

Daman Investments Capital Protection Fund

Independent Auditor's Report and Financial Statements

For the period from 8 October 2024 (date of incorporation) to 31 December 2025

General Information**Registered Office**

Dubai World Trade Center,
Level 6, Suite 600, P.O. Box 9436,
Dubai, United Arab Emirates

Fund Manager and Platform Operation**Services Provider**

Daman Investments P.S.C.
Dubai World Trade Center,
Level 6, Suite 600, P.O. Box 9436,
Dubai, United Arab Emirates

Administrator and Unit Registrar

Standard Chartered Bank UAE
Downtown Dubai, P.O. Box 999,
Dubai, United Arab Emirates

Auditor

Grant Thornton Audit and Accounting Limited
(Dubai Branch)
The Offices 5, Level 3, Office 303,
One Central, Dubai World Trade Centre,
Dubai, United Arab Emirates

Custodian and Subscription Bank

Standard Chartered Bank UAE
Downtown Dubai, P.O. Box 999,
Dubai, United Arab Emirates

Legal Advisor

White & Case LLP
ICD Brookfield Place, Al Mustaqbal Street,
Dubai International Financial Centre,
P.O. Box 9705,
Dubai, United Arab Emirates

Daman Investments Capital Protection Fund
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

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FUND MANAGER'S REPORT

Background:

The Sub-fund was incorporated on 8 October 2024 and launched on 3rd March 2025, with an investment objective of achieving moderate capital growth whilst providing protection of investors' contributions. For capital protection purposes, the Fund's portfolio investments are limited to deposits at local banks in the UAE and similar local bank products with the same degree of eligibility, priority and risk, as well as debt instruments issued by the local or federal government of the UAE.

Market Commentary

Global markets ended 2025 on a relatively resilient note despite ongoing macroeconomic and geopolitical uncertainty. Inflation continued to moderate across major economies while central banks gradually shifted toward a more accommodative stance, supporting financial market stability. Regional markets delivered mixed performance during the year, with the S&P Pan Arab Composite Index rising 1.8%, supported by strong gains in UAE equities, particularly the Dubai Financial Market (+17.2%) and Abu Dhabi Securities Exchange (+6.1%), while Saudi Arabia weighed on regional performance with a decline of 12.8%. Fixed income markets also experienced supportive conditions, with the S&P MENA Bond Index rising 8.9%, reflecting lower rates with fed cutting rates 3 times in 2025, tightening credit spreads and improving investor sentiment toward regional issuers. Meanwhile, global equity markets remained robust, with the S&P 500 advancing 16.4%, largely driven by technology and AI-related sectors. Despite rate cuts, money market yields remained relatively attractive during the year, supporting returns for short-duration strategies.

Sub-fund Commentary & Strategy

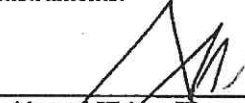
Since its launch in March 2025, the Daman Capital Protection Fund has delivered stable performance consistent with its conservative investment mandate. The Sub-fund generated a 1.32% return since inception, equivalent to an annualized return of 1.6%. Performance was primarily driven by income generated from UAE bank deposits, in line with the Sub-fund's objective of preserving capital while generating moderate returns. The portfolio maintained a short duration and high liquidity profile, allowing the strategy to capture attractive money market yields while minimizing exposure to interest rate volatility.

Outlook for 2026

Looking ahead, the investment strategy will continue to focus on UAE money market deposits, short-dated instruments, and high-quality counterparties, with the objective of generating stable income while maintaining the capital protection mandate. Although recent geopolitical tensions in the region may introduce short-term volatility in financial markets, the Sub-fund's ultra-conservative positioning and short-duration profile are expected to limit any material impact on performance. As a result, the strategy remains well positioned to deliver stable, low volatility returns broadly in line with money market benchmarks over the coming year.

Risk Management

Risk management remains central to the Sub-fund's investment framework. The portfolio is invested primarily in short-term deposits with UAE banks and highly liquid money market instruments, ensuring strong capital preservation and liquidity characteristics. Given the short-weighted average maturity and high-quality counterparties, the strategy remains largely insulated from market volatility. While geopolitical tensions in the region have increased recently, including developments related to the U.S.-Iran situation, the potential impact on the Sub-fund remains limited due to the short-duration nature of the portfolio and its exposure to high-quality local banking institutions and sovereign-related instruments.



