of maximizing total returns and returns 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, as approximately 98% of its assets are invested in equities listed in the country.

The UAE equity market remained resilient during the first half of 2026 despite heightened regional geopolitical tensions, underpinned by robust non-oil economic growth, resilient corporate earnings and strong government and corporate balance sheets. While geopolitical developments and oil price volatility contributed to periods of market uncertainty, the UAE's stable macroeconomic backdrop, ongoing diversification efforts and infrastructure investments helped sustain investor confidence.

Markets corrected during the first quarter of 2026, but investors' appetite returned in second quarter of 2026 supported by strong economic and corporate fundamentals and attractive valuations relative to many global and emerging market peers. The sub-fund gained 1.9% during the first half of 2026.

1.3 Sub-Fund Distributions

There were no dividends paid out during 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 during the period.

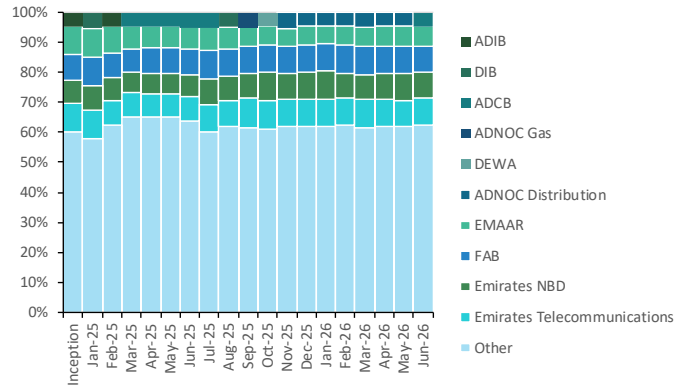
2. Sub-Fund Analysis

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 approximately 60%, while the top 5 holdings account for 37% of net assets. The top 5 holdings include companies from the financial, communications, and real estate sectors, as described in the charts below.

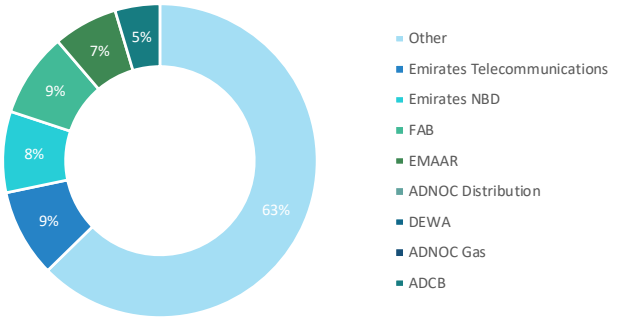
The Fund Manager follows an approach of bottom-up analysis while selecting securities and allocating risk. The investment process involves identifying potentially attractive investments that will undergo in-depth due diligence prior to capital deployment. The Fund Manager subsequently allocates risk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

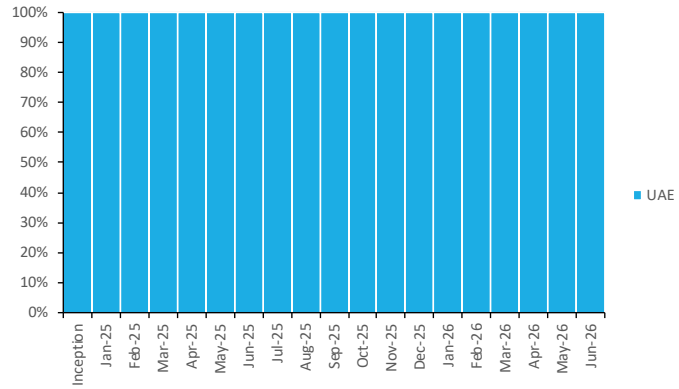


Source: Fund Administrator, ADCB

2.2 Sub-Fund Allocations

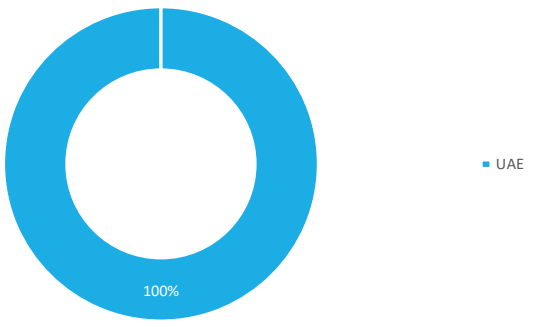
The sub-fund is fully invested in the UAE, although it is also permitted to invest up to 30% of its net asset value in equities listed on stock exchanges outside the UAE. Allocation to the financial sector accounts for 31%, while the communications sector accounts for 13% and the real estate sector's share is 12%. The Fund Manager selectively increased exposure to the real estate sector during the second quarter of 2026, taking advantage of attractive valuations following the sharp price correction experienced during the Middle East conflict. A cash allocation was also maintained to provide flexibility to deploy capital into potential investment opportunities.

