



TBC ASSET MANAGEMENT

INVESTMENT FUNDS OVERVIEW: GEORGIAN MARKET FOCUS

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EXECUTIVE SUMMARY

- Investment funds offer a globally established mechanism for pooling investor capital into **professionally managed, diversified portfolios**.
- With AUM exceeding \$2.1 trillion globally in 2025, private credit is no longer a niche - it has become a core component of the global investment landscape, **offering predictable, yield-driven income in volatile markets**.
- Led by global giants such as Apollo, Blackstone, Ares, KKR and others, private credit has grown into a large-scale institutional asset class - poised for **continued expansion through evergreen fund structures, ESG integration, and growing retail access**.
- The Georgian investment fund market has been growing rapidly over the past few years, primarily in **credit and fixed income strategies (83% of the AUM)**, with total Assets Under Management (AUM) reaching approximately **GEL 204 million as of year-end 2024**.
- TBC Asset Management (TBC AMC) is Georgia's leading asset manager, with approximately **GEL 155 million in assets under management (AUM)** as of June 30, 2025, and a **dominant 68% market share by the end of 2024**.
- With gross pre-tax returns ranging **between 8.50% and 9.00%** throughout 2025, TBC AMC's credit funds have consistently delivered strong, risk-adjusted returns that **generally closely matches or outperforms other local investment instruments**.
- TBC AMC's private credit funds **closely mirror the composition of the overall USD-denominated corporate loan portfolio in Georgia's banking sector**.
- Strong international investor interest mirrors Georgia's broader capital market growth, with **non-resident investors comprising more than 55%** of the existing TBC AMC fund investor base.
- TBC AMC's Diversified Credit Portfolio recorded significantly higher **Secondary Market Activity of up to 20% in 2024**, although not publicly traded - even compared to other domestic public investment instruments - indicating stronger-than-expected liquidity and interest from investors.

OVERVIEW OF INVESTMENT FUNDS

WHAT IS AN INVESTMENT FUND

Investment funds represent globally established mechanism for pooling investor capital into professionally managed, diversified portfolios. Funds are managed by professional asset managers according to a predefined investment policy, aiming to generate returns for investors while managing risk. By pooling resources, individual investors gain access to a broader range of assets and expert management than they likely could achieve on their own.

Funds typically invest across major asset classes - equities, fixed income, alternative assets, and cash equivalents. Equities (stocks) provide ownership in companies with higher growth potential (and risk), whereas fixed-income instruments (bonds and other debt) offer more stable income streams. Alternative investments encompass assets like real estate, commodities, private equity, or derivatives, which can add diversification benefits. Meanwhile, cash and money market instruments provide short-term, highly liquid holdings for safety or liquidity needs. A fund's asset mix will depend on its specific objectives - for example, a growth-oriented fund might hold mostly equities, while an income-oriented fund would likely emphasize bonds and other fixed-income instruments.

TYPES OF INVESTMENT FUNDS

Investment funds come in many forms, each designed to serve different investor needs, risk profiles, and market preferences. Below is an overview of some of the most widely used fund types around the world:

FUNDS BY TYPE OF OFFERING:

- **Mutual Funds:** Open-ended funds priced at daily NAV, offering diversified exposure to stocks, bonds, or both. Shares can be bought or redeemed directly with fund at NAV.
- **Exchange-Traded Funds (ETFs):** Similar to mutual funds, yet trade on stock exchanges throughout the day, offering greater liquidity and typically lower fees.
- **Private/Hedge Funds:** Privately offered funds available only to qualified investors, employing flexible and often aggressive strategies to achieve returns less correlated with market indices.

FUNDS BY ASSET CLASSES:

- **Money Market Funds:** Low-risk funds investing in short-term debt instruments, designed to preserve capital and provide daily liquidity.
- **Bond Funds:** Invest in portfolios of government, corporate, or municipal bonds to generate steady interest income.
- **Equity Funds:** Invest in equities and offer growth potential as they participate in the stock market's performance. Historically, stocks have delivered higher returns than bonds or cash over the long-term, yet come with higher volatility and exposure to market risk.
- **Mixed funds:** Invest in a portfolio of various asset classes, typically combining equities and fixed-income. Objective is to provide both growth and income while moderating risk through diversification across asset types.