Ahmed Khizer Khan
Chief Executive Officer
Dubai, United Arab Emirates

Independent Auditor's Report

To the Unitholders of Daman Investments Capital Protection Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of of Daman Investments Capital Protection Fund (the "Sub-fund"), which comprise the statement of comprehensive income for the period from October 2024 (date of incorporation) to 31 December 2025 (the "period"), the statement of financial position as at 31 December 2025, statement of changes in net assets attributable to unitholders and statement of cash flows for the period then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Sub-fund as at 31 December 2025, and of its financial performance and its cash flows for the period then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Sub-fund in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises of the information included in the Fund Manager's report but does not include the financial statements and our auditor's report thereon. We obtained the Fund Manager's Report prior to date of our auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

To the Unitholders of Daman Investments Capital Protection Fund

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and their preparation in compliance with the applicable provisions of the Sub-Fund's Prospectus and Federal Law No. (4) of 2000 Concerning the UAE Securities and Commodities Authority and Market and the Chairman of the Authority's Board of Directors' Resolution No (01/Chairman) of 2023 Concerning the Regulations of Investment Funds (the "Resolution") and all laws, regulations, and resolutions in force in the United Arab Emirates, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Sub-fund or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Sub-fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent Auditor's Report

To the Unitholders of Daman Investments Capital Protection Fund

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

GRANT THORNTON UAE



Dr. Osama El-Bakry
Registration No: 935
Dubai, United Arab Emirates

2 April 2026

Daman Investments Capital Protection Fund
Statement of financial position
As at 31 December 2025

	Notes	31 December 2025 AED
ASSETS		
Cash and cash equivalents		5,677
Bank deposits	6	4,370,101
Interest receivable	7	48,341
Other assets		565
Total assets		4,424,684
LIABILITIES		
Accrual and other payables	8	707,132
Management fee payable	9,12(a)	15,783
Capital protection fee payable	12(e)	8,787
Platform operation services provider fee payable	9,12(d)	7,457
Administration fee payable	12(b)	994
Custodian fee payable	12(c)	663
Total liabilities (excluding net assets attributable to holders of redeemable units)		740,816
Net assets attributable to holders of redeemable units	10	3,683,868

These financial statements for the period ended 31 December 2025 were approved on 02 April 2026 by:


Ahmed Khizer Khan
Chief Executive Officer

The accompanying notes from 1 to 17 form an integral part of these financial statements.

Daman Investments Capital Protection Fund
Statement of profit or loss and other comprehensive income
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

	Notes	For the period from 8 October 2024 (date of incorporation) to 31 December 2025 AED
INCOME		
Interest income	7	65,304
Other income		6,297
Total operating income		71,601
EXPENSES		
Legal and professional fees	11	(707,132)
Management fee	9,12(a)	(17,575)
Capital protection fee	12(e)	(8,787)
Platform operation services provider fee	9,12(d)	(8,304)
Administration fee	12(b)	(1,107)
Custodian fee	12(c)	(738)
General and other expenses		(632)
Total operating expenses		(744,275)
Net loss attributable to holders of redeemable units		(672,674)
Other comprehensive income		-
Total loss attributable to holders of redeemable units		(672,674)

The accompanying notes from 1 to 17 form an integral part of these financial statements.

Daman Investments Capital Protection Fund
Statement of changes in net assets attributable to holders of redeemable units
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

	Notes	For the period from 8 October 2024 (date of incorporation) to 31 December 2025 AED
As at 8 October 2024 (date of incorporation)		-
Total loss attributable to holders of redeemable units		(672,674)
Subscription and redemption by holders of redeemable units		
Issue of redeemable units during the period	10	4,477,515
Redemption of redeemable units during the period	10	(120,973)
As at 31 December 2025		3,683,868

The accompanying notes from 1 to 17 form an integral part of these financial statements.

