Monthly Review, Asset Allocation & Outlook

April 2025

Highlights of the Month

- Global markets witnessed significant volatility in April on the US administration implementing reciprocal tariffs
- The Nasdaq Index entered bear market territory, the VIX touched 60 and the US 10-Year Treasury yield approached 4.60%
- However, a 90-day pause on the country-specific portion of the reciprocal tariffs led markets to rebound
- Global equities managed to close the month higher, with the MSCI All Country World Index ending 0.8%
- US equities ended the month down with the S&P 500 Index and Dow Jones Index declining by 0.8% and 3.2%, respectively
- Fixed income acted as a great diversifier, with the Barclays Global Aggregate Index rising 2.9%
- Gold prices continued to rally, gaining 5.3% MoM in March, driven by safe-haven demand
- MENA equities inched lower by 1.0%, led by Saudi, with the Tadawul Index down 2.9% amid a steep fall in oil prices
- The FTSE MENA Broad Bond Index declined 0.1% MoM, as new debt issuances continuing to pick up pace in April
- We are neutral on equities and overweight on bonds
- We continue to advocate an up-in-quality well-diversified portfolio

Global Review

Global markets witnessed significant volatility during the month on the US administration's implementation of reciprocal tariffs on its trading partners with the purpose of reducing the trade deficit, onshoring manufacturing, and funding further tax cuts. On April 2nd, the US administration announced reciprocal tariffs on most of its trading partners, comprising two components - a baseline tariff of 10% and a country-specific portion.

Nasdaq went into the bear market (defined as a decline of 20% from the high), S&P 500 almost touched the bear market, VIX touched 60 and US 10-Year Treasury yield hit 4.50%, before President Trump announced on April 7th that he has authorized a 90-day pause of the country-specific portion of the reciprocal tariff for all countries that have not retaliated against the tariffs imposed by the White House. The tariffs were paused to allow time for trade negotiations. This leaves in place all prior tariffs and the 10% minimum portion of the reciprocal tariff, and additional sector-specific tariffs at a 25% rate on steel, Aluminum and Auto. A tit-for-tat exchange with China led the US to raise tariffs on Chinese imports to 145%, with China responding by imposing a 125% tariff on U.S. goods. The 90-day pause led global equity markets to stage a sharp rebound and recover all its losses with the MSCI All Country World Index closing the month up 0.8%. The US 10-Year Treasury yield hit 4.16%, down 4bps MoM.

Fixed income as an asset class outperformed equities and played its diversification role with Barclays Global Aggregate Bond Index rising 2.9%. Barclays Global High Yield Index underperformed the high yield Index gaining 0.9% as credit spreads widened by 34bps. Investment grade credit spreads were resilient due to the significant improvements in debt levels that many companies have pursued in recent years.

The Bloomberg Commodity Index fell 5.1%. Oil, Natural gas, base metals drove the index lower. Brent oil price fell 15.5% on rising growth slowdown concerns and OPEC+ deciding to increase supply more than expected. Natural gas prices fell 19.3% due to trade policy uncertainty. Gold prices surged 5.3% to close the month at $3,289/ounce as investors flocked into the safe haven assets.

Global Equities:

Within equities, growth outperformed value with the MSCI All Country World Growth Index rising 3.0%, outperforming the Value Index by 4.4% due to the poor performance of the energy sector. Developed markets (DM) slightly underperformed the emerging markets (EM) with the MSCI World Index gaining 0.7%, while the MSCI EM Index closing the month up 1%. Mexico, Brazil and India were the key markets responsible for driving the EM Index higher.

The S&P 500 underperformed the global peers, closing at -0.8%. Energy, Materials and Financials were the worst performing sectors with the corresponding sector indices falling 13.7%, 2.2% and 2.2%, respectively. The Russell 2000 Index, a small-cap Index of US stocks, fell 2.4%.

