ADCB PJSC

Asset Management

ADCB UAE Funds: ADCB UAE Equity Sub-Fund

Sub-Fund Performance Report

December 2024 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 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 December 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 38% of holdings, while the sub-fund held an 2% cash position at the end of Dec 2025. Major sector allocations included the financial sector (32%), communication sector (13%) and energy sector (11%), which together accounted for 55% of assets. Since launch in late 2024, total assets have grown to $2.84 million, as of the end of December 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, as approximately 98% of its 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 gained 9.9% during full-year 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 full-year 2025 out of profits generated during the year. The dividend amounted to AED 0.2771 per share and was paid to active unitholders of the Class A distributing share class at record date June 23rd, 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 during the period.

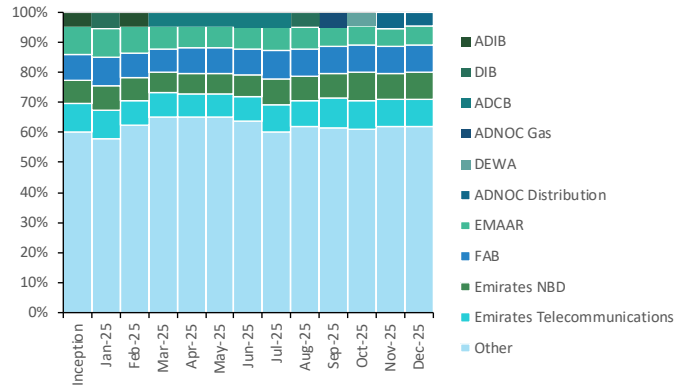
2. Sub-Fund Analysis

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 38% of net assets. The top 5 holdings include companies from the financial, communications, energy and real estate sectors, as described in the charts below.

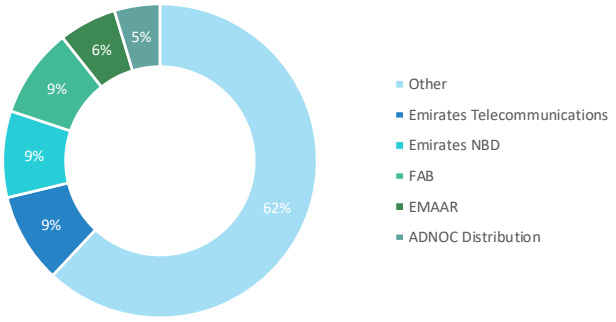
The Fund Manager follows an approach of bottom-up analysis while selecting securities and allocating risk. The investment process involves identifying potentially attractive investments that will undergo in-depth due diligence prior to capital deployment. The Fund Manager subsequently allocates risk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

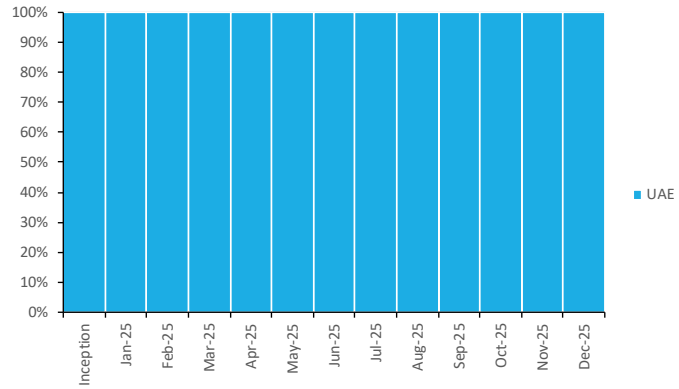


Source: Fund Administrator, ADCB

2.2 Sub-Fund Allocations

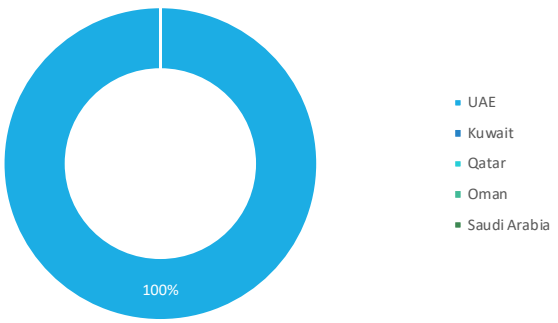
The sub-fund is fully invested in the UAE, although it is also permitted to invest up to 30% of its net asset value in equities listed on stock exchanges outside the UAE. Allocation to the financial sector accounts for 32%, while the communications sector accounts for 13% and the energy sector's share is 11%. During 2025, the Fund Manager reduced exposure to the real estate sector (from 14% in January 2025 to 10% by December 2025) 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)