Daman Investments Capital Protection Fund
Statement of cash flows
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

		For the period from 8 October 2024 (date of incorporation) to 31 December 2025 AED
	Notes	
Cash flow from operating activities		
Total loss attributable to holders of redeemable units		(672,674)
Operating cash flows before changes in operating assets and liabilities		(672,674)
Increase in bank deposits	6	(4,370,101)
Increase in interest receivable	7	(48,341)
Increase in accrual and other payables	8	707,132
Increase in management fee payable	9,12(a)	15,783
Increase in capital protection fee payable	12(e)	8,787
Increase in platform operation services provider fee payable	9,12(d)	7,457
Increase in administration fee payable	12(b)	994
Increase in custodian fee payable	12(c)	663
Increase in other assets		(565)
Net cash used in operating activities		(4,350,865)
Cash flow from financing activities		
Proceeds from issue of units	10	4,477,515
Redemption of units	10	(120,973)
Net cash generated from financing activities		4,356,542
Net increase in cash and cash equivalents		5,677
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		5,677

The accompanying notes from 1 to 17 form an integral part of these financial statements

Daman Investments Capital Protection Fund
Notes to the financial statements
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

1 General information

Daman Investments Capital Protection Fund (the “Sub-Fund”) is a Sub-fund of Daman Investments’ End of Service Gratuity Saving Umbrella Fund (the “Umbrella Fund”), a UAE Umbrella Fund with segregated liability Sub-Funds.

The Umbrella Fund has 2 Sub-Funds which are Daman Investments Capital Protection Fund and Daman Investments Shari’ah Compliant Capital Protection Fund.

Daman Investments Capital Protection Fund (the “Sub-Fund”) is an open-ended public fund established in the United Arab Emirates (“UAE”) by Daman Investments P.S.C. (the “Fund Manager”) in accordance with Chairman of the Authority’s Board of Directors’ Resolution No. (01/Chairman) of 2023 concerning the Regulations of Investment Funds and approved by the Securities and Commodities Authority (“SCA”) of the UAE. The Sub-Fund’s activities are managed by the Fund Manager and supervised by the Investment Committee of the Fund Manager. The custody and administration of the Sub-Fund was delegated to Standard Chartered Bank.

For capital protection purposes, the Sub-fund’s portfolio investments will be limited to deposits at local banks in the UAE and similar local bank products with the same degree of eligibility, priority and risk, as well as debt instruments issued by the local or federal government of the UAE. The Sub-fund will provision an amount up to zero-point-five percent (0.5%) per annum of Unit NAV which shall be paid into a reserve account (the “Capital Reserve”) and shall be used to cover any losses of the Basic Subscription amount and Voluntary Subscription amount of any redeeming Unitholders as at the relevant Redemption Day.

The Capital Protection Fund is a local fund, the investment policy of which is to invest in money market instruments, and which investments are limited to local bank deposits, treasury bills, commercial papers, certificates of deposit, and medium-term bonds issued by the local or federal government of the UAE.

The Sub-Fund’s Manager and the platform operation services provider is Daman Investments P.S.C. (the “Fund Manager” and the “Platform Operation Services Provider”), a private joint stock company incorporated under the laws of the United Arab Emirates.

Comparative figures are not presented as it the Sub-Fund’s first financial statements.

2 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and in compliance with Federal Law No. (4) of 2000 Concerning the UAE Securities and Commodities Authority and Market and the Chairman of the Authority’s Board of Directors’ Resolution No (01/Chairman) of 2023 Concerning the Regulations of Investment Funds (the “Resolution”) and all laws, regulations, and resolutions in force in the United Arab Emirates the Fund Prospectus.

As disclosed in Note 17, on 1 January 2026 the SCA was reconstituted as the Capital Market Authority (CMA) pursuant to Federal Decree-Law Nos. 32 and 33 of 2025.

3 Standards, interpretations and amendments to existing standards

The following standards and amendments, which became effective for annual periods beginning on or after 1 January 2025, where applicable, have been adopted in these financial statements. The application of these standards and amendments, except where stated, have not had any material impact on the amounts reported for the current and prior years.

Daman Investments Capital Protection Fund
Notes to the financial statements
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

3 Standards, interpretations and amendments to existing standards (continued)

Standard number	Title	Effective date
IAS 21	Amendments to IAS 21 Lack of exchangeability, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025

The above standards where applicable, did not have material impact on the financial statements.

Standards issued but not yet effective

The new standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Sub-fund's financial statements are noted below. The Sub-fund intends to adopt these standards, if applicable, when they become effective.

