PICARD ANGST

# Conservative 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.

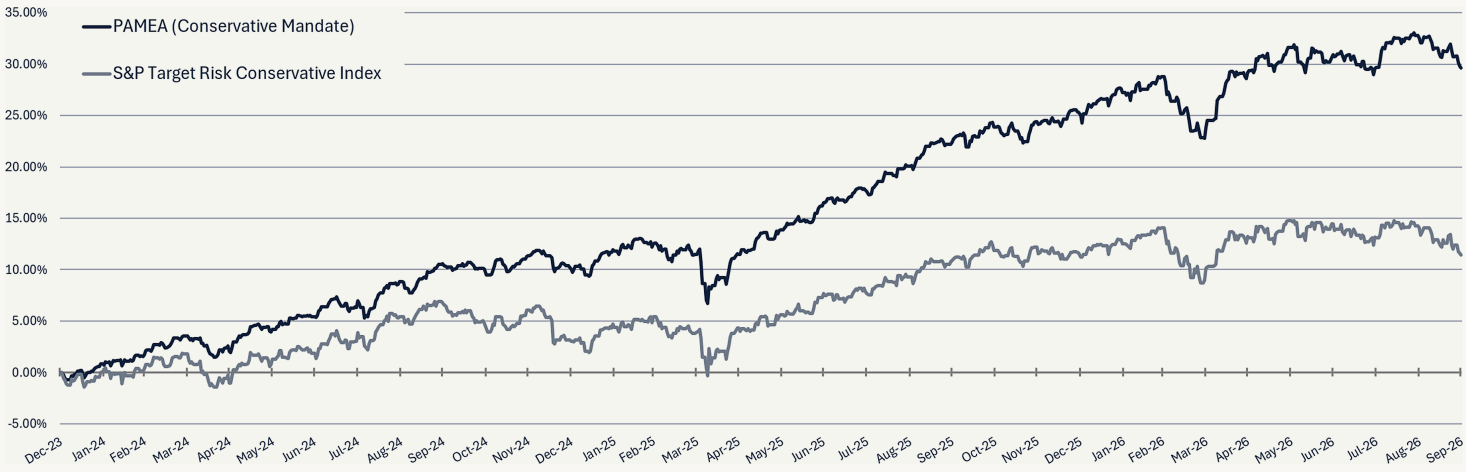
## Investment Parameters

Picard Angst MEA Limited-DIFC ("PAMEA") Conservative Mandate (USD) represents medium to long-term income generating strategy designed to deliver stable returns 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 low to moderate risk profile seeking enhanced returns over risk free rates through diversified credit exposure.

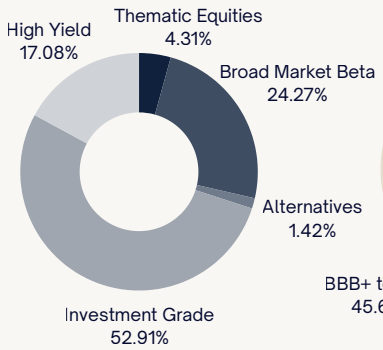
## Portfolio Statistics

| | Fixed Income | Equities & Alternatives | Overall Portfolio |
|---|---|---|---|
| Quarterly Return | -2.95% | +2.26% | **-1.39%** |
| 1Y Return | +0.45% | +16.62% | **+5.30%** |
| Return (YTD) | -0.81% | +11.74% | **+2.96%** |
| Return (Since Inception) | +17.55% | +65.86% | **+32.04%** |