TYPES OF INVESTMENT FUNDS

- **Private Credit Funds:** Provide loans or credit financing to private companies, typically secured and privately negotiated, generating attractive income opportunities compared to e.g. public bonds.
- **Private Equity & Venture Capital Funds:** Take ownership stakes in private or early-stage companies. Long-term, illiquid investments aiming for high returns upon exit.
- **Other Fund Types:** Real Estate Investment Trusts (REITs), Funds of Funds (FOFs), Institutional & Specialized Funds, and other funds which could come into various forms and structures.

PRIVATE CREDIT FUNDS

With AUM exceeding \$2.1 trillion in 2025¹, private credit is no longer a niche - it has become a core component of the global investment landscape, offering predictable, yield-driven income in volatile markets. Private Credit space has expanded significantly post-pandemic, driven by rising interest rates (which have driven private loan yields into the high single digits or low teens, attracting income-focused investors), stricter banking regulations for traditional bank lending and a growing appetite from institutional and high-net-worth investors for predictable, yield-driven income streams in volatile markets^{2 3}.

Private credit growth has some clear regional trends:

- North America remains the largest and most mature market (around \$1.1 trillion AUM⁴, or roughly two-thirds of the total) led by U.S. direct lending and Business Development Companies (BDCs).
- Europe is catching up quickly, with a surge in sponsor-backed loans and large fund closes from managers like ICG and Ares⁵.
- Asia-Pacific is smaller but emerging fast, especially in Australia, India, and Southeast Asia, where regulatory reform and private equity activity fuel demand for flexible capital².

Led by global giants such as Apollo, Blackstone, Ares, KKR and others, private credit has grown into a large-scale institutional asset class - poised for continued expansion through following trends: ^{7 8}

- Evergreen and semi-liquid fund structures, offering better access and flexibility
- ESG integration, particularly in Europe and institutional mandates
- Retail adoption, as private credit exposure becomes accessible to qualified individual investors

¹ Goldman Sachs | ² KKR | ³ | Nortonrosefullbright.com | ⁴ Cambridge Associates | ⁵ Icgam.com | ⁶ S&P Global | ⁷ Alternative Credit Council (AIMA) | ⁸ Financial Times

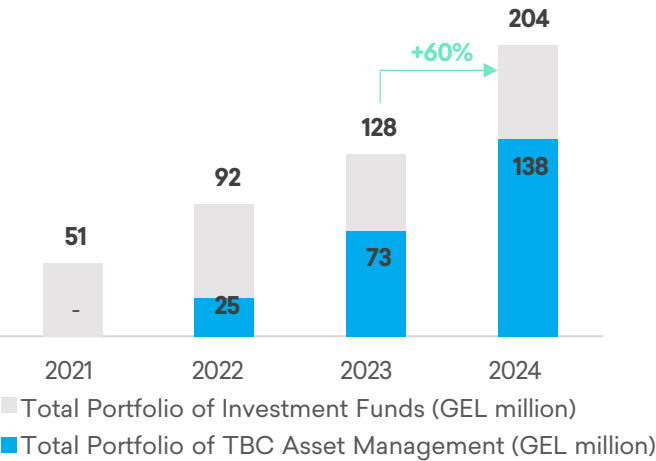
INVESTMENT FUNDS IN GEORGIA

The Georgian investment fund market has been growing rapidly over the past few years, primarily in credit and fixed income strategies (83% of the AUM), with total Assets Under Management (AUM) reaching approximately GEL 204 million as of year-end 2024 ¹. Currently, Georgia’s investment fund industry consists of 10 Asset Management Companies and 20 Investment funds.