The impact of these new standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Sub-fund's financial statements.

Standard number	Title	Effective date
IFRS 9 & IFRS 7	Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures regarding the classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

4 Material accounting policies

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial assets measured at fair value through profit or loss ("FVTPL"), which are measured at fair value.

Functional currency and presentation currency

These financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Sub-Fund's functional and presentation currency.

Financial instruments

Classification of financial assets and financial liabilities

Financial assets

On initial recognition, a financial asset is classified and measured: at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Daman Investments Capital Protection Fund
Notes to the financial statements
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

4 Material accounting policies (continued)

Financial instruments (continued)

Classification of financial assets and financial liabilities (continued)

Financial assets (continued)

Financial liabilities

In the current period, financial liabilities are classified and subsequently measured at amortised cost.

Debt or equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

As at the period end the Sub-Fund has no financial liabilities or equity instruments designated as at FVTPL under IFRS 9.

Recognition

The Sub-Fund accounts for the purchase of financial assets and financial liabilities using trade date accounting. From the trade date, financial assets and financial liabilities measured at amortised cost are subsequently measured using the effective interest method, with interest income or expense, impairment losses and gains or losses on derecognition recognised in profit or loss.

Business model assessment

The Sub-Fund assesses the objective of a business model in which a financial asset is held at a portfolio level, as this best reflects how the business is managed and how information is provided to the Directors. The assessment considers the following:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Director's strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Sub-Fund's Directors;
- the risks affecting the performance of the business model and the financial assets held within it and how these risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Sub-Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding over a particular period.

Daman Investments Capital Protection Fund
Notes to the financial statements
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

4 Material accounting policies (continued)

Business model assessment (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Sub-Fund changes its business model for managing financial assets.

(i) Impairment

The Sub-Fund recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financings and advances and other financial assets including finance leases;
- financial assets that are debt investments;
- financial guarantee contracts.

No impairment loss is recognised on equity investments

Measurement of ECL

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1:** When financing are first recognised, the Sub-Fund recognises an allowance based on 12 months ECL.
- Stage 2:** When a financing has shown a significant increase in credit risk since origination, the Sub-Fund records an allowance for the life-time expected credit losses ("LTECL").
- Stage 3:** Financing considered credit-impaired. The Sub-Fund records an allowance for the LTECL.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information. Details of these statistical parameters/inputs are as follows:

- PD** - The probability of default is an estimate of the likelihood of default over a given time horizon.
- EAD** - The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- LGD** - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Sub-Fund in accordance with the contract and the cash flows that the Sub-Fund expects to receive)
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Sub-Fund expects to recover.

Daman Investments Capital Protection Fund
Notes to the financial statements
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

4 Material accounting policies (continued)

Business model assessment (continued)

Measurement of ECL (continued)

The Sub-Fund measures ECL on an individual basis, or on a collective basis for portfolios of financings that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired financial assets

At each reporting date, the Sub-Fund assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a financing or advance by the Sub-Fund on terms that the Sub-Fund would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made to determine whether the financial asset should be derecognised. The Expected Credit Loss (ECL) is measured as follows:

- If the restructuring does not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the restructuring result in derecognition of the existing asset, the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, short-term bank deposits and other highly liquid short-term investments, the original maturity of which does not exceed three months.

Bank deposits

Bank deposits consist of short-term investment with original maturities of more than 90 days, generally ranging from one to three years.

Accruals and other payables

Accruals and other payables are recognised initially at fair value and subsequently stated at amortized cost.

Daman Investments Capital Protection Fund
Notes to the financial statements
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

4 Material accounting policies (continued)

Dividend distribution

The Sub-Fund shall not pay dividends to Unitholders. Any amounts that would otherwise have been paid as a dividend will be reinvested for the benefit of the relevant Class and/or the Unitholders of the relevant Class will be issued additional Units equal in value to the dividend that would otherwise have been paid.

Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents and bank deposits.

