PICARD ANGST

Balanced Mandate (USD)

Q3 2026

Market Commentary

Q3 saw the Fed move from hawkish guidance to action. A renewed oil shock, driven by a Middle East conflict that lapsed into a standoff, kept inflation elevated. The FOMC held rates in July, then voted 12-0 in September to raise 25bps to 3.75-4.00%, its first increase since 2023. The median dot-plot for FY 2026 rose to 4.1% from 3.8%, with 16 of 18 participants expecting at least one further hike this year. August CPI held at 3.4% y/y, with energy prices, up 16.3%, explaining most of the gap to 2.4% core inflation.

Treasury yields rose 75-80bps across the curve, with the 2-year at c.4.88% and the 10-year at c.5.29%. The 10-year briefly traded above 5.34%, its highest since 2002. A weak $70bn 5-year auction, priced at 5.033% with the lowest bid-to-cover in almost nine years, pushed 5-year yields up c.20bps in one session. Hyperscalers also issued roughly $320bn of long-term debt through late August, c.70% of long-term Treasury issuance. J.P. Morgan projects $4.1tn of additional financing needs through 2030. The ECB and BoJ both hiked in September, to 2.50% and 1.25% respectively, the BoJ's highest since 1995. The Bank of England held at 3.75% and expects inflation above 4% in early 2027.

Global equities lost momentum as rate expectations moved against risk assets, with modest US gains masking sharply narrower leadership. Mega-caps led: the S&P 500 rose 2.3% while its equal-weight version fell 1.9%. The Russell 2000 fell 7.2%, giving back almost half its H1 gains. The AI trade rotated: software rallied 17% as disruption fears eased, while semiconductors fell 11% on profit-taking in earlier data-centre winners, though the largest chipmakers held up better. Earnings remained a key support: analysts raised estimates 1.4% over the quarter, with Q3 S&P 500 EPS now expected to grow 29.5% y/y, a third straight quarter above 25%.

Elsewhere, the STOXX 600 slipped 0.4% and MSCI EM fell 0.4% as Q2's leadership unwound. The Kospi fell c.19%, the worst major market, on selling in Samsung Electronics and SK Hynix. China's CSI 300 dropped c.12.5%, its steepest quarterly fall since 2022. The Nikkei 225 fell 4.7%, ending a five-quarter winning streak, while the yen stayed weak above 157 per dollar. The HSCEI bucked the trend, rising 7.6%.
Commodities reversed sharply. WTI peaked at c.$107/bbl in mid-September before closing near $90/bbl. Gold and silver gained c.4% and 3% for the quarter despite September falls of 6.7% and 9.3%, pressured by rising real yields and a firmer dollar. Copper extended its gains, setting a record LME cash close of $14,737/t on 8 September.