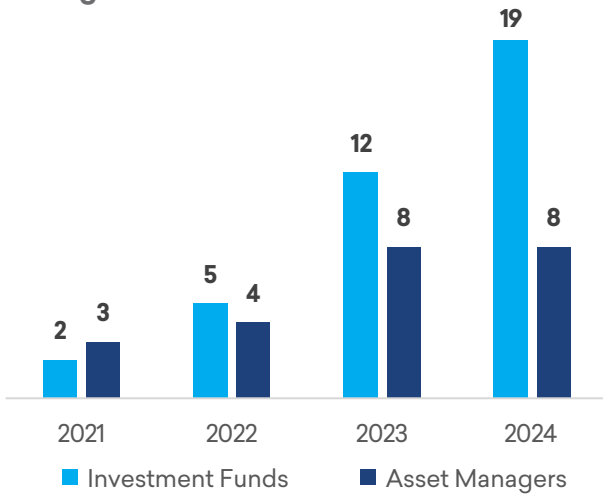
Investment funds in Georgia play an important role in the broader financial ecosystem. They encourage long-term savings, provide alternative investment opportunities, and stimulate demand for domestic financial instruments - ultimately supporting the growth and deepening of Georgia’s capital market.

1. INVESTMENT FUNDS & ASSET MANAGEMENT COMPANIES IN GEORGIA

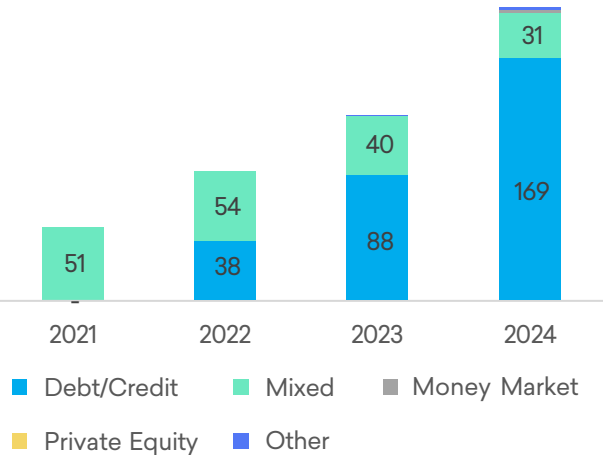
Total Portfolio of Investment Funds (GEL million)



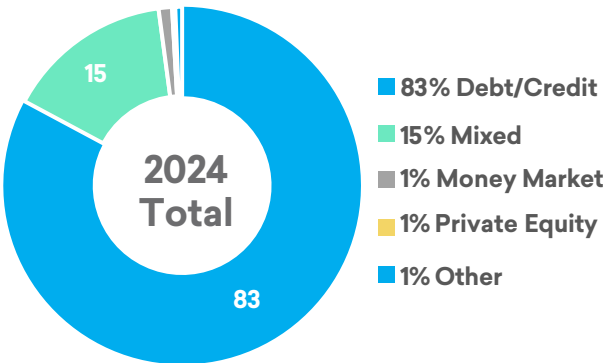
Number of Investment Funds and Asset Managers²



Total Portfolio by Investment Fund Type (GEL million)



Debt/Credit Funds: Largest and Fastest-Growing Category by Portfolio Size



Source: NBG, TBC Asset Management

¹National Bank of Georgia (NBG) | ²As of July 31, 2025, the number of registered investment funds has reached 20 (including one authorized fund), while the number of licensed asset managers stands at 10, according to the official website of the National Bank of Georgia.

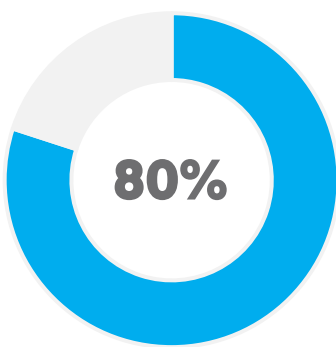
TBC ASSET MANAGEMENT DEVELOPMENT

TBC Asset Management (TBC AMC) is Georgia’s leading asset manager, with approximately GEL 155 million in assets under management (AUM) as of June 30, 2025, and a dominant 68% market share in 2024. With a three-year track record, TBC AMC focuses on delivering alternative and diversified investment opportunities in Georgia, primarily through Private Credit and Fixed Income funds.

