



Fund Name and Reporting Period

Fund Name: Daman Investments Capital Protection Fund

8th October 2024 (incorporation date) to 31st December 2025

Fund Performance during the reporting period

The Fund's investment objective is to achieve 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.

Mentioned below is the performance of various classes of the Fund. Performance period is from 3rd March 2025 to 31st December 2025 as the first subscription was received on 3rd March 2025. The fund's annualized volatility remained low at 0.5%, consistent with its capital protection objective.

Share Class	Performance during the reporting period
Class B	1.32%
Class C	1.25%

The Fund, however, was not impacted by market price movements or interest rate volatility, as its portfolio remained fully invested in short-term deposits with UAE banks. The fund has no exposure to fixed income securities or other asset classes. As a result, the Fund generated stable, positive returns for the reporting period.

2025 marked a transition from restrictive monetary policy towards easing. The US Federal Reserve held the federal funds target range at 4.25%–4.50% through the first half of the year as it assessed the inflationary impact of US tariffs, before delivering a cumulative 75 basis points of rate cuts in the second half, lowering the range to 3.50%–3.75% by year-end. The Federal Reserve eased in response to a softening labor market, with payroll growth slowing and the unemployment rate edging higher, while economic conditions remained broadly resilient rather than recessionary. Inflation continued to moderate but remained modestly above the 2% target, with core CPI at 2.6% in November 2025 and core PCE inflation at 2.8% in September 2025, below the Federal Reserve's earlier projection of around 3%. The Federal Reserve also began purchasing approximately USD 40 billion of short-term US Treasuries per month, improving money market liquidity. Global markets saw episodes of volatility during the year, driven by tariff-related uncertainty although global growth proved more resilient than expected and volatility remained contained overall.

Given the UAE Dirham's peg to the US Dollar, local money market rates followed US policy rates lower over the year. Three-month EIBOR declined from approximately 4.45% at the start of 2025 to 4.14% at the end of June and approximately 3.48% at the end of December, a fall of around 97 basis points over

مركز دبي التجاري العالمي، مكتب ٦٠٠، ص.ب. ٩٤٣٦ دبي - إ.ع.ه، تليفون: ٣٣٢ ٤٤٠ (٩٧١ +)، فاكس: ٣٣٢ ٤٢٤ (٩٧١ +)
Dubai World Trade Center, Suite 600, P.O. Box 9436 Dubai - UAE, Tel: (+971 4) 332 4140, Fax: (+971 4) 332 4240
E-mail: info@daman.ae, Website: www.daman.ae



the year, which gradually lowered the rates available on new bank deposits. UAE banks remained well capitalized and liquid, with system loan growth of around 19% year-on-year as of the third quarter of 2025, supported by strong non-oil growth and population inflows, continuing to underpin the local deposit market.

The Fund will continue to prioritize capital preservation and liquidity by investing in short-dated deposits with UAE banks, in line with its investment guidelines, including a minimum of 10% of assets in instruments maturing within seven days and a maximum weighted average maturity of 180 days.

Material Changes affecting the Fund

During the reporting period there were no major changes affecting the Fund.

Changes in the Fund's Net Asset Values

The Fund was incorporated on 8th October, 2024 and its net assets grew to AED 4.39 million as of 31st December 2025. This was mainly driven by new subscriptions in the fund.

Changes to the Fund's Investment Policy

During the reporting period there were no changes in the Fund's Investment Policy.

Related-Party Dealings in the Fund Units

Holding of Daman Investments and related parties in the Fund was approximately 54.3% of AUM as of 31st December 2025.

Investment Restriction Breaches / Violations

Nil – No such events were identified during the reporting period.

Corrective Actions taken for each breach

Nil – No such events were identified during the reporting period.

مركز دبي التجاري العالمي، مكتب ٦٠٠، ص.ب. ٩٤٣٦ دبي - إ.ع.ه.، تليفون: ٣٣٢ ٤٢٤٠ (+٩٧١ ٤)، فاكس: ٣٣٢ ٤٢٤٠ (+٩٧١ ٤)
Dubai World Trade Center, Suite 600, P.O. Box 9436 Dubai - UAE, Tel: (+971 4) 332 4140, Fax: (+971 4) 332 4240
E-mail: info@daman.ae, Website: www.daman.ae

Impact / Effect of the Corrective Actions

Nil – No such events were identified during the reporting period.

Assessment of Fund Service Providers' Performance

During the reporting period Service providers performed their respective functions in accordance with agreed service arrangements and applicable requirements. No material concerns were identified.

Fund Manager's Observations on Service Providers

Nil – No such events were identified during the reporting period. Services were provided on a timely basis, with appropriate communication and coordination.

Identified Service Quality Deficiencies

Nil – No such events were identified during the reporting period.

Remedial Actions taken to address deficiencies

Nil – Not applicable. No material deficiencies requiring remedial action were identified.

Management Conclusion / Confirmation

Based on the overall monitoring and assessment conducted during the reporting period, the Fund operated satisfactorily and in accordance with its applicable investment objectives, guidelines, restrictions and regulatory requirements. The Fund's operations and performance were subject to appropriate oversight, and no material issues, exceptions, or matters requiring escalation were identified during the reporting period.

Supporting Evidence / References

Nil - No material exceptions or adverse matters were identified.