Evolution of Country Allocations
(% of Portfolio)



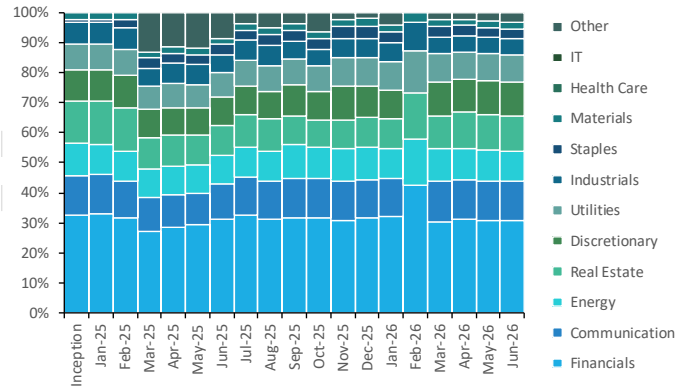
Source: Fund Administrator, ADCB

Country Allocations
(% of Portfolio)



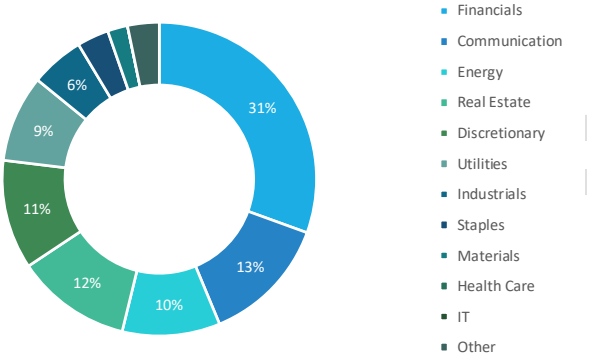
Source: Fund Administrator, ADCB

Evolution of Sector Allocations
(% of Portfolio)



Source: Fund Administrator, ADCB

Sector Allocations
(% of Portfolio)

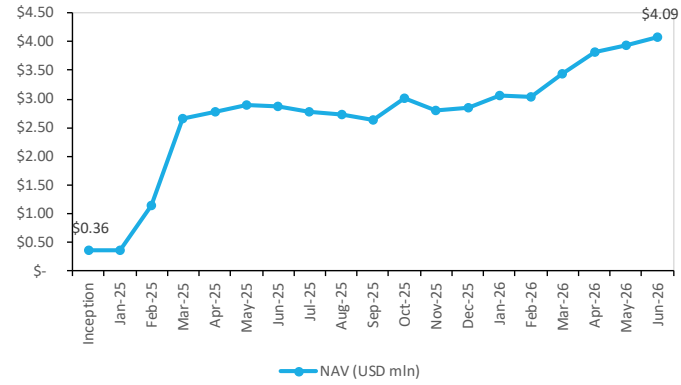


Source: Fund Administrator, ADCB

2.3 Sub-Fund Size

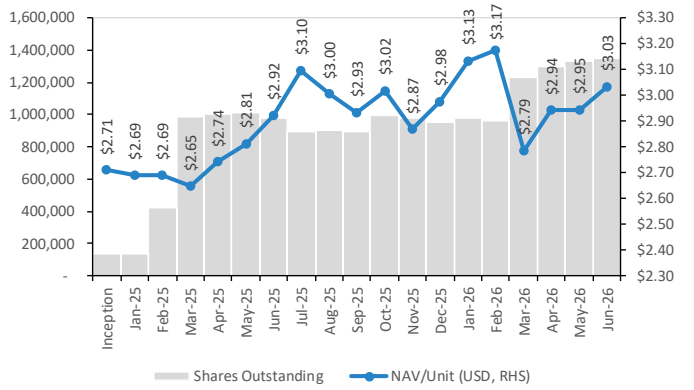
The sub-fund was launched in late 2024 and began deploying initial proceeds in January 2025. Total size grew from $0.36 million since inception to $4.09 million by the end of June 2026. Total size grew 44% year to date. The net asset value per unit on a sub-fund level grew by approximately 1.9% in the first half of 2026, net of expenses and adjusted for dividends.