US March CPI declined 0.1% MoM, reflecting a 0.4% increase in food prices but a 2.4% decline in energy prices. Core CPI rose 0.1% MoM, below expectations, and the year-over-year rate declined to 2.8%. The airfares (-5.3%), hotels (-4.3%), and car insurance (-0.8%) components together weighed on the core by 12bp. The declines in airfares and hotel prices may have reflected softer demand for business and government travel and from foreign tourism. New car prices rose 0.1%, while used car prices declined 0.7%. The rent component increased 0.33% and the owners' equivalent rent (OER) component rose 0.40%.

The University of Michigan Consumer Sentiment's year-ahead inflation expectations surged to 6.7% in April, the highest level since 1981, amid growing worries about trade war. The overall index reading declined for the fourth straight month to 50.8, down 11% from March and the lowest level since June 2022. Non-farm payrolls for March came much above expectations at 228,000. The unemployment rate fell to 3.8% from 4.05 in February.

The Eurozone market fell with MSCI Europe ex-UK Index down 0.9% MoM. The eurozone consumer confidence index also dropped, confirming that trade tensions and the unresolved conflict in Ukraine are weighing on economic sentiment. The European Union decided to suspend retaliatory tariffs on steel and aluminum in an effort to create the conditions for negotiations with the US administration.

UK's FTSE 100 Index fell 1.0%. In the UK, April's flash PMIs showed a deterioration in economic momentum. The composite index moved into contractionary territory (48.2). Japanese equities outperformed with the TOPIX Index gaining 0.3%.

Fixed Income:

April 2025 was a good month for fixed income investors. Fixed income showed resilience and outperformed equities. Investment Grade dollar bonds performed better than High Yield dollar bonds. Investment Grade bonds, represented by Bloomberg Global Aggregate Index, closed the month up 2.9% MoM, while High Yield Bonds, represented by Bloomberg Global High Yield Index added 0.9% in April. Both indices showed strong performance on YTD basis with 5.7% and 2.7% respectively. This was primarily fueled by a broad risk-off sentiment until recently, following the tariff skirmish between the US and China, with markets trying to assess the impact of the trade war. Besides, markets also showed concern over reports that US President Donald Trump was exploring options to fire Fed Chairman Jerome Powell. This sentiment eased after Trump's clarifications later on not having any such plans and his comment that tariffs on China will "come down substantially". Markets continue to pricing-in a total of 100bp in rate cuts by the Fed in 2025 with the first cut being expected by July.

April saw the Treasury yield curve bull steepen, where the 2Y, 3Y and 5Y yields fell 24-28bp while the 10Y was broadly stable. The long-end, i.e., 20Y and 30Y yields rose by 10bp each. US Non Farm Payrolls for March came-in at 228k, surprising analysts' estimates of 140k. However, AHE YoY rose 3.8%, softer than expectations of 4.0%. The unemployment rate rose to 4.2% from 4.1%. Looking at inflation, both US CPI and Core CPI YoY were softer than expectations, rising by 2.4% and 2.8% respectively. The ISM Manufacturing reading worsened and contracted to 49.0, and the Services PMI also worsened to 50.8. Retail Sales rose by 1.4% while the consumer confidence index continued to stay soft at 86.0.

Global corporate dollar bond issuances stood at $231bn in April, 32% lower than the $339bn seen in March. As compared to April 2024, issuance volumes were down 17% YoY. 83% of the issuance volumes came from IG issuers with HY comprising 11% and unrated issuers taking the remaining 6%. Asia ex-Japan & Middle East G3 issuance stood at $28bn, down 36% MoM, while being up 19% YoY. 81% of the issuance volumes came from IG issuers with the remainder coming equally from HY and unrated issuers. In MENA region notable issuings where coming from kingdom of Bahrain (8Y $1,750mn and 12Y $750mn), DP World (10Y sukuk $1.5bn), PIF (7Y $1,250mn), ADQ (5Y $1bn and 10Y $1bn), Adnoc Murban (10Y $1.5bn), Omniyat (3Y $500mn).

Emerging market (EM) bonds were mainly flat in April. Emerging Markets Aggregate Index (EMUSTRUU) was flat and the Bloomberg EM GCC Credit + HY Index (BGCCTRUU) was up 0.4%.

