

Fixed Income Mandate (USD)

Q1 2026

Market Commentary

Fixed Income markets in the first quarter were dominated by the interplay between a patient Federal Reserve and an escalating energy shock stemming from the conflict in the Middle East. The FOMC held rates unchanged at 3.50–3.75% in both its January and March meetings, pausing after three consecutive cuts in Q3/Q4 2025. The Fed's March 18th updated Summary of Economic Projections revised 2026 headline PCE inflation up to 2.7% and GDP growth to 2.4%, while the median dot plot maintained just one cut for the year. Seven of 19 participants saw no cuts at all in 2026, reflecting a significant hawkish shift driven by the oil price shock.

Treasury yields moved broadly higher across the curve, with the 10-year trading c. 4.31% into quarter-end, as energy-driven inflation expectations outweighed any residual easing bias. The 2-year yield closed the quarter near c. 3.79%, leaving the 10Y–2Y spread around +52 bps, a modest steepening, though the curve dynamic was driven more by the front end holding firm than by a decisive long-end move.

Other developed market sovereign bonds followed suit with UK Gilt yields rising after the surprise unanimous vote by the BoE's committee to keep rates on hold in Q1, following a surprisingly high December CPI print of 3.4% yoy and the ECB leaving rates unchanged at their March meeting, whilst signaling potential rate hikes in H2 2026 as their Q2 2026 baseline inflation forecast rose to 3.1% yoy.

Even Japan saw continued rising 10y yields as PM Takaichi's expansionary fiscal program continued to weigh on the market and JPY. Commodities continued to draw global focus in Q1 with dramatic moves. Precious metals traded more like risk assets than safe havens with silver and gold continuing their rallies in January, rising 70% and 30% respectively before crashing on 30/01 and eventually closing Q1 at +5% and +8%. The conflict with Iran and the closing of the Strait of Hormuz shocked energy markets globally, leading crude oil benchmarks to double to their peaks of more than USD 120/bbl before moderating slightly to close Q1 +77% at USD 101.38/bbl. Global equities remained range bound during Jan and Feb before retreating during March as conflict fears and inflation concerns impacted markets leading the S&P 500 to fall -4.5% by end of Q1.

Portfolio activity in Q1 was moderate, with several new positions initiated in the high yield space. Proceeds from the call of ARACEN 5% 10/07/26, received in January, were reinvested into ARACEN 9½ 03/06/29. We also saw the redemption of BHRAIN 7 01/26/26, with proceeds used to initiate a position in the new QNB Bank A.Ş. (Turkey subsidiary of QNB Group) issue - QNBFB 5% 02/11/31. In addition, Plata elected to redeem its outstanding debt, resulting in the position in PLATAC 14 03/30/26 being called. Proceeds were subsequently deployed into Muthoot Finance Ltd - MUTHIN 6% 04/23/29.