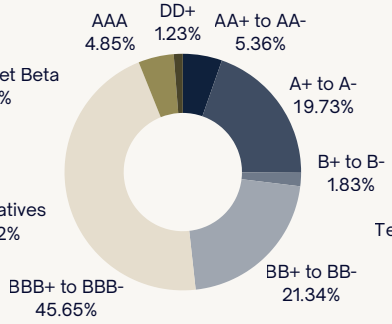
## Portfolio Performance vs. Benchmark



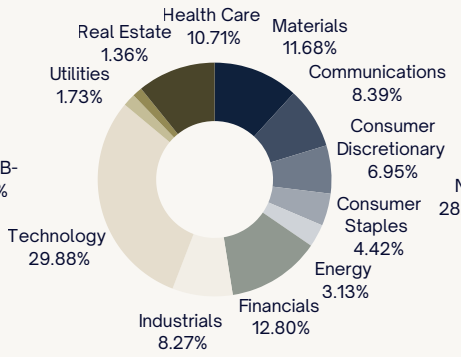
## Overall Allocation



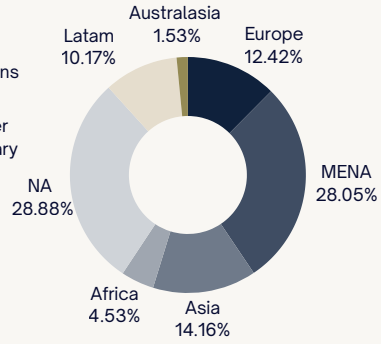

## Credit Rating Allocation



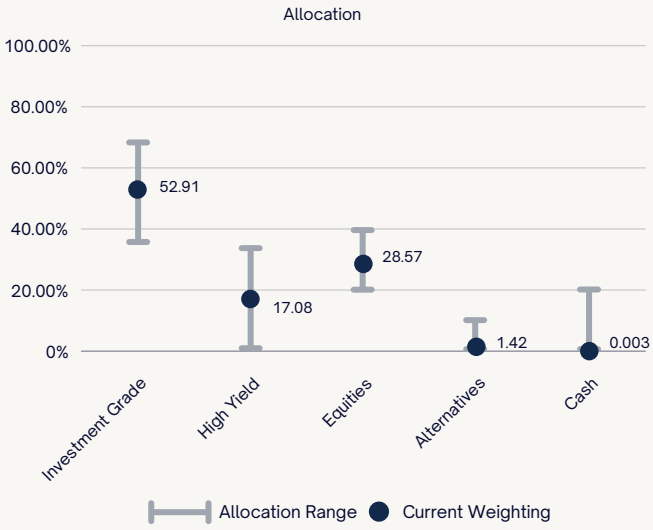

## Equities Sector Allocation



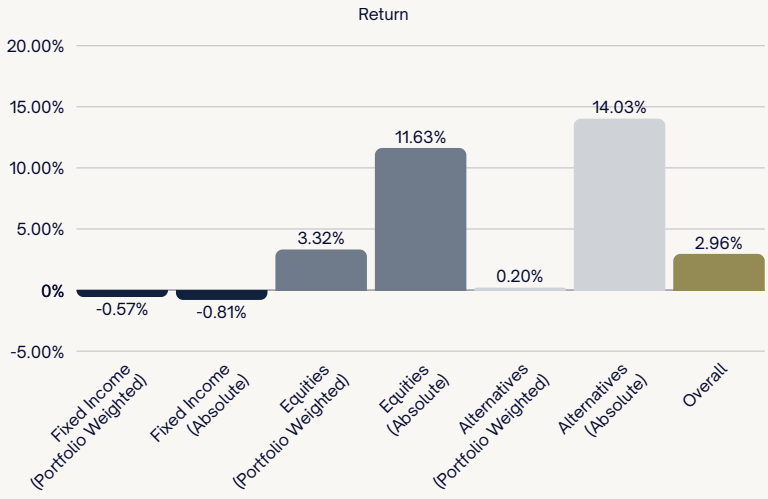

## Geographical Allocation




## 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% | 9.40% |
| US9229087369 | Vanguard Morningstar Growth ETF | VUG US | +12.50% | 10.96% | +75.97% | 5.82% |
| US9229087443 | Vanguard Morningstar Value ETF | VTV US | +18.55% | +15.80% | +54.90% | 3.16% |
| US9220428588 | Vanguard FTSE Emerging Markets | VWO US | +10.41% | 10.52% | +66.94% | 1.50% |
| US46434G8226 | iShares MSCI Japan ETF | EWJ US | +26.77% | +20.14% | +62.13% | 1.44% |

## 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- | 1.45% |
| XS3170344314 | Saudi Awwal Bank | SABBAB 5.947 09/04/35 | SA | 7.04 | BBB | 1.28% |
| XS2852966501 | Magellan Capital Holdings PLC | MAGELL 8 3/8 07/08/29 | AE | 8.24 | BBB- | 1.35% |
| US698299AW45 | Panama Government International Bond | PANAMA 6.7 01/26/36 | PA | 6.56 | BB+ | 1.35% |
| US195325BR53 | Colombia Government International Bond | COLOM 5 5/8 02/26/44 | CO | 8.15 | BB | 1.36% |

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