Market Outlook: We anticipate further volatility in the markets and the inflationary impact of the Donald Trump presidency is expected to persist, that could slowdown growth expectations, increase ongoing inflation and create larger fiscal deficits. This factors combined together could lead to the stagflation.

The latest FOMC dot plot forecasts an interest rate of 3.875% by the end of 2025, while the market, as reflected by Fed Funds Futures, expects more rate cuts to happen in 2025 (4 rate cuts vs. 2 as per latest dotplot). With a strong labor market data, paired together with softer than expected inflation data, the main uncertainties are coming from President Trump's aggressive tariff policies, that have negatively impacted consumer and business sentiment, weakened manufacturing.

We foresee a divergence between market expectations and the FOMC's dot plot in 2026-2027, driven by growth slowdown concerns.

We expect a pickup in bond yields especially on the long end of the curve due to expectations of rising fiscal deficits, and higher tariffs, but we see limited movement in the short end of the yield curve. Hence we prefer a shorter duration exposure and we are overweight on rates and underweight on credit as we expect the credit spreads to rise further. We prefer investment-grade credit over high yield. We favor European investment-grade credit over U.S, supported by ECB rate cuts, stronger fundamentals, and resilient demand. In contrast, U.S. credit faces challenges due to tight spreads, low yields, and economic risks. Also, we see a good opportunities in GCC short dated fixed income, due to the limited exposure for US tariffs.

EM Equities: The MSCI EM Index was up 1.0% MoM. Asia gained 0.6% MoM and EMEA gained 0.9%. LATAM outperformed with a 6.3% gain MoM. The MSCI China Index lost 4.9% during the month given rising tariff worries and trade issues with the USA.

Commodities: Oil: Brent crude oil plummeted 15.5% in April, closing at $63.1/bbl due to the surge in output announced by OPEC+ and tariff concerns. **Natural gas:** Henry hub prices tumbled 19.3% MoM due to growing trade tensions and warmer weather forecasts.

Petchems: SE Asia LLDPE, HDPE, LDPE and MEG fell by 5.7%, 5.0%, 2.5% and 9.2% respectively. PP was flat for the month. The market is currently driven by subdued demand.

Metals: Copper and aluminum fell 5.6% and 5.8% respectively, MoM. Uncertainty linked to tariffs, oversupply of aluminum in the market and poor Chinese demand led to the price movements.

Precious metals: Gold prices were up 5.3% as investors flocked to the safe haven given rising risks of a trade war.

Currencies: EM currencies (MSCI EM Currency Index) gained 1.7% MoM while the US Dollar (DXY Index) lost 4.6%. The euro surged to a three-year high against the U.S. dollar, up 4.7% MoM and 9.4%YTD. The appreciation was fueled by the US tariffs, prompting investors to move funds from US to Europe. The yen gained strength against USD due to the Bank of Japan's interest rate hikes and Japan's safe-haven status.

GCC Equities: Volatility picked up steam in April, with falling oil prices also adding to concerns for investors. In the green was DMFGI which gained 4.1%, Qatar's DSM Index +2.2% and the Abu Dhabi General Index +1.8%. Saudi Arabia moved back into negative territory for the year, losing 2.9% while Boursa Kuwait All Share Index fell 1.4%.

In Dubai, ENBD reported Q1 2025 net profit of AED 6.2bn, down 7% YoY but ahead of estimates, supported by strong non-interest income and a reversal in provisions. Loans grew 4% QoQ, deposits rose 4.6%, and CASA accounted for 61% of total deposits. NIM declined 20bps QoQ to 3.54% on the back of prior rate cuts, while fee and FX income showed solid momentum. Asset quality improved and the CET1 ratio of 14.7% left headroom for acquisitions. DIB posted Q1 2025 net profit of AED 1.7bn, up 9% YoY and slightly below estimates due to softer revenue. Strong loan growth (+5% QoQ), low provisioning (CoR at 29bps), and tight cost control supported earnings. NIM fell sharply by 52bps QoQ to 2.64%, impacted by a one-off boost in 4Q24 and narrower spreads. Deposits rose 7% QoQ, outpacing loans, though CASA mix declined to 37%. C/I improved to 29%, and credit quality remained solid with NPL at 3.7%.