Evolution of Fund Size
(USD)



Source: Fund Administrator, ADCB

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

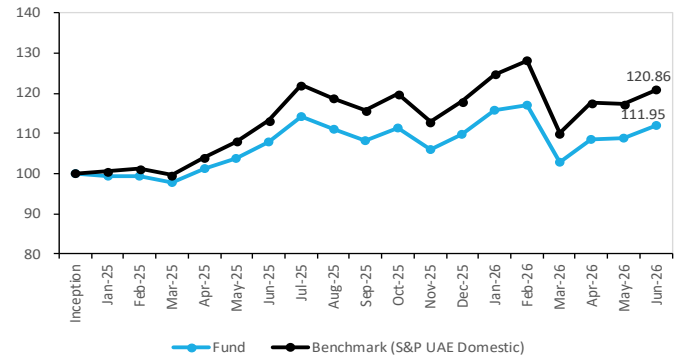


Source: Fund Administrator, ADCB

2.4 Sub-Fund Performance

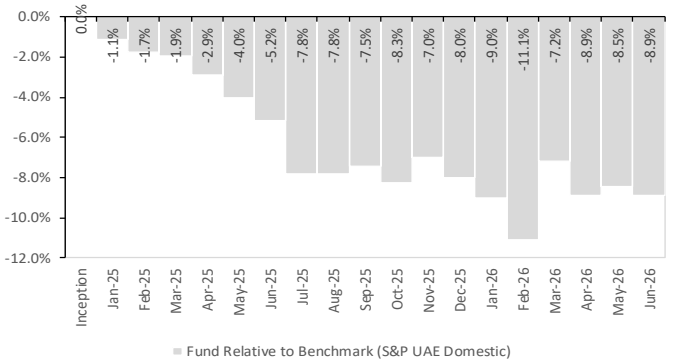
During the first half of 2026, the sub-fund generated a net return of approximately 1.9% and gross return of 3.3%, compared to 2.6% for the relevant benchmark.

Fund & Benchmark Performance (Since Inception)
(Rebased to 100)



Source: Fund Administrator, ADCB

Fund Cumulative Performance Relative to the Benchmark (Since Inception)
(%)

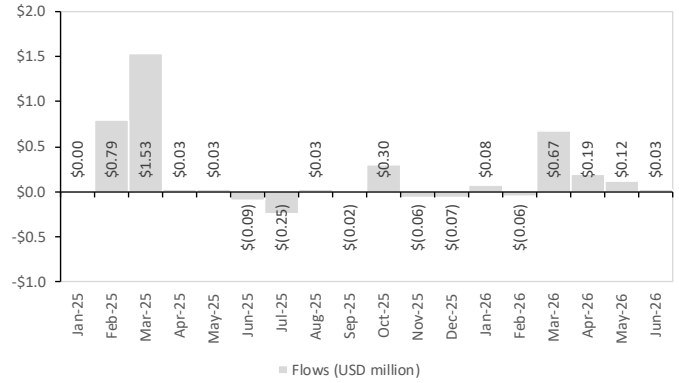


Source: Fund Administrator, ADCB

2.5 Sub-Fund Flows

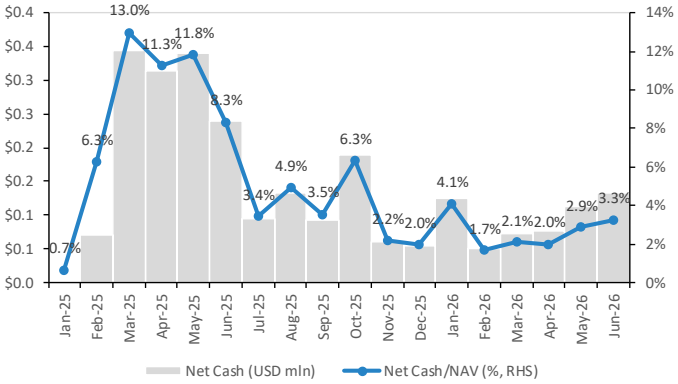
Inflows showed steady growth during the first half of 2026. A portion of the inflows were retained as cash to provide flexibility to deploy into attractive opportunities.

