PICARD ANGST

Fixed Income Mandate (USD) Q3 2026

Market Commentary

Fixed Income markets in Q3 were dominated by the Fed moving from hawkish guidance to action as a renewed oil shock kept inflation elevated. The FOMC held rates in July and then voted 12–0 to raise rates 25bps to 3.75–4.00% in September, the first increase since 2023. The median SEP (dot-plot) for FY 2026 rose to 4.1% from 3.8% with 16 of 18 participants now expecting at least one further hike this year. August CPI held at 3.4% y/y, with energy prices up 16.3% and accounting for most of the gap to core inflation of 2.4% leading to concerns that elevated energy costs feed through to broader prices over time.

Treasury yields rose sharply across the curve. The 10-year ended the quarter at c. 5.29% and the 2-year at c. 4.88%, increasing 75-80bps with modest steepening to +41bps 10y UST's briefly traded above 5.34%, their highest since 2002, on expectations of further Fed tightening, US fiscal concerns and resilient employment data, while the 30-year reached c. 5.64%.
5Y US yields rose c. 20bps in a single session as September's Treasury auction drew notably weak demand. The $70bn sale priced at 5.033% with the lowest bid to cover ratio in almost nine years. Corporate supply added to the pressure on longer-dated yields. Hyperscalers issued roughly $320bn of long-term debt through late August, equivalent to around 70% of long-term Treasury issuance over the same period. Their off-balance-sheet debt is currently estimated at c. $3tn, and J.P. Morgan projects $4.1tn of additional financing needs through 2030.

The ECB & BOJ both held in July before raising rates in September, taking deposit rates to 2.50% and 1.25% respectively, the latter being the highest rate since 1995. 10y JGB yields pushed above 3% and the yen moved back above 157 following the decision. The Bank of England held rates at 3.75%, with three members favouring a hike. August CPI rose to 3.1% and the BoE now expects inflation of c. 3.75% in Q4, rising to above 4% in early 2027. With the Middle East conflict lapsing into a standoff with both sides reportedly rejecting ceasefire proposals, commodities reversed sharply. WTI peaked at c.$107/bbl in mid-September before easing to close the quarter near $90/bbl. Gold and silver gained c.4% and 3% for the quarter, despite falling 6.7% and 9.3% respectively in September, pressured by rising real yields and a firmer dollar. Equities were more subdued after Q2's rally. The S&P 500 gained roughly 2%, led by mega-cap tech names, while the Russell 2000 fell c. 7%. Other benchmarks were also weaker, with the Stoxx 600 and MSCI Emerging Markets posting small declines of c. 0.4% whilst Nikkei 225 and China's CSI 300 fell 5.3% & 12.5% respectively