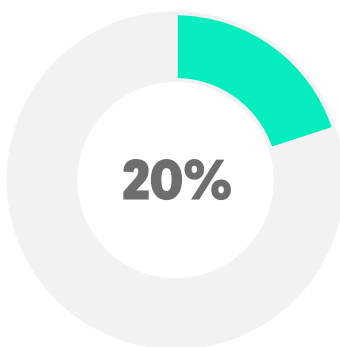
In March 2024, TBC AMC successfully closed its first private credit fund and subsequently launched two follow-on funds. These new funds largely replicate the structure of the initial fund, with certain modifications.

In terms of Investment Strategy, its flagship Private Credit Funds invest at least 80% in senior secured corporate loans across diverse sectors and borrowers, supported by senior or subordinated collateral and up to 20% may be allocated to Liquid Assets, including fixed income securities and cash equivalents, which may be unsecured.

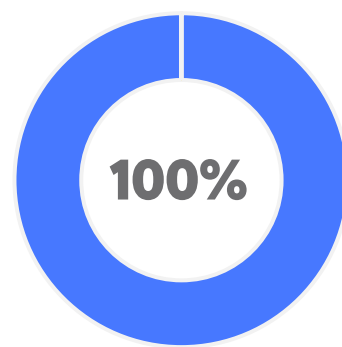
INVESTMENT STRATEGY



Senior Secured
Loans



Liquid
Assets



Hard
Currency

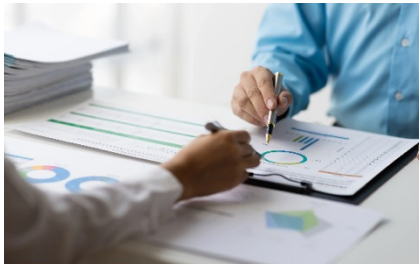
CREDIT FUNDS



DCP 1

Diversified Credit Portfolio

Fund Type: Private Debt | Currency: USD
Fundraising Status: Completed