Fund Flows
(USD million)



Source: Fund Administrator, ADCB

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

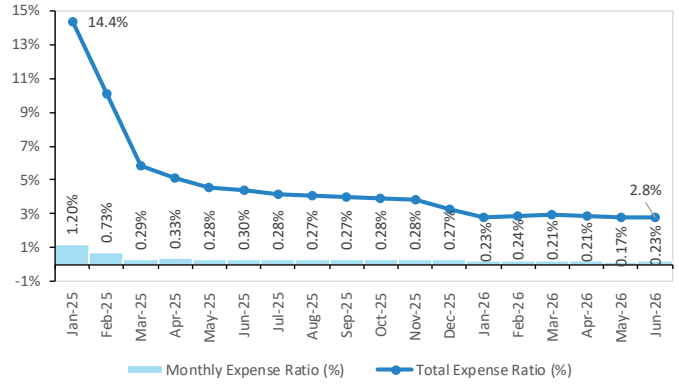


Source: Fund Administrator, ADCB

2.6 Sub-Fund Expense Ratio

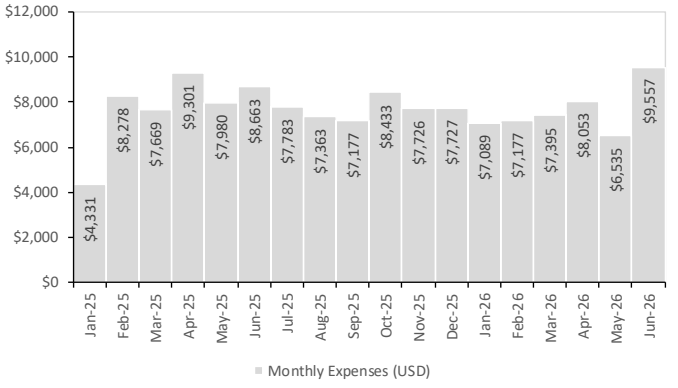
The total expense ratio during the first half is approximately 2.8%. The expected monthly expense ratio gradually declined since January 2026 as the AUM grew during the first half of 2026.

Fund Total Expense Ratio
(% of NAV)



Source: Fund Administrator, ADCB

Fund Monthly Expenses
(USD)



Source: Fund Administrator, ADCB

3. Market Analysis

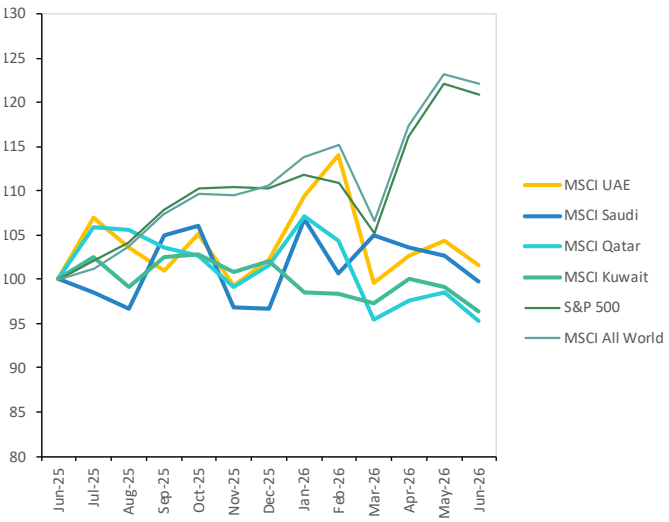
3.1 Market Overview

The performance of GCC equity markets remained mixed during the first half of 2026 amid heightened geopolitical tensions. In the UAE, market performance was impacted by concerns surrounding the real estate sector and periodic oil price volatility; however, strong non-oil economic growth, healthy corporate earnings, and continued progress on economic diversification initiatives helped support investor sentiment and market resilience.

Meanwhile, the Saudi Arabian equity market continued to outperform, supported by regulatory reforms aimed at attracting foreign investment, improving energy prices, and a more constructive outlook for chemical prices, which benefited from ongoing supply disruptions.