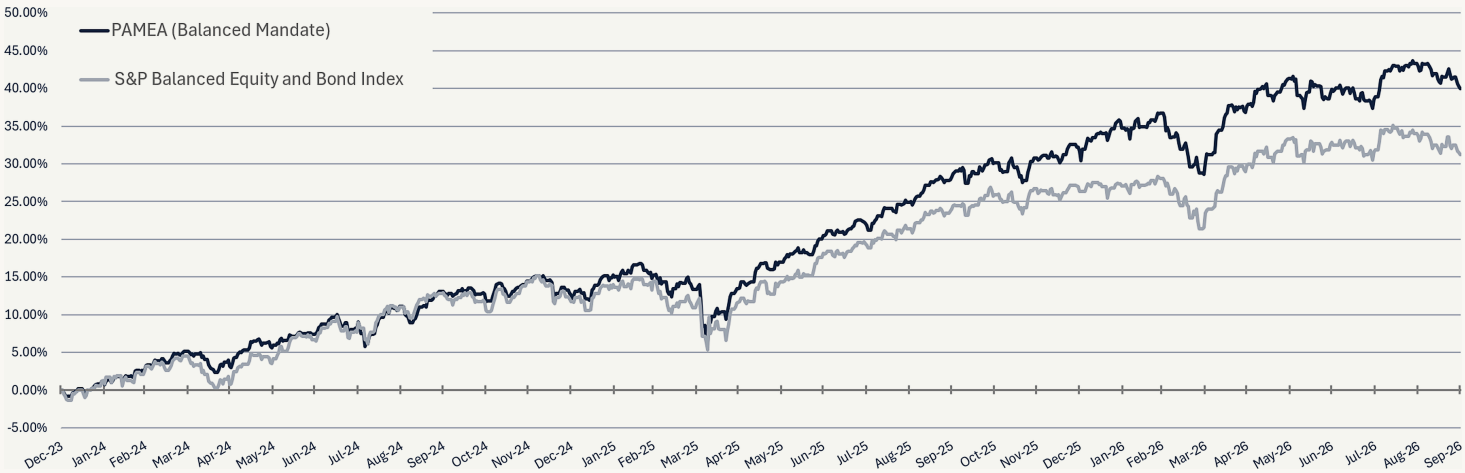
Investment Parameters

Picard Angst MEA Limited-DIFC ("PAMEA") Balanced Mandate (USD) represents medium to long-term moderate growth strategy designed to deliver regular income and capital appreciation through a globally diversified portfolio. Investing in low cost efficient ETF's, listed equities & a diversified portfolio of global credits. The mandate focuses on core equity exposure to large and mid-cap companies across developed and select emerging markets, complemented by tactical allocations to key growth themes. Credit exposure is taken through a blend of longer dated investment grade and shorter dated high yield allocations to single line bonds and sukuks. This investment portfolio is ideal for investors with a moderate risk profile seeking enhanced returns over risk free rates through diversified credit exposure.

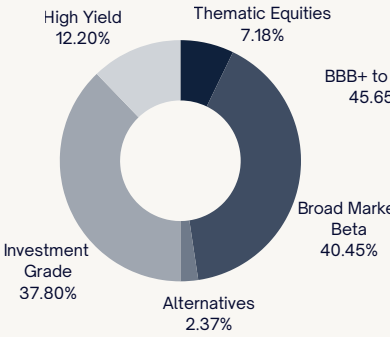
Portfolio Statistics

	Fixed Income	Equities & Alternatives	Overall Portfolio
Quarterly Return	-2.95%	+2.26%	**-0.34%**
1Y Return	+0.45%	+16.62%	**+8.53%**
Return (YTD)	-0.81%	+11.74%	**+5.47%**
Return (Since Inception)	+17.55%	+65.86%	**+41.70%**