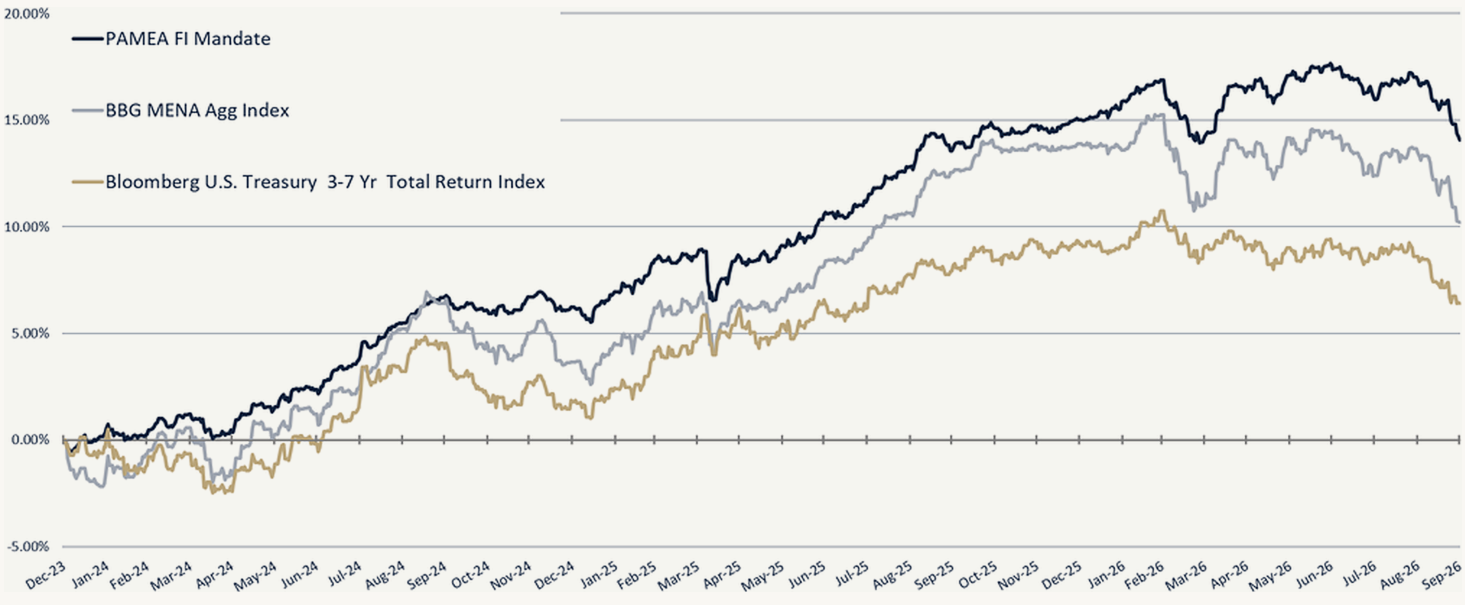
Investment Parameters

The Picard Angst MEA Limited-DIFC ("PAMEA") Fixed Income Mandate (USD) represents a medium-term fixed income solution aimed at delivering consistent income generation. The strategic duration target of the portfolio is 3-5 years with a minimum average rating of BBB-. These targets are achieved through a blend of longer dated investment grade and shorter dated high yield allocations to single line bonds and sukuks. The portfolio is geographically and sectorally diversified with an overweight allocation to the MENA region. 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.

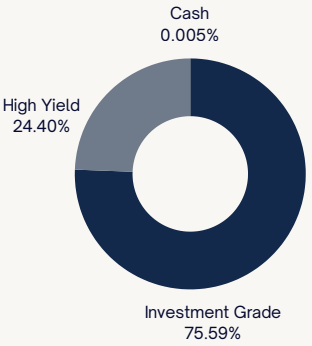
Portfolio Statistics

	Investment Grade	High Yield	Overall Portfolio
Yield to Maturity	6.36%	12.37%	**7.83%**
Duration (years)	5.29	2.97	**4.72**
Bond Rating	A-/BBB+	BB/BB-	**BBB+/BBB**
Coupon (cash flow)	4.82	5.98	**5.11**
Return (YTD)	-	-	**-0.81%**
Return (Since Inception)	-	-	**+14.15%**