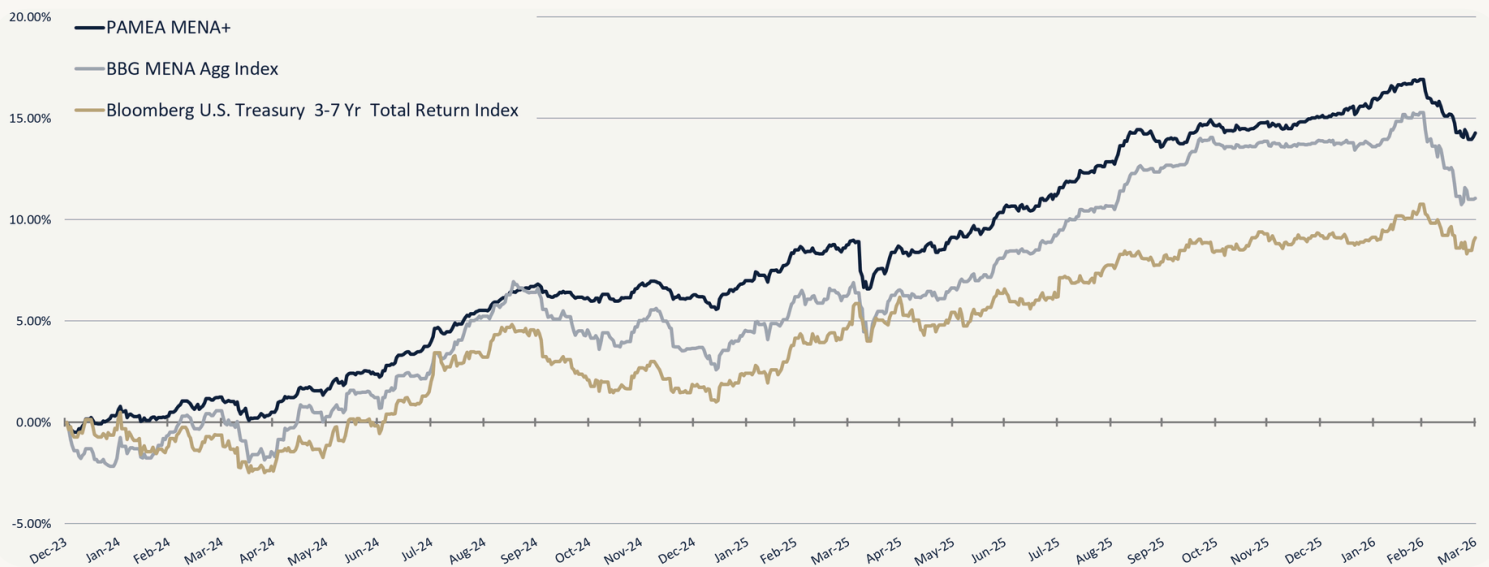
Investment Parameters

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.

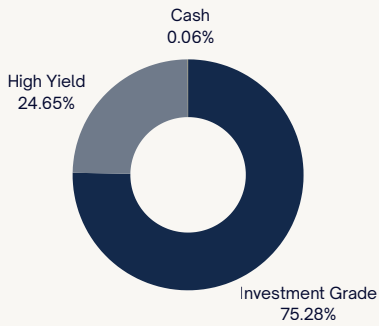
Portfolio Statistics

	Investment Grade	High Yield	Overall Portfolio
Yield to Maturity	5.72%	11.58%	7.18%
Duration (years)	5.19	3.20	4.69
Bond Rating	A-/BBB+	BB/BB-	BBB+/BBB
Coupon (cash flow)	4.66	5.99	5.00
Return (YTD)	-	-	-0.69%
Return (Since Inception)	-	-	+14.26%