Units and Unit Classes

The Fund has a variable capital structure and issues redeemable units which represent a proportional interest in the net assets of the Fund. Units are issued and redeemed at net asset value per unit of the relevant class. The Fund has the following classes of units, which differ based on eligibility, contribution type, and redemption features

Class A Units (Voluntary Subscription Units)

Class A Units are available to eligible skilled and unskilled employees who make voluntary contributions to the Fund, either directly or through their employer. There is no minimum subscription amount for Class A Units, and no lock-up period applies. Holders of Class A Units may redeem their units on any redemption day in accordance with the Fund's redemption policies.

Class B Units (Basic Subscription – Skilled Workers)

Class B Units are issued to skilled workers in respect of mandatory basic subscriptions made by employers pursuant to applicable labour and employment regulations. There is no minimum subscription amount beyond the required basic subscription. Class B Units are generally non-redeemable during the employment period, except in cases such as termination of employment or compulsory redemption, as specified in the Fund's governing documents.

Class C Units (Basic Subscription – Unskilled Workers)

Class C Units are issued to unskilled workers in respect of mandatory basic subscriptions made by employers. The subscription amount is determined in accordance with applicable regulatory and employment requirements. Similar to Class B Units, Class C Units are subject to redemption restrictions during the employment period, with redemptions occurring upon termination of employment or in other circumstances defined in the Fund documentation.

Subscriptions

Subscriptions for units are recognised as equity when the Sub-fund becomes entitled to the subscription proceeds and the units are issued. Units are issued at the net asset value per unit of the relevant class determined as at the subscription date. Subscription proceeds are recognised at the amount of cash received. No subscription fees are charged.

Redemptions

Redemptions of units are recognised as a financial liability when valid redemption instructions are received and the Sub-fund has a present obligation to transfer cash to the unitholder. Units are redeemed at the net asset value per unit of the relevant class determined as at the redemption date. Redemption proceeds are measured at the amount payable and are settled in cash in accordance with the Sub-fund's governing documents. No redemption fees are charged.

Daman Investments Capital Protection Fund
Notes to the financial statements
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

4 Material accounting policies (continued)

Foreign currencies

In preparing the financial statements of the Sub-Fund, transactions in currencies other than the Sub-fund's functional currency (foreign currencies) are recorded at the prevailing spot exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the prevailing spot exchange rates at the end of the reporting period. Gains and losses arising from foreign currency transactions are included in the statement of comprehensive income.

Provisions

Provisions are recognised when the Sub-Fund has a present obligation (legal or constructive) arising from a past event, it is probable that the Sub-Fund will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of net assets date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the estimated cash flows to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount can be measured reliably.

5 Significant accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Fund Manager, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

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6 Bank deposits

**31 December
2025
AED**

Bank deposits	<u>4,370,101</u>
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Bank deposits held by the Sub-Fund have original maturities of greater than three months. Considering their low credit risk, historical default experience, and current credit ratings, the Sub-Fund has assessed that the expected credit loss ("ECL") on these bank deposits is not significant, and therefore no loss allowance has been recognised. The deposits carry an interest rate ranging between 3.62% to 4.5% per annum on deposits for a duration of 3 to 12 months.

7 Interest income

The Sub-Fund recognised AED 65,304 of interest income, which includes earnings from deposits. As at 31 December 2025, AED 48,341 of this amount was receivable.

8 Accrual and other payables

**31 December
2025
AED**

Legal and professional fee (note 11)– accrual

Establishment fees	616,032
Audit fee	91,100
	<u>707,132</u>

*Legal and professional fee were paid by Daman Investments P.J.S.C. in its capacity as Fund Manager. As at 31 December 2025, the Sub-Fund had not yet been invoiced for these expenses and accordingly an accrual was recognised.

9 Related party transactions and balances

The Sub-Fund enters into transactions with entities that meet the definition of a related party under International Accounting Standard 24, *Related Party Disclosures* ("IAS 24").

Related parties comprise members of the Umbrella Fund and the Fund Manager and those entities over which the Sub-Fund, members of the Umbrella Fund and the Fund Manager can exercise control or significant influence or be controlled or significantly influenced by such entities, including the funds that are managed by the Fund Manager. In the ordinary course of business, the Sub-Fund renders and receives services from such related parties at agreed rates, terms and conditions set out by the Fund Manager.