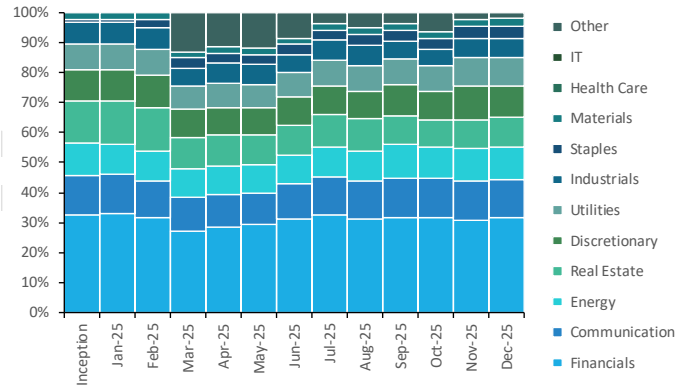
Source: Fund Administrator, ADCB

Country Allocations
(% of Portfolio)



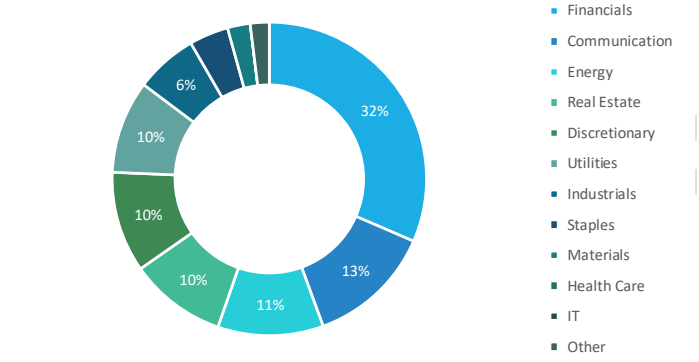
Source: Fund Administrator, ADCB

Evolution of Sector Allocations
(% of Portfolio)



Source: Fund Administrator, ADCB

Sector Allocations
(% of Portfolio)

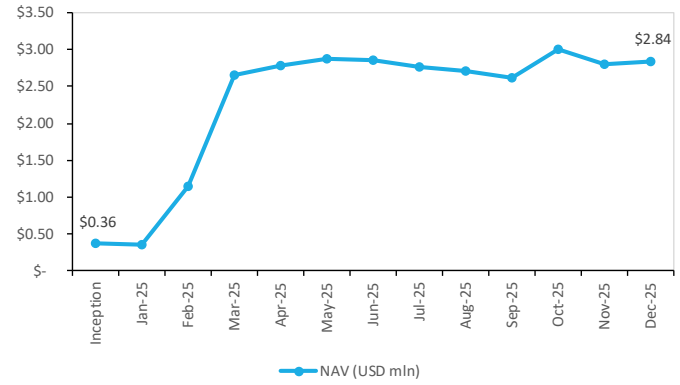


Source: Fund Administrator, ADCB

2.3 Sub-Fund Size

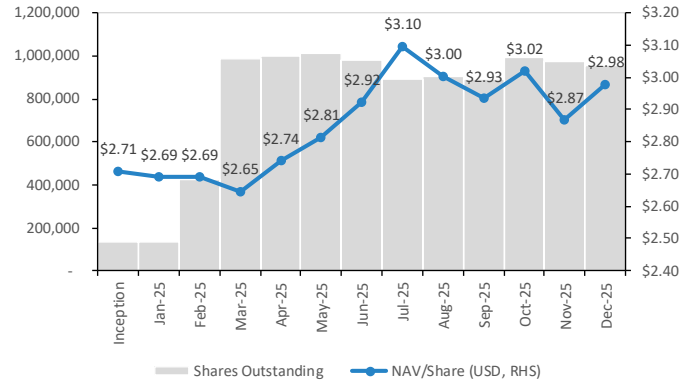
The sub-fund was launched in late 2024 and began deploying initial proceeds in January 2025. Total size grew from $0.36 million to $2.84 million by the end of December 2025, demonstrating a growth rate of 681% during the period. The net asset value per share on a sub-fund level grew by approximately 9.9%, 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)