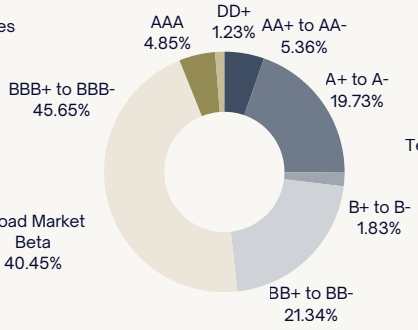
Portfolio Performance vs. Benchmark



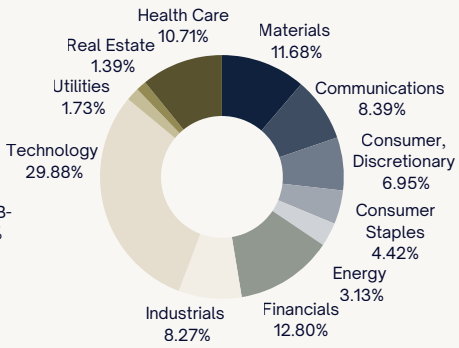
Overall Allocation



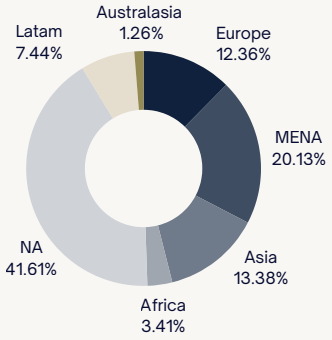
Credit Rating Allocation



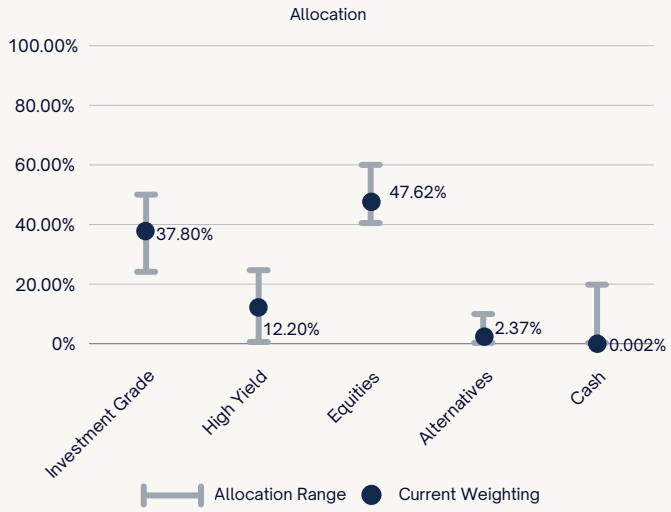
Equities Sector Allocation



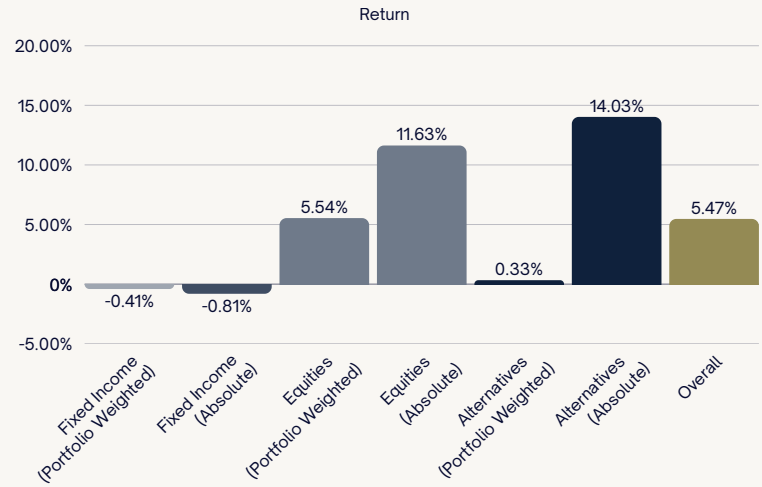
Geographical Allocation



Portfolio Weighting



Asset Class Performance (YTD)



Largest Equity Holdings

ISIN	Name	Ticker	Absolute Return (1Y)	Absolute Return (YTD)	Absolute Return (Since Inception)	Portfolio Weighting
US9229083632	Vanguard S&P 500 ETF	VOO US	+15.48%	12.75%	+63.05%	15.67%
US9229087369	Vanguard Morningstar Growth ETF	VUG US	+12.50%	10.96%	+75.97%	9.71%
US9229087443	Vanguard Morningstar Value ETF	VTV US	+18.55%	+15.80%	+54.90%	5.27%
US9220428588	Vanguard FTSE Emerging Markets	VWO US	+10.41%	10.52%	+66.94%	2.50%
US46434G8226	iShares MSCI Japan ETF	EWJ US	+26.77%	+20.14%	+62.13%	2.41%

High-conviction Bonds

ISIN	Name	Ticker	Country of Risk	Yield (YTM)	Rating	Portfolio Weighting
XS2539374673	First Abu Dhabi Bank PJSC	FABUH 5 1/8 10/13/27	AE	5.44	AA-	1.04%
XS3170344314	Saudi Awwal Bank	SABBAB 5.947 09/04/35	SA	7.04	BBB	0.91%
XS2852966501	Magellan Capital Holdings PLC	MAGELL 8 3/8 07/08/29	AE	8.24	BBB-	0.96%
US698299AW45	Panama Government International Bond	PANAMA 6.7 01/26/36	PA	6.56	BB+	0.96%
US195325BR53	Colombia Government International Bond	COLOM 5 5/8 02/26/44	CO	8.15	BB	0.97%

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