Transactions

Transactions with a related party, Daman Investments PSC, during the period ended 31 December 2025 included in the statement of profit or loss and comprehensive income are shown below:

**For the period
from 8 October
2024 (date of
incorporation) to
31 December 2025
AED**

Transactions with Fund Manager

Management fee	17,575
Platform operations service provider fee	8,304
Legal and professional fee (note 11)	707,132
	<u>733,011</u>

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Notes to the financial statements
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

9 Related party transactions and balances (continued)

Balances with related parties included in the statement of financial position are as follows:

	2025
	AED
<i>Balances due to Fund Manager</i>	
Management fee payable	15,783
Platform operations service provider fee payable	7,457
Legal and professional fee – <i>accrual</i> – (note 8)	707,132
	<u>730,372</u>

10 Net asset value

As per the Prospectus, there is no minimum initial subscription amount for Class A and Class B units. Class C units, however, have a basic subscription amount, which is the amount paid by the Employer on behalf of the Unskilled Worker on a monthly basis for implementing the alternative system as provided under the relevant Cabinet Resolution.

Redeemable units do not entitle holders to vote, except in specific situations like class meetings, article amendments, conflict situations, fund manager changes, dividend declarations, and regulatory requirements. They confer the right to receive dividends and, in liquidation, are entitled to their par value after payment of all creditors, and the return of the par value of the Management shares to the holders thereof *pari passu*, to an amount equal to the par value of such redeemable units and thereafter. Redeemable units are classified as financial liabilities.

Movement in redeemable units of the Sub-Fund for the period ended 31 December 2025 are as follows:

	Class B		Class C	
	No. of units	AED	No. of units	AED
Balance as at the beginning	-	-	-	-
Redeemable units issued	4,436,521	4,460,216	17,227	17,299
Redeemable units redeemed	(117,597)	(118,420)	(2,530)	(2,553)
Balances as at 31 December 2025	<u>4,318,924</u>	<u>4,341,796</u>	<u>14,697</u>	<u>14,746</u>

***Net assets attributable to holders of redeemable units as at 31 December 2025**

Class B	3,668,987
Class C	14,881
	<u>3,683,868</u>

Number of redeemable units outstanding as at 31 December 2025

Class B	4,318,924
Class C	14,697

Net asset value per redeemable unit outstanding as at 31 December 2025

Class B	0.84951
Class C	1.01252

NAV reconciliation

*Under the Master Prospectus, establishment expenses may be amortised over three years for operational NAV purposes; however, in accordance with IFRS Accounting Standards, such costs are expensed as incurred. Accordingly, the IFRS NAV fully reflects establishment expenses and audit fee recognised in the period, whereas the administrator's NAV reflects amortisation of such costs, resulting in the difference of AED 707,132 set out below.

	AED
Operational NAV – maintained by administrator	4,391,000
NAV as per IFRS Accounting Standards	3,683,868

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11 Legal and professional

**For the period
from 8 October
2024 (date of
incorporation)
to 31 December
2025
AED**

Establishment fees	616,032
Audit fee	91,100
	<u>707,132</u>

12 Fees

(a) Management fee

In consideration of its services, the Fund Manager is entitled to receive a fee paid by the Sub-Fund (the "Management Fee"), equivalent to a certain percentage per annum (as detailed below). The management fee shall be calculated on a class-by-class basis of the Net Asset Value per unit, accrued on each valuation day and paid monthly in arrears on the last day of each calendar month.

Class of Units Management Fee

Class B	1.00%
Class C	1.00%

For the period ended 31 December 2025, the Fund's management fee was AED 17,575 and Management fee payable for the period amounts to AED 15,783.

(b) Administration fee

The Administrator is entitled to receive fees from the assets attributable to the Sub-Fund, including an administration fee, transfer agency fee, value-added services fees, and scheme administration oversight function fees, in accordance with the following:

- An administration fee of 0.04% per annum, calculated on the basis of the Net Asset Value of the Sub-Fund, payable monthly in arrears.
- The Sub-Fund Administrator also receives registrar and transfer agency fee, a professional services fee for financial statement preparation and a scheme administration oversight function fee at the rate of 0.02% per annum.

For the period ended 31 December 2025, the Sub-fund's administration fee was AED 1,107, and Administration fee payable for the period amounts to AED 994.