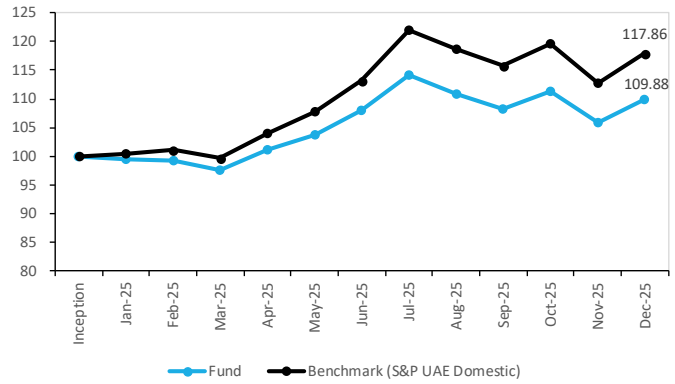
Source: Fund Administrator, ADCB

2.4 Sub-Fund Performance

During the period, the sub-fund generated a net return of approximately 9.9% and gross return of 13.7%, compared to 17.9% for the relevant benchmark. Performance saw a notable period of growth between April and July as market wide optimism drove a general market rally across most constituents. Since then, the market has been in a consolidation phase and partially gave up some gains.

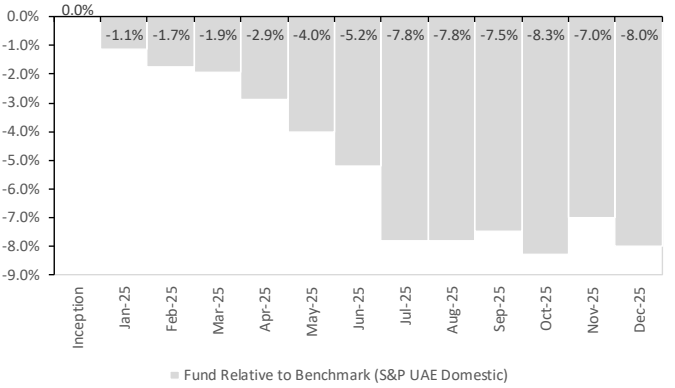
Furthermore, the sub-fund has distributed AED 0.2771 per share in dividends to unitholders of the Class A distributing share class at record date 23-Jun-25.

Fund & Benchmark Performance
(Rebased to 100)



Source: Fund Administrator, ADCB

Fund Cumulative Performance Relative to the Benchmark
(%)