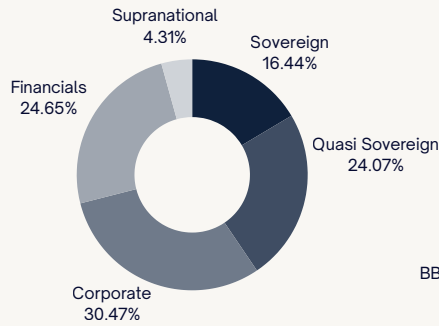
Portfolio Performance vs. Benchmark



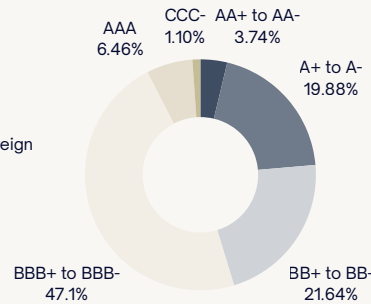
Fixed Income Allocation



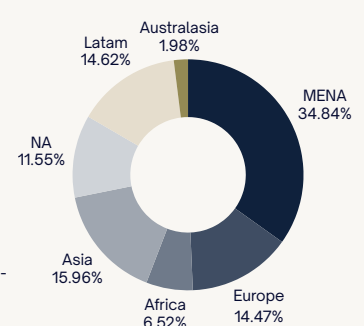
Industry Allocation



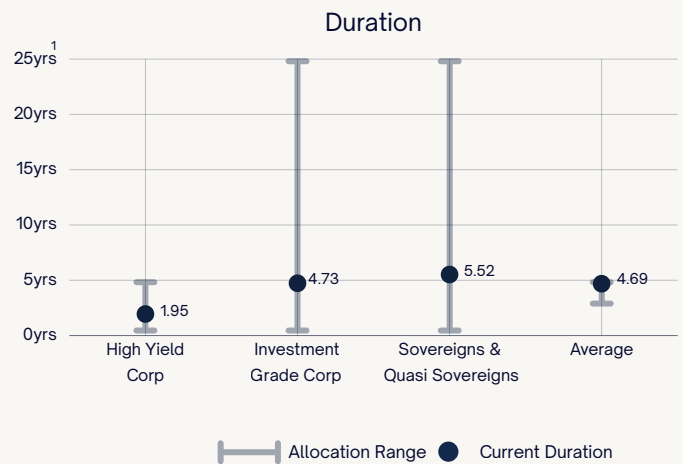
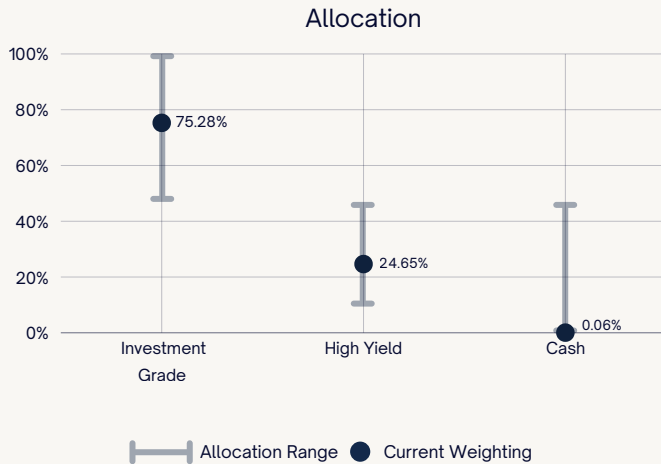
Credit Rating Allocation



Geographical Allocation



Strategic and Tactical Asset Allocation



¹Maximum 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
XS2852966501	Magellan Capital Holdings PLC	MAGELL 8 3/8 07/08/29	AE	8.65	BBB-	1.91%
XS2539374673	First Abu Dhabi Bank PJSC	FABUH 5 1/8 10/13/27	AE	5.04	AA-	2.08%
XS2861555964	Saudi Arabian Oil Co	ARAMCO 5 7/8 07/17/64	SA	6.53	A+	1.74%
XS2343007170	African Export-Import Bank/The	AFREXI 3.798 05/17/31	SNAT	6.58	Baa2	1.91%
XS3170344314	Saudi Awwal Bank	SABBAB 5.947 09/04/35	SA	6.51	BBB	1.86%

High-conviction High Yield Bonds

ISIN	Name	Ticker	Country of Risk	Yield (YTM)	Rating	Portfolio Weighting
USY775M1CJ07	Shriram Finance Ltd	SHFLIN 6.15 04/03/28	IN	6.02	BB+	1.95%
US279158AP43	Ecopetrol SA	ECOPET 4 5/8 11/02/31	CO	7.21	BB	2.04%
USY44680RV38	JSW Steel Ltd	JSTLIN 3.95 04/05/27	IN	6.06	BB	2.35%
US698299AW45	Panama Government International Bond	PANAMA 6.7 01/26/36	PA	5.90	BB+	2.01%
US195325BR53	Colombia Government International Bond	COLOM 5 5/8 02/26/44	CO	7.86	BB	1.99%

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