In Abu Dhabi, FAB reported a Q1 2025 net profit of AED 5.1bn (+23% YoY), beating estimates on higher Non-II and lower provisioning. Revenue rose 11% YoY to AED 8.8bn, driven by strong fees, trading gains, and moderate loan growth (+4% QoQ). NIM declined 4bps QoQ to 1.77%, though stable spreads and a modest NII one-off helped. Cost-to-income improved to 23% as opex growth remained modest (+3% YoY). CoR was 52bps with stable asset quality (NPL ratio at 3.3%). ROE jumped to 20% vs. >16% guidance. CET1 dipped slightly to 13.5%, while LDR fell to 65% on strong deposit inflows. ADCB reported a net profit at AED2.4bn (+14% YoY), supported by lower-than-expected provisioning and disciplined cost growth, despite an 8% QoQ revenue decline driven by tighter NIM (-16bps QoQ to 2.20%) and normalization in non-II. Loan growth was decent at +3% QoQ (mainly international), while CASA improved to 44% and NPL ratio declined to 2.24%. ADIB reported a solid performance for Q1 2025, with net profit rising 19% YoY to AED 1.6bn. Revenue increased by 14% YoY, driven by strong loan growth (+28% YoY) and solid non-interest income, which grew by 15% QoQ. The bank's cost of risk was notably low at 28bps while NIM widened 2bps QoQ to 3.14%. ADIB had solid loan growth (+5% QoQ) and deposit growth of 9% QoQ.

In Saudi Arabia, Al Rajhi Bank's net profit increasing by 34% YoY to SAR 5.9bn, driven by strong loan growth (+19% YoY) and impressive non-interest income, which grew 33% YoY. However, NIM narrowed by 12bps QoQ to 2.94%, due to a reduction in asset yields. Loan growth was 4% QoQ, provisioning remained low, with cost of risk improving to 29bps. The bank upgraded its 2025 guidance for ROE (>22.5%) and cost-to-income ratio (<23.5%). SNB reported a net profit of SAR6.0bn, up 19% YoY. Revenue rose 8% YoY while operating expenses grew by just 2% YoY, reflecting cost discipline. The bank's loan book expanded 8% QoQ, primarily driven by corporate and project finance, while CASA deposits grew 11% QoQ, lifting the CASA mix to 75%. NIM widened 8bps to 2.79% QoQ, supported by lower cost of funds, but the bank indicated that NIM may have peaked in 1Q25. Provisioning was lower than expected, at 2bps.