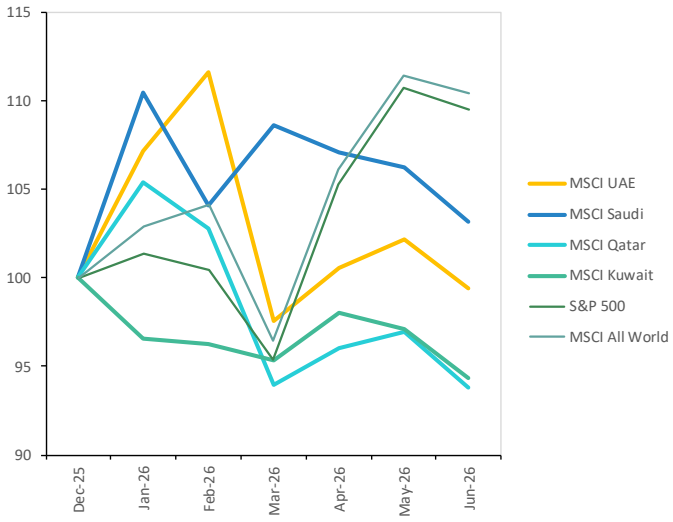
Saudi Arabia was among the strongest-performing markets in the GCC, driven by the positive impact of government reforms that have encouraged higher levels of foreign direct investment. This underpinned investor confidence and boosted both foreign and retail participation in local equity markets, which continued to offer attractively valued investment opportunities on both an absolute and relative basis.

GCC & Global Markets Performance - Trailing 12 months
(Rebased to 30-Jun-25)



Source: MSCI, Bloomberg, ADCB

GCC & Global Markets Performance - Year to Date
(Rebased to 31-Dec-25)



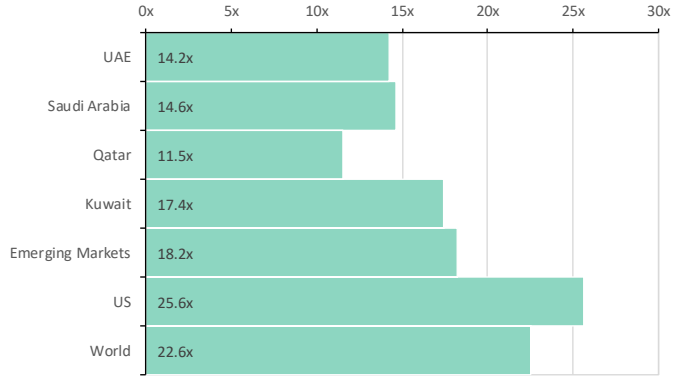
Source: MSCI, Bloomberg, ADCB

3.2 Market Outlook

Overall, GCC markets continue to demonstrate strong resilience despite geopolitical tensions, global trade friction, and with the help of higher 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.

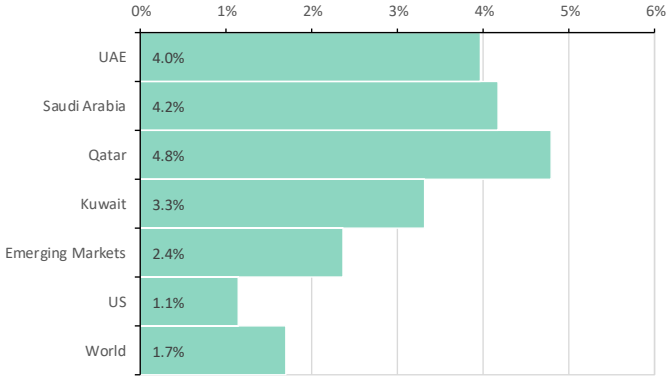
Moreover, despite the mixed performance recently seen in GCC markets, we see confidence returning gradually, backed by general resilience in various economic sectors as well as high cash flow visibility and sustainable dividend payouts. We maintain our view that the UAE will continue to benefit from 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. However, we do observe a slowdown in tourism as a result of regional events, though the impact of this slowdown appears to be largely contained.

Comparison of Price/Earnings Ratios
(Multiple)



Source: MSCI, Bloomberg, ADCB

Comparison of Dividend Yields
(%)



Source: MSCI, Bloomberg, ADCB

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