DCP 2

Diversified Credit Portfolio 2

Fund Type: Private Debt | Currency: USD
Fundraising Status: In Progress



DCP 3

Diversified Credit Portfolio 3

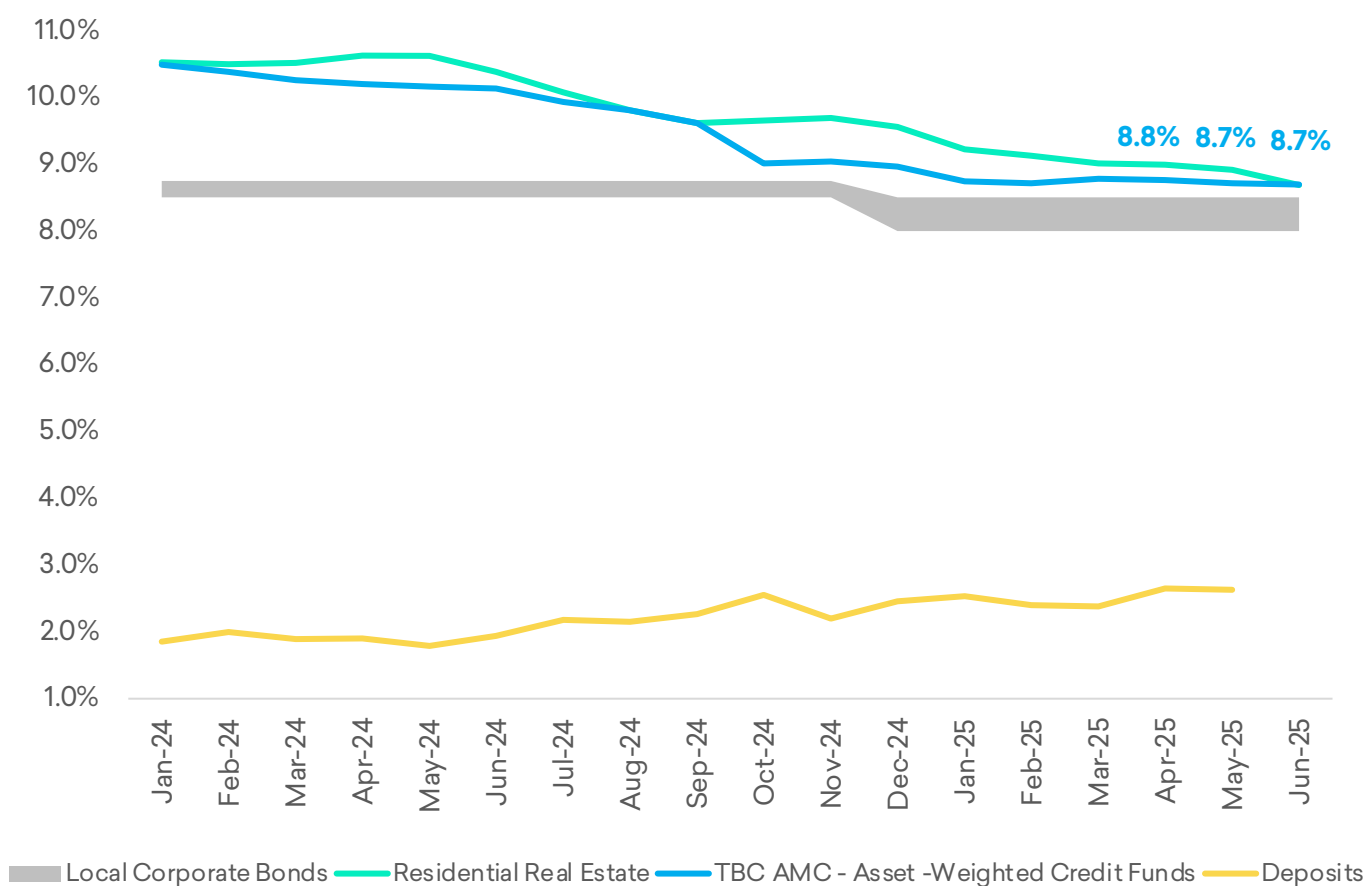
Fund Type: Private Debt | Currency: USD
Fundraising Status: In Progress

TBC ASSET MANAGEMENT DEVELOPMENT

With gross pre-tax returns ranging between 8.50% and 9.00% throughout 2025, TBC AMC's credit funds have consistently delivered strong, risk-adjusted returns that generally closely matches or outperforms other local investment instruments.

TBC AMC's Private Credit funds have historically delivered strong performance in the USD-terms, with an asset-weighted annualized return of 8.70% across all three funds (before capital gains and dividend taxes), closely matching the returns of Georgia's highest-yielding investment asset - residential real estate.