Major Indices Performance

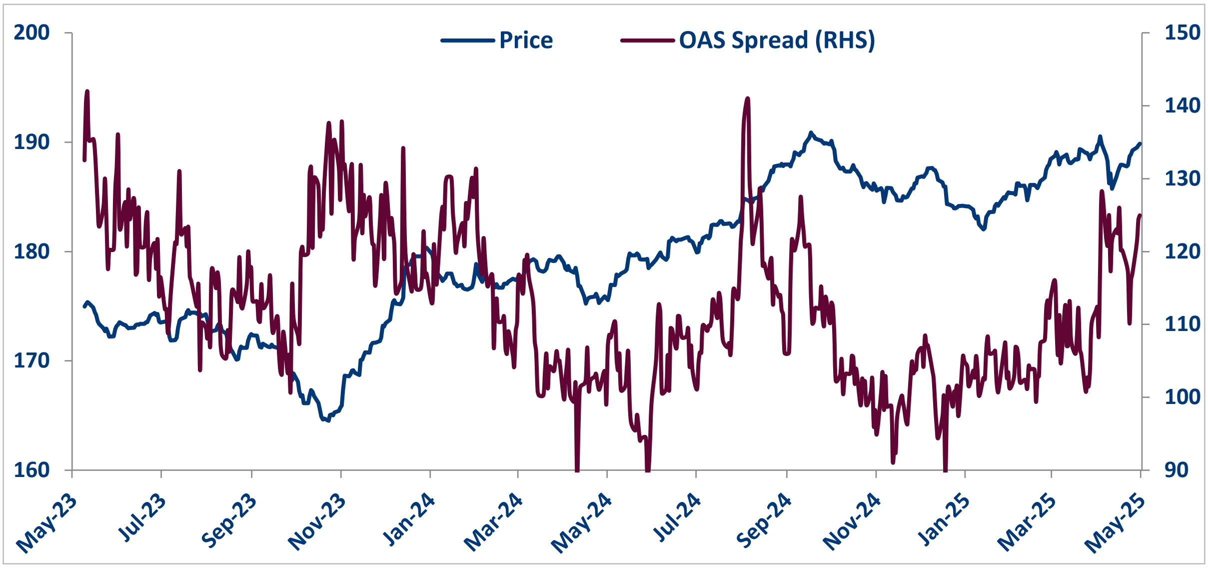
Major Indices Performance	Value	MTD Return	YTD Return	PE (x) 1Yr Fwd	PB (x) 1Yr Fwd	Div. Yield 1Yr Fwd
Saudi Arabia - TASI	11,672	-2.9%	-3.0%	14.7	2.1	4.3%
Dubai - DFMGI	5,307	4.1%	2.9%	9.2	1.4	5.9%
Abu Dhabi - FADGI	9,534	1.8%	1.2%	14.8	1.9	4.6%
Qatar - DSM	10,460	2.2%	-1.1%	11.5	1.4	4.9%
Kuwait - All Share	7,960	-1.4%	8.1%	17.5	2.2	4.4%
Oman - MSM30	4,316	-1.2%	-5.7%	8.9	0.6	6.3%
Bahrain - BHSEASI	1,912	-2.0%	-3.7%	7.1	1.3	4.1%
Egypt - EGX30	32,126	0.3%	8.0%	6.5	1.6	5.4%
Morocco - MOSENEW	17,390	-2.1%	17.7%	17.2	3.0	2.0%
S&P Pan Arab Composite	170	-1.0%	1.0%	13.7	1.9	4.1%
Israel - TA35	2,518	4.1%	5.1%	11.7	1.8	3.0%
Turkey - XU100	9,078	-6.0%	-7.7%	3.6	0.6	8.8%
Pakistan - KSE100	111,353	-5.7%	-3.1%	4.9	1.1	8.0%
S&P 500	5,569	-0.8%	-5.3%	21.6	4.4	1.4%
STOXX 600	527	-1.2%	3.9%	14.8	2.0	3.4%
MSCI EM	1,113	1.0%	3.5%	12.6	1.7	3.1%
MSCI All Country World	834	0.8%	-0.9%	18.4	0.1	2.2%
MSCI World	3,656	0.7%	-1.4%	19.5	3.2	1.9%