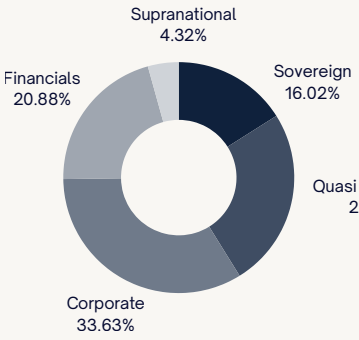
Portfolio Performance vs. Benchmark



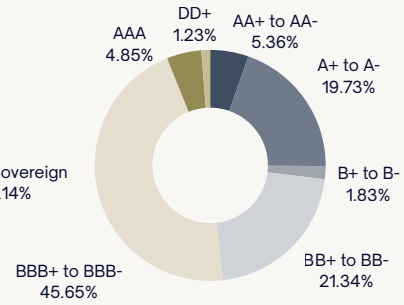
Fixed Income Allocation



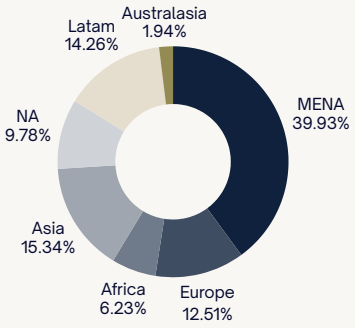
Industry Allocation



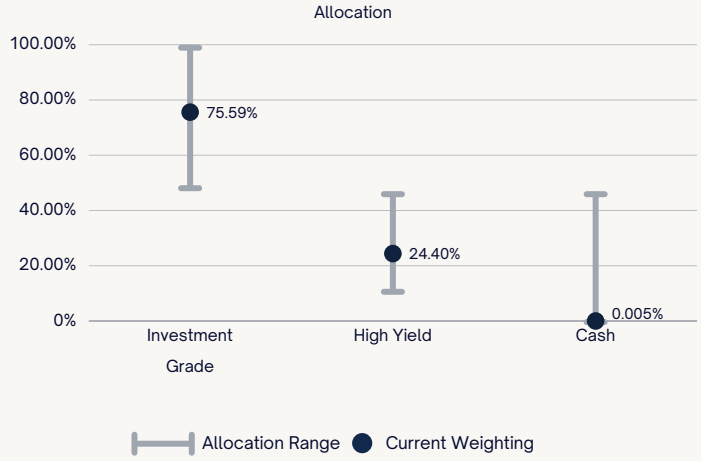
Credit Rating Allocation

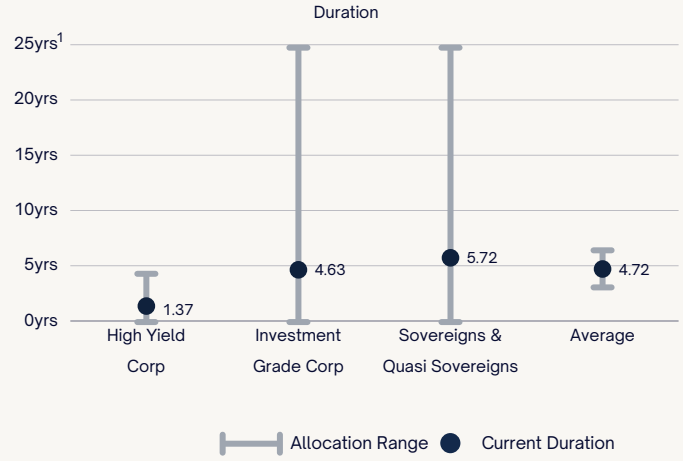


Geographical Allocation



Strategic and Tactical Asset Allocation





[1] Maximum potential duration for investment-grade corporate and sovereign bonds, extending up to 50yrs.

High-conviction Investment Grade 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-	2.07%
XS2852966501	Magellan Capital Holdings PLC	MAGELL 8 3/8 07/08/29	AE	8.24	BBB-	1.93%
USP3762TAE12	Engie Energia Chile SA	ECLCI 6 3/8 04/17/34	CL	6.43	BBB	1.94%
XS3170344314	Saudi Awwal Bank	SABBAB 5.947 09/04/35	SA	7.04	BBB	1.83%
XS2343007170	African Export-Import Bank/The	AFREXI 3.798 05/17/31	SNAT	6.73	Baa2	1.93%

High-conviction High Yield Bonds

ISIN	Name	Ticker	Country of Risk	Yield (YTM)	Rating	Portfolio Weighting
US195325BR53	Colombia Government International Bond	COLOM 5 5/8 02/26/44	CO	8.15	BB	1.95%
US279158AP43	Ecopetrol SA	ECOPET 4 5/8 11/02/31	CO	7.62	BB-	2.03%
US62828M2D24	Muthoot Finance Ltd	MUTHIN 6 3/8 04/23/29	IN	7.17	BB+	1.91%
US698299AW45	Panama Government International Bond	PANAMA 6.7 01/26/36	PA	6.56	BB+	1.93%
XS3278734317	QNB Bank AS	QNBFB 5 7/8 02/11/31	TR	7.54	BB-	1.79%

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