(c) Custodian fee

The Custodian is entitled to a custody fee of 0.04% per annum, calculated on the basis of the Net Asset Value of the Sub-Fund, payable monthly in arrears.

For the period ended 31 December 2025, the Sub-fund's custodian fee was AED 738, and custodian fee payable for the period amounting to AED 663.

(d) Platform service provider fee

The Sub-Fund pays the platform operation services provider an annual platform service fee in an amount equal to 0.47% of the Sub-Fund NAV (excluding any value added tax).

For the period 31 December 2025, the Sub-Fund's platform service provider fee was AED 8,304 and platform service provider fee payable for the period amounting to AED 7,457.

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12 Fees (continued)

(e) Capital protection fee

For capital protection purposes the Sub-Fund will provision an amount of up to 0.5% per annum of the Net Asset Value per unit, which is paid into a reserve account (the "Capital Reserve"). The Capital Reserve is used to cover any losses of the basic subscription amount and voluntary subscription amount of any redeeming unitholders as at the relevant redemption day.

For the period 31 December 2025, the Sub-Fund's capital protection fee was AED 8,787 and remained payable at 31 December 2025.

13 Fair values of financial assets and financial liabilities

As at 31 December 2025, the Sub-Fund's financial assets include interest receivable, other assets, cash held at bank and bank deposits. Financial liabilities include accrual and other payables.

The fair value of financial assets and financial liabilities other than financial assets held at fair value are not materially different from their carrying amounts.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

14 Financial risk management

Financial risk management objectives

The Fund Manager provides services to the Sub-Fund, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Sub-Fund through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, currency risk, credit risk, interest rate risk and liquidity risk.

14.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

14.1.1 Market price risk

Market risk is managed and monitored using risk management strategies and analytical monitoring techniques and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

As at 31 December 2025, the Sub-Fund is not exposed to any market price risk.

14.1.2 Currency risk

The Sub-Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Sub-Fund are exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Sub-Fund assets or liabilities denominated in currencies other than the reporting currency. The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reactions to material movements thereto.

As at 31 December 2025, the Sub-Fund is not exposed to any currency risk as they did not have any transactions other than AED.

Daman Investments Capital Protection Fund
Notes to the financial statements
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

14 Financial risk management (continued)

14.2 Credit risk

The Sub-Fund has exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Sub-Fund by failing to discharge an obligation. Credit exposure arises principally from the Sub Fund's cash and cash equivalents, bank deposits, interest receivable and other assets.

	2025 AED
Cash and cash equivalents	5,677
Bank deposits (note 6)	4,370,101
Interest receivable (note 7)	48,341
Other assets	565
	4,424,684

The above table represents a worst-case scenario of credit risk exposure for the Sub-Fund at the reporting date, without taking account of any collateral held or other credit enhancements attached. For assets recognised in the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

The Sub-Fund is exposed to a credit risk on parties with whom they trade and will also bear the risk of settlement default. Market practices in relation to the settlement of securities transactions and the custody of assets could provide increased risk. In particular, some of the markets in which the Sub-Fund may invest do not provide for settlement on a delivery versus payment basis.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the country. Accordingly, the Directors of the Sub-Fund estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. After taking into account the current credit ratings of the bank, the Directors of the Sub-Fund have assessed that the expected credit loss is immaterial.

14.3 Liquidity risk

Liquidity risk is the risk that the Sub-Fund is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The table below summarises the maturity profile of the Sub-Fund's assets and liabilities based on the contractual arrangements or on expected maturity where contractual maturity is not relevant. The contractual maturities of financial assets and liabilities have been determined on the basis of the remaining period to maturity at the statement of financial position date.

As at 31 December 2025	Within 1 month AED	Within 3 months AED	After 3 months AED	No fixed maturity AED	Total AED
Assets					
Cash and cash equivalents	5,677	-	-	-	5,677
Bank deposits	-	-	4,370,101	-	4,370,101
Interest receivable	-	-	48,341	-	48,341
Other assets	-	-	565	-	565
Total assets	5,677	-	4,419,007	-	4,424,684

Daman Investments Capital Protection Fund
Notes to the financial statements
For the period from 8 October 2024 (date of incorporation) to 31 December 2025