Major Indices Performance	Value	MTD Change	YTD Change
Barclays GCC Credit +HY Index	190	0.4%	3.1%
FTSE MENA Broad Bond Index	174	-0.1%	2.6%
Dow Jones Sukuk	99	0.3%	1.5%
Barclays Global Aggregate Index	490	2.9%	5.7%
Barclays Global High Yield Index	1,707	0.9%	2.7%
Barclays US Treasury Index	2,372	0.6%	3.6%
Barclays US Corporate Index	3,364	0.0%	2.3%
Barclays US Corporate High Yield index	2,710	0.0%	1.0%
JPM EM Global Bond Index	617	-0.1%	2.0%
Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index	1,277	-0.05%	2.3%
Bloomberg Barclays US Aggregate Bond Index	2,259	0.4%	3.2%
Markit CDX Emerging Markets Index	96	-0.6%	-1.3%
Barclays EM High yield	1,622	-0.3%	1.3%
Barclays EM Corporate Index	305	-0.6%	2.1%
10-year US Treasury yield* (%)	4.16	-4	-41
30-year US Treasury yield* (%)	4.68	11	-10
US Treasury 2-10 Spread*	55.51	24	23
US Treasury 2-30 Spread*	106.96	39	53
10-year US Treasury Real yield* (%)	1.92	9	-31
10-year Germany Treasury yield* (%)	2.44	-29	8
US Breakeven 10 Year*	2.24	-13	-10
10-year Saudi Arabia Govt USD Bond yield* (%)	5.01	-1	-35
8-year Abu Dhabi Govt USD Bond yield* (%)	4.35	-16	-66
4-year Kuwait Govt USD Bond yield* (%)	4.35	-14	-65
9-year Oman Govt USD Bond yield* (%)	5.40	-18	-34
10-year Bahrain Govt USD Bond yield* (%)	6.86	17	-6
7-year Qatar Govt USD Bond yield* (%)	4.17	-25	-49
10-year Egypt Govt USD Bond yield* (%)	10.77	36	87
EIBOR 3M* (%)	4.24	-9	-21
QAIBOR 3M* (%)	4.65	0	-3
Dubai 5 Year CDS* (bps)	62	1	-1
Qatar 5 Year CDS* (bps)	37	-4	-6
2-year US Treasury yield* (%)	3.60	-28	-64

Source: Bloomberg, Daman Investments Asset Management

*Note: *In basis points*

Barclays GCC Credit +HY Index



Source: Bloomberg, Daman Investments Asset Management

Major Commodities and Currencies

Performance

	Value	MTD Change	YTD Change
Brent crude oil (USD/bbl)	63.12	-15.5%	-15.4%
Natural Gas (USD/mmbtu)	3.33	-19.3%	-8.5%
Gold (USD/Ounce)	3,289	5.3%	25.3%
Copper (USD/MT)	9,118	-5.6%	5.4%
Aluminium (USD/MT)	2,372	-5.8%	-6.1%
Nickel (USD/MT)	15,219	-3.1%	0.7%
Urea Middle East (USD/MT)	395	3.5%	9.0%
Methanol China (USD/MT)	263	-11.1%	-16.2%
SE Asia Polyethylene (USD/MT)	950	-5.0%	-2.1%
Polypropylene (USD/MT)	1,020	0.0%	4.1%
US Dollar Index	99.47	-4.6%	-8.3%
MSCI EM Currency index	1,788.40	1.7%	3.5%
JPM EM Currency index	45.18	1.3%	5.6%
EGP/USD	0.020	-0.5%	0.0%
TRY/USD	0.026	-1.4%	-8.1%
PKR/USD	0.356	-0.3%	-0.9%
ILS/USD	0.275	2.3%	0.0%
EUR/USD	1.13	4.7%	9.4%
GBP/USD	1.33	3.2%	6.5%
USD/JPY	143.07	-4.6%	-9.0%

Global Asset Allocation and Outlook

Global Asset Allocation and Outlook

We believe recent positive development in U.S. trade negotiations with key partners—and signs of a possible thaw in relations with China—have increased the likelihood that the rise in the U.S. average effective tariff rate will be closer to 15% than 25%. We expect that the tariff on China could be negotiated significantly downward to 20-25% range, with tariffs on most other trading partners remaining around 10%. In our opinion this would enable the US economy to avoid a recession, however, we still anticipate a slowdown in U.S. and global real GDP due to reduced consumption and lower business investment. As a result, markets are likely to experience continued volatility in both equities and commodities.

Given the uncertainty surrounding tariffs and expected near-term volatility, it is important to remain well-diversified across asset classes, countries, and sectors, and to maintain an up in quality stance. We have increased allocation to bonds in our global and regional portfolios. We believe this is an opportune time to lock in high yields by investing in quality companies with strong balance sheets, robust operating cash flows, and controlled leverage across both the investment-grade and high-yield segments.