2. INTEREST RATE ENVIRONMENT FOR USD-DENOMINATED SELECTED LOCAL INVESTMENTS IN GEORGIA



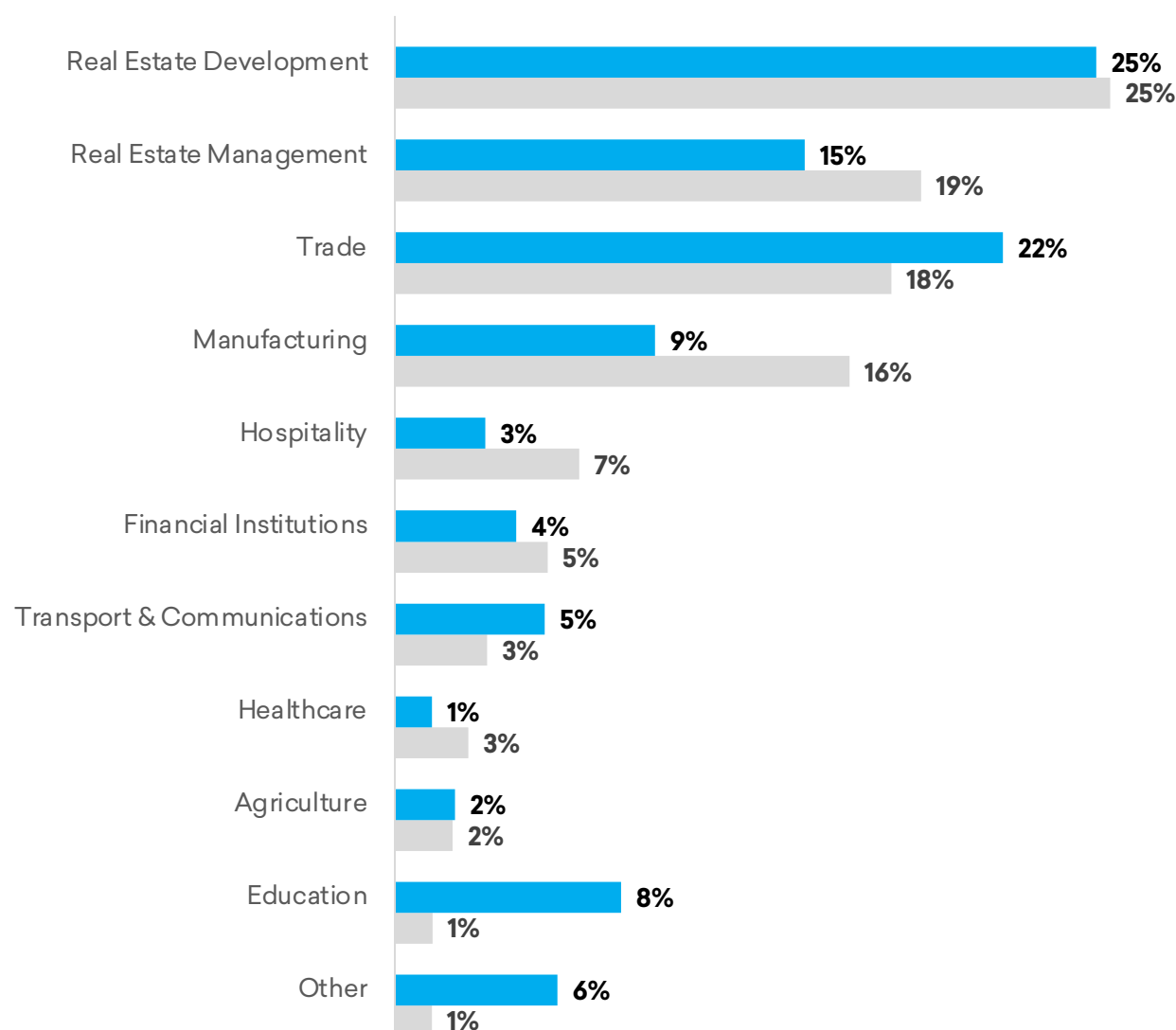
Sources: NBG, TBC Capital, TBC Asset Management,

TBC ASSET MANAGEMENT DEVELOPMENT

TBC AMC's private credit funds closely mirror the composition of the overall USD-denominated corporate loan portfolio in Georgia's banking sector. Subject to relevant industry and risk diversification limits, these fund target Qualified/Sophisticated investors¹.

Current industry exposure across all credit funds is well diversified and within the portfolio limits. Key allocations include Real Estate Development, Real Estate Management, Trade (FMCG), Education, Manufacturing, and other sectors. The portfolio maintains a strong alignment with the overall USD-denominated corporate credit distribution in the Georgian banking system across most sectors, with some deviations. Notably, it is overweight in Trade, Education, Transport & Communications, and Other Industry categories, while underweight in Real Estate Management, Manufacturing, and Hospitality.