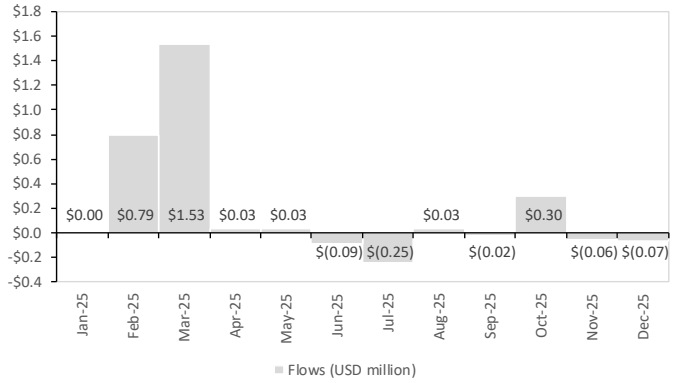


Source: Fund Administrator, ADCB

2.5 Sub-Fund Flows

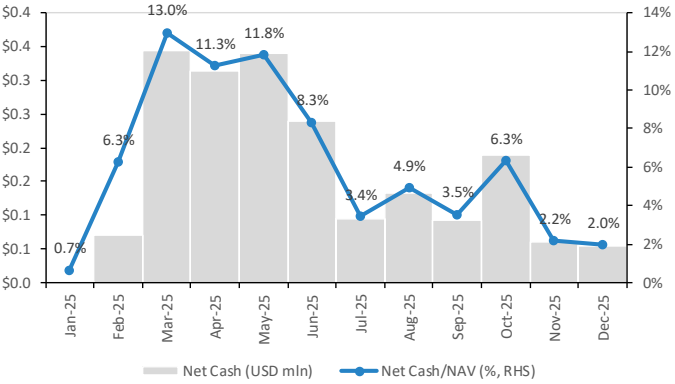
Inflows showed steady growth during the first half of 2025 while some redemptions were received in the second half of 2025. A portion of the inflows received in March was initially retained as cash; however, this balance was gradually deployed over the year as attractive opportunities emerged, reducing cash holdings to approximately 2% of NAV by year-end.

Fund Flows
(USD million)



Source: Fund Administrator, ADCB

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

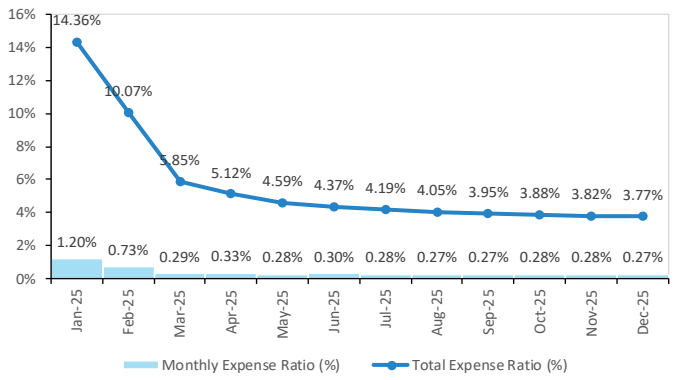


Source: Fund Administrator, ADCB

2.6 Sub-Fund Expense Ratio

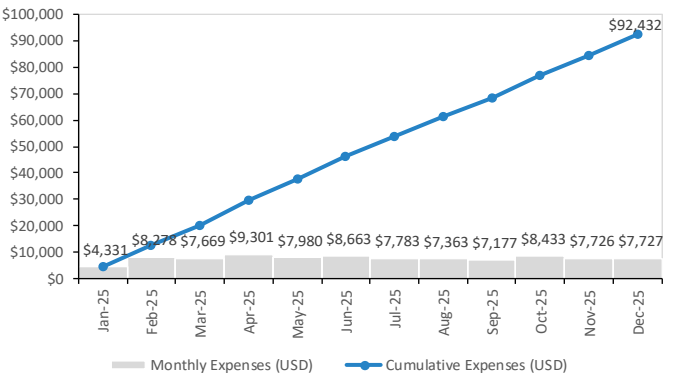
The total expense ratio for 2025 is approximately 3.8%. The expected monthly expense ratio has been gradually declining as the AUM grew during the year.

Fund Total Expense Ratio
(% of NAV)



Source: Fund Administrator, ADCB

Fund Monthly Expenses
(USD)