We are neutral on equities and overweight on bonds. Due to near-term inflation concerns linked to tariffs which can lead to lower-than-expected rate cuts this year, we remain underweight on duration and view 3–5-year fixed income maturities as a sweet spot for investment. In our regional portfolios, we have increased the tilt toward high dividend yield focused equities, and we are opportunistically seeking exposure to oversold names within our preferred sectors from a long-term perspective.

We stay overweight on DM equities and underweight on EM. With in DM we are equalweight US and overweight Europe and underweight Japan.

Asset Allocation

	Underweight	Neutral	Overweight
By Asset class:			
Equities		■	
Fixed Income			■
Alternatives		■	
Cash	■		
Equities - by region:			
DM			■
US		■	
Japan	■		
Euro Area			■
EM	■		
EM Asia		■	
EM Europe	■		
EM MENA		■	
EM LatAm		■	
Fixed Income - by region:			
South Asia			■
Far East Asia		■	
Latin America		■	
MENA			■
Sub-Saharan Africa	■		
Central & Eastern Europe	■		
Fixed Income - Rates, Spreads and Duration			
Rates			■
Spreads	■		
Duration	■		
Fixed Income - Credit:			
Global Investment Grade			■
Global High Yield	■		

Global Asset Allocation and Outlook

Global Equites:

•In equities, we believe a proper bottom-up analysis is important to own quality stocks with solid balance sheets, high operating cash flows and contained leverage to protect from market volatility tied to fluctuation in macroeconomic data and reset of rate cut expectations

•We see a diversified portfolio with a dividend yield cushion to be better equipped to face market volatility. We see a barbel portfolio split between technology and cyclical sectors as well placed to navigate macroeconomic and geopolitical uncertainties that we may face in 2024

•Performance would continue to broaden out with cyclical sectors and small caps participating which were laggard in 2023

•We remain underweight tech. given stretched valuations and on an expected deacceleration in earnings of technology sector names and in acceleration in earnings in other sectors

•We avoid names on higher risk sides of the capital structure such as unprofitable tech and biotech names, etc.

Preferred Picks:

Technology and communication services: Microsoft, Nvidia, Amazon, Adobe, Sales Force, META, Netflix

Healthcare: Pfizer, Merck

Industrials/Auto: GM, Ford, Caterpillar, Deere

Financials: Visa and Mastercard

Airlines: Delta Airlines, United Airlines

Utilities: Nextra Energy

Consumer Staples: Walmart

We stay underweight on Europe as we expect earnings growth to struggle on a weaker macro - economic growth environment despite lower relative valuation vs US (1 year forward PE- 14.5x vs 22.5x).

We remain neutral on EMs due to uncertainty regarding the tariffs and rising dollar. However, there are strong structural domestically driven economic growth stories such as India which we continue to remain overweight on.

MENA Equities:

We advocate a quality bias and strong active management approach to take advantage of market volatility and selective security picking, focusing on balance sheet quality and cash flow visibility. Currently, MENA markets (S&P Pan Arab Composite Large Mid Cap Index trades at a 10% premium to the MSCI EM Index on a 1-year forward PE basis, which is in line with the long-term average premium of 10%. We continue to see selective opportunities in the Saudi and UAE due to their government's commitment towards economic diversification leading to sustained spending on infrastructure, industrial, oil and gas, and tourism projects. We also like an exposure to Kuwait driven by the recent announcement of debt law and mortgage law.

Our preferred plays include:

- **Banks**: ADCB, Alinma Bank, DIB, KFH, NBK, SNB, Akbank
- **Consumer Discretionary**: Talabat
- **Consumer Staples**: Spinneys
- **Energy**: ADNOC Drilling, ADNOC Gas, ADNOC L&S, NMDC Energy
- **Healthcare**: Mouwasat
- **Real Estate**: Aldar Prop, Emaar Dev, Emaar Prop, TECOM
- **Industrials**: AD Ports, Budget, Catrion, Catering, DTC, Salik, SGS
- **Utilities**: DEWA, Empower

Global Asset Allocation and Outlook

EM Fixed Income:

We continue to remain underweight on duration with volatility taking centerstage in bond markets as well. Fixed income markets gained during the month with 2s10s steepening by 24bp during the month. During the month, 10y US treasury yields closed at 4.16% down 46bp from the previous month. Barclays Global Aggregate Index rallied (2.9%) during the month, while High Yield Index closed the month 0.9% up. Interestingly, the global aggregate index has returned 5.7% in 2025. The MENA Broad Bond index was down 0.1% on a MTD basis.