14 Financial risk management (continued)

14.3 Liquidity risk (continued)

As at 31 December 2025	Within 1 month AED	Within 3 months AED	After 3 months AED	No fixed maturity AED	Total AED
Liabilities					
Management fee payable	15,783	-	-	-	15,783
Administration fee payable	994	-	-	-	994
Custodian fee payable	663	-	-	-	663
Accrual and other payables	-	-	707,132	-	707,132
Capital protection fee payable	-	-	8,787	-	8,787
Platform operation services provider fee payable	-	-	7,457	-	7,457
Total liabilities	17,440	-	723,376	-	740,816
Net asset attributable to holders of redeemable units	(11,763)	-	3,695,631	-	3,683,868

14.4 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Sub-Fund's interest rate risk is managed on a by the Fund Manager in accordance with policies and procedures in place.

The Sub-Fund's exposure to interest rate risk arises primarily from re-pricing and reinvestment yield risk associated with bank deposits classified and measured at amortised cost. As these deposits are not measured at fair value, the Sub-Fund is not exposed to fair value price risk. Accordingly, no interest rate sensitivity analysis is presented in respect of changes in market interest rates.

15 Tax

No provision for corporate tax has been recognized for the period ended 31 December 2025 since the taxable income for the period is below the minimum taxable threshold of AED 375,000. No deferred tax asset has been recognised, as the utilisation of tax losses is not considered probable. Recognition will be reassessed in future periods if sufficient taxable profits become probable.

During the year, the Fund submitted an application to the Federal Tax Authority to be treated as a Qualifying Investment Fund (QIF) under the Corporate Tax Law. As of the reporting date, the application remains under review and is subject to approval by the Federal Tax Authority.

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (MoF) released Federal Decree Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (CT Law) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Fund's accounting period ends on 31 December 2025, the first tax period is from 8 October 2024 to 31 December 2025, with the respective tax return to be filed on or before 30 September 2026.

16 Commitments and contingent liabilities

Except for ongoing business obligations arising in the normal course of business, the Sub-Fund has no other known contingent liabilities as at the reporting date.

17 Subsequent events

On 1 October 2025, the President of the United Arab Emirates issued Federal Decree-Law No. (32) of 2025 and Federal Decree-Law No. (33) of 2025, establishing the regulatory framework for the capital markets sector and the Capital Market Authority. Both Decree-Laws became effective on 1 January 2026.

Daman Investments Capital Protection Fund

Notes to the financial statements

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17 Subsequent events (continued)

These enactments form part of the UAE's broader initiative to modernize the legislative and supervisory architecture of the financial sector; enhance market stability, efficiency, and competitiveness; and align regulatory practices with international standards. The Decree-Laws also reinforce the institutional stability of the Capital Market Authority and strengthen its mandate to uphold market integrity while fostering transparent, fair, and orderly market activity.

Key provisions include:

- Renaming the Securities and Commodities Authority as the Capital Market Authority.
- Introducing new regulated financial activities.
- Strengthening the Capital Market Authority's supervisory powers over the capital markets sector.
- Regulating the Investor Protection Fund and the Settlement Guarantee Fund.
- Defining the Capital Market Authority's role in prudential oversight and the management of exceptional circumstances.
- Granting the Capital Market Authority the power to enter into conciliation before the initiation of criminal proceedings.
- Establishing the Capital Market Authority's jurisdiction to designate systemically important persons and to regulate early intervention, settlement, and resolution mechanisms.

As the Decree-Laws become effective only on 1 January 2026, they constitute a non-adjusting event for the year ended 31 December 2025.

The Fund is in the process of evaluating the potential implications of the new regulatory framework to determine whether any provisions may apply. Based on the information currently available, no material impact on the Fund's financial statements for the year ended 31 December 2025 is anticipated. The Fund will ensure full compliance with all applicable regulatory requirements once the laws come into effect on 1 January 2026.

Furthermore, subsequent to the reporting date, geopolitical tensions in the Middle East have continued to evolve, including ongoing regional conflicts and heightened political uncertainty. These developments have increased volatility in global and regional financial markets and may, over time, affect economic conditions in the region. As at the date of approval of these financial statements, the Fund continues to monitor developments in the region and will assess the potential impact, if any.

Except for above, there are no other significant adjusting or non-adjusting events that have occurred between the reporting date and the date of authorisation of the financial statements.