Source: Fund Administrator, ADCB

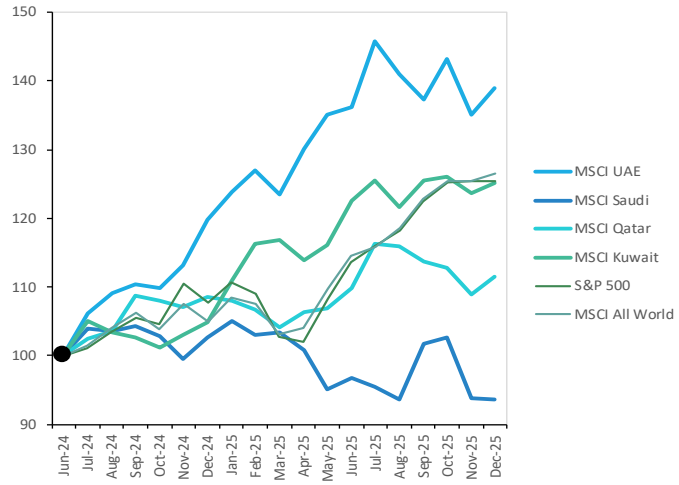
3. Market Analysis

3.1 Market Overview

The 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 in both an absolute and relative sense. While the bulk of positive performance was delivered in 1H'25 on the back of local factors, slowdown in the second half of 2025 was largely driven by rising global volatility from geo-political tension, US Government shutdown, AI disruptions and elevated valuations.

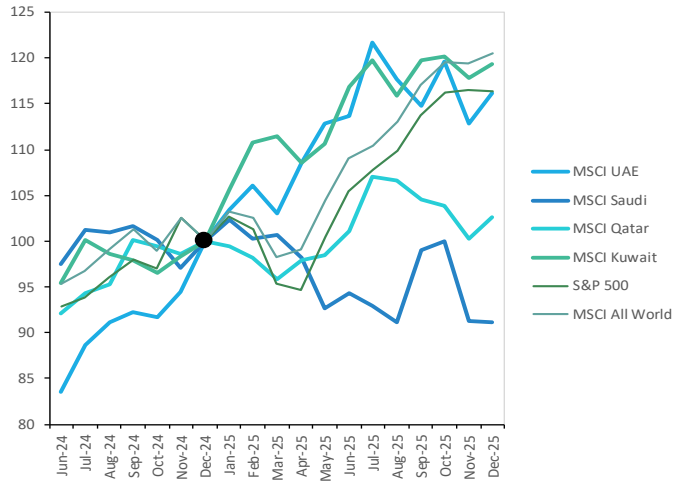
The performance in GCC market remained mixed with Kuwaiti and Omani equities outperforming others on back of structural reforms boosting market transparency, solid macro factors and foreign inflows. However, the Saudi Arabian equity market continued to underperform, despite regulatory changes around 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)



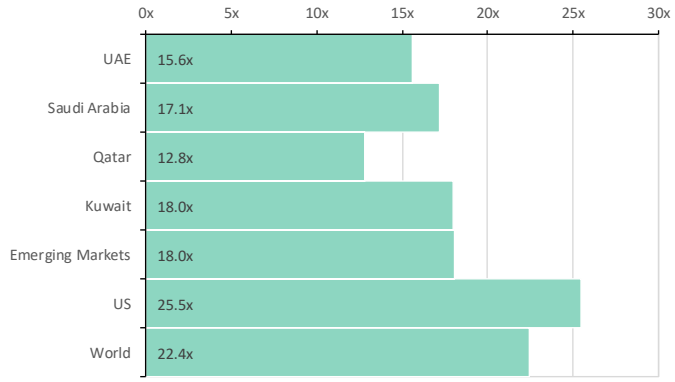
Source: MSCI, Bloomberg, ADCB

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.

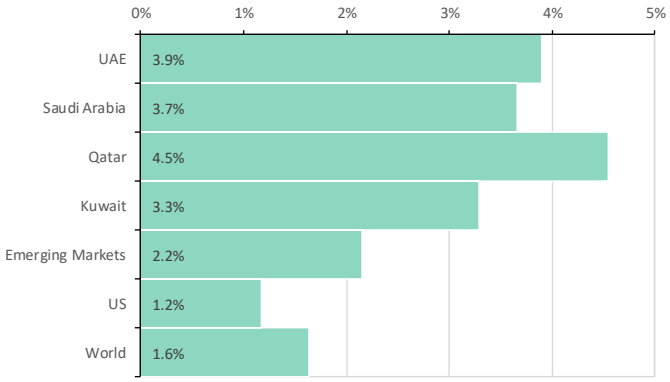
We maintain our view that the UAE will continue to benefit from sustained government investment in infrastructure and economic diversification, supported by strong population growth, rising economic activity, and improving consumer confidence. In addition, government initiatives aimed at broadening the 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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