Saudi Arabia. SAUDI Yield curve inched higher during the month. Yields on KSA 5.75 2054 were up by 9bps in April. Issuance in Saudi picked up pace in April with PIF and BSFR coming to the debt market. The Bloomberg Global Aggregate- Saudi Arabia (I14669US Index) gave a positive return of 0.4%.

What we like: ARACEN, DAR AL-ARKAN, SAUDI Govt, SECO, KSA Sukuk, ARAMCO, PIF, Maaden

UAE. UAE enjoys a positive balance on both its budget and external accounts. Bond issuance continued in April with DP World, Omniyat, ADNOC coming to the primary debt markets.

What we like: ABU DHABI Govt, ARADA Sukuk, ESIC Sukuk, FAB Sukuk, GEMS, PD Sukuk, Sobha Sukuk, Binghatti Sukuk, ABU DHABI National Energy, UAE Govt, ADCBUH Perp, EBIUH Perp, DP World

KUWAIT –Kuwait is likely to test the debt markets this year once the new debt law kicks in. We are expecting the sovereign to issue debt in 1H25 returning to the market. Investor demand should be multifold as investors look to lap up the bonds and diversify. The country has just one sovereign outstanding bond KUWIB 3 ½ 03/20/27 (USD4.5bn).

MEXICO –The threat of increasing tariffs on Mexican products and retaliatory tariffs by Mexico remain the key thing to watch out for during the first few months. The initial uncertainty pushed yields higher; however, as tariff threats were rolled back and clarity improved, 10-year yields largely remained muted in April.

What we like: PEMEX, CEMEX

INDIA –India's bond market is benefiting from investors seeking higher all-in-yields and diversification. Yields inched lower by 22bp during the month ending at 6.35%. An increasing liquidity support provided by the central bank has helped yields move lower in 2025. Investors will continue to watch out for how growth unfolds and look out for signs of a proactive FX policy from the central bank with INR appreciating by 3.5% since the start of February.

What we like: INCLEN, ADANI PORTS, INDIABULLS HOUSING, ADANI GREEN

Performance of our Funds

Concerto IS Daman MENA UCITS Fund

The Fund's investment objective to achieve medium to long-term capital appreciation by investing primarily in securities of issuers listed in the MENAPT Region or investing in securities of issuers listed outside of MENAPT but deriving most of their revenues from MENAPT.

The fund lost 0.4% during the month.

	2025	Inception (30 Jul 2020) (Class I)
Total Return	-0.7%	89.2%
Annualized Return	-	14.2%
Annualized Volatility	-	7.7%
Sharpe Ratio	-	1.5

NAV as of 30th April 2025

Daman UAE IPO Fund

The Fund's investment objective is to generate medium term capital growth by investing in securities issued by companies that are undertaking an initial public offering or by investing in companies that have listed on UAE exchanges in the previous 24 months.

The fund was down 1.5% for the month.

	2025	Inception (Aug 2022) (Class A)
Total Return	-8.3%	16.9%
Annualized Return	-	5.8%
Annualized Volatility	-	9.2%
Shape Ratio	-	0.2

NAV as of 30th April 2025

About Daman Investments

Daman Asset Management is a dedicated MENA specialist offering mutual funds strategies and bespoke investment products, which have been built on our independent research insights and backed with a proven track record of delivering superior risk-adjusted returns which have substantially outperformed peers and regional benchmarks. Our experienced team manages investments on behalf of local and regional institutions, family offices and high net worth individuals.

The document is issued by Daman Investments PSC, which is authorized and regulated by Emirates Securities and Commodities Authority (ESCA). To receive a list of Daman Investment's composite descriptions and any other information, please contact the Marketing & Communications Department.

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