



Fund Name and Reporting Period

Fund Name: Daman Investments Shariah Compliant Capital Protection Fund

8th October 2024 (incorporation date) to 30th June 2025

Fund Performance during the reporting period

The Fund's investment objective is to achieve moderate capital growth whilst providing capital protection of investors' contributions by primarily investing funds, on a Shariah-compliant basis, in Wakala deposits with investment grade local banks and Sukuk from investment grade issuers.

The performance of Class B Fund during the period was 0.45%. Performance period is from 26th March 2025 to 30th June 2025 as the first subscription was received on 26th March 2025. The Fund remained fully invested in Wakala deposits with UAE banks with no exposure to Sukuk. As a result, the fund generated stable, positive returns for the reporting period.

The Fund's first reporting period was marked by elevated but stable US policy rates. The US Federal Reserve kept the federal funds target range unchanged at 4.25%–4.50% throughout the period, maintaining a cautious stance as it assessed the inflationary impact of US tariffs. Inflation remained contained, with US headline CPI at 2.4% year-on-year in May 2025 (below expectations of 2.5%) and core CPI at 2.8%, while the 10-year breakeven inflation rate declined in June, reflecting reduced inflation concerns. US Treasury yields declined, with the 2-year yield falling 18 basis points in June to 3.72% (52 basis points lower year-to-date), as markets increasingly priced in the start of rate cuts later in the year. The European Central Bank cut its policy rate by a further 25 basis points to 2.0%.

Given the UAE Dirham's peg to the US Dollar, local money market rates remained elevated, closely tracking US rates. Three-month EIBOR stood at 4.14% at the end of June 2025, down 7 basis points during the month and 31 basis points year-to-date, as markets began to anticipate US rate cuts. This allowed the Fund to place its initial Wakala deposits with UAE banks at relatively high prevailing rates during its launch phase. The UAE's strong fiscal and external position continued to underpin the local deposit market.

The Fund will continue to prioritize capital preservation and liquidity by investing in short-dated Wakala deposits with UAE banks and other Shariah-compliant money market instruments, in line with its investment guidelines.

Material Changes affecting the Fund

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

مركز دبي التجاري العالمي، مكتب ٦٠٠، ص.ب. ٩٤٣٦ دبي - إ.ع.ه.، تليفون: ٣٣٢ ٤٢٤٠، 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

Changes in the Fund's Net Asset Values

The Fund was incorporated on 8th October 2024 and its net assets reached AED 0.10 million as of 30th June 2025.

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 62.3% of AUM as of 30th June 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.

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.