3. USD CORPORATE CREDIT BY SECTOR: TBC AMC VS. GEORGIAN MARKET



■ TBC AMC Private Credit Funds (Aggregated) ■ USD-denominated Georgian Corporate Credit Portfolio

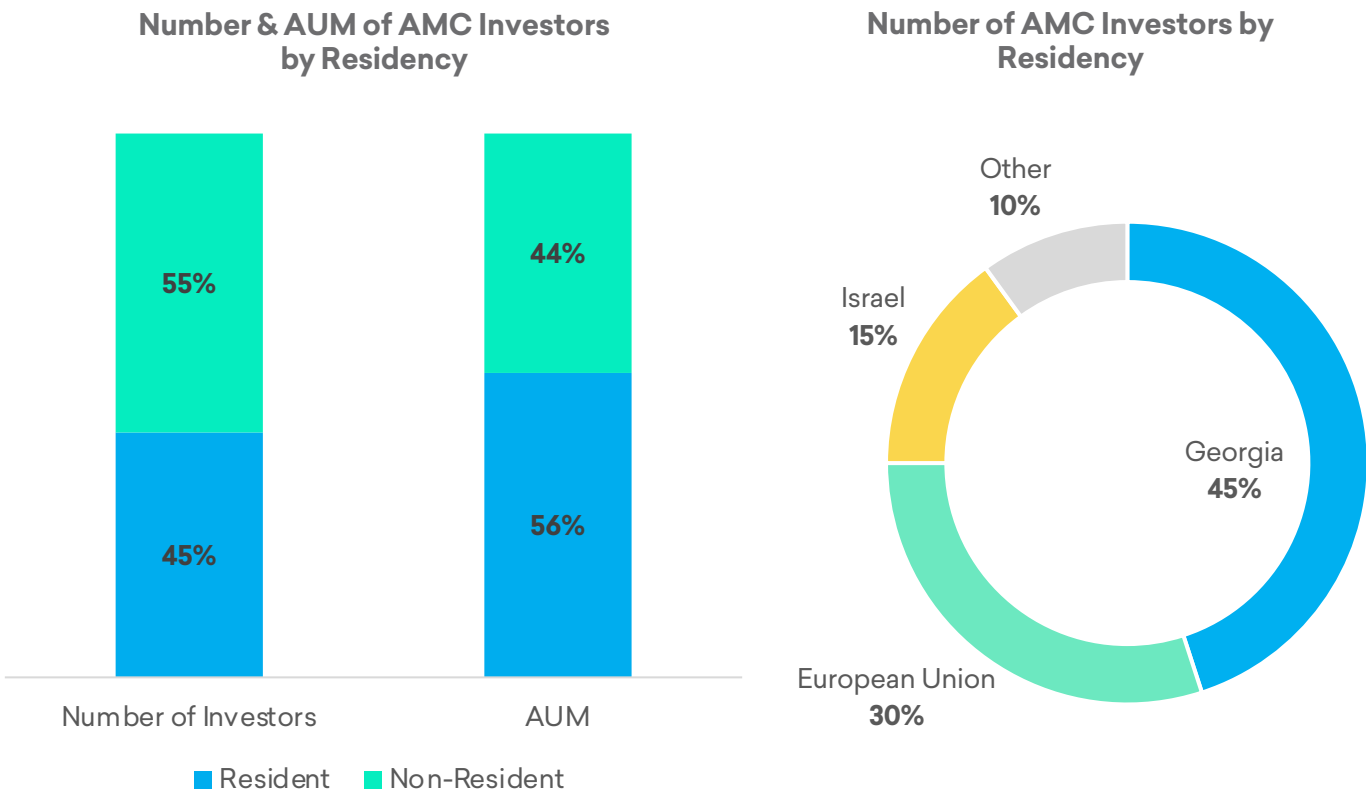
Sources: NBG, TBC Asset Management

¹To qualify as a sophisticated investor under Georgian law, individuals must either (i) hold a senior or authorized position in a financial institution, (ii) have assets over GEL 3 million or annual income exceeding GEL 200,000 for three consecutive years, or (iii) meet two out of three specified financial or professional criteria. Legal entities qualify if they are financial institutions, have capital over GEL 1 million, are public bodies, or represent pension schemes. Recognition as a sophisticated investor in a developed country may also suffice under Order No. 16/01 of the National Bank of Georgia.

TBC ASSET MANAGEMENT DEVELOPMENT

Strong international investor interest mirrors Georgia’s broader capital market growth. Approximately 55% of fund investors are non-residents, with strong participation from European and Israeli markets. This robust interest - particularly from international investors - reflects broader capital market development trends in Georgia. Notably, the non-government bond market has expanded 2.8 times over the past five years, reaching US\$ 1.95 billion as of December 31, 2024 (source: National Bank of Georgia).

4. INVESTOR DISTRIBUTION BY GEOGRAPHY



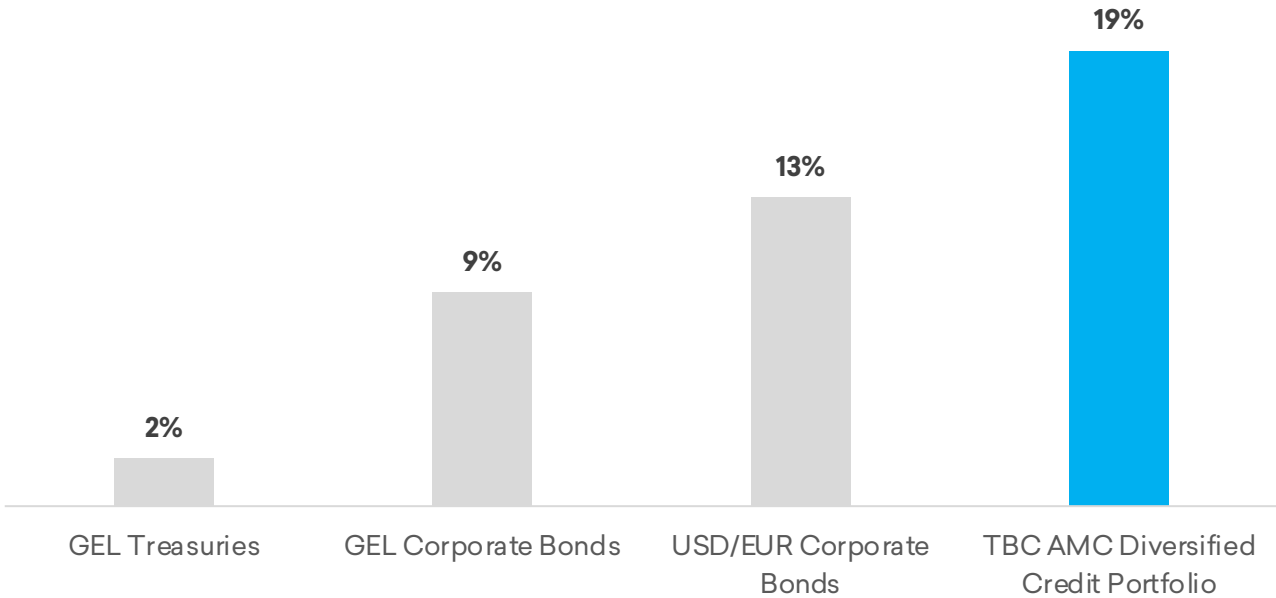
Sources: TBC Asset Management

TBC ASSET MANAGEMENT DEVELOPMENT

Although not publicly traded, even compared to other domestic public investment instruments, TBC AMC's Diversified Credit Portfolio recorded significantly higher Secondary Market Activity¹ up to 20% in 2024, indicating stronger-than-expected liquidity.

Fund's Secondary Market Activity far exceeded that of local corporate bonds across all currencies and Georgian Treasuries, and even surpassed the most liquid USD/EUR corporate bonds, which registered a 13% activity level in 2024.

■ 5. SECONDARY MARKET ACTIVITY¹ COMPARED TO OTHER LOCAL CAPITAL MARKET INSTRUMENTS



Sources: NBG, TBC Asset Management

¹Secondary Market Activity is measured as the ratio of total annual transactions to the average annual outstanding balance. For TBC AMC, this ratio is based on the number of shares traded, rather than transaction value, due to the fluctuating NAV per share.

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