

Fund Name and Reporting Period

Fund Name: Daman Investments Capital Protection Fund

1st January 2026 to 30th June 2026

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. The fund's annualized volatility remained low at 0.4%, consistent with its capital protection objective.

Share Class	Performance during the reporting period
Class B	0.89%
Class C	0.90%

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 continued to generate stable, positive returns throughout the period.

The half-year saw a marked shift in the interest rate outlook. The Fund entered 2026 against an easing backdrop: the US Federal Reserve had reduced rates by a cumulative 75 basis points in 2025 to a target range of 3.50%–3.75%, and markets were pricing further cuts in 2026. That expectation reversed over the period. An energy price shock linked to geopolitical escalation lifted US headline CPI inflation to 4.2% year-on-year in May (from 3.8% in April, its highest level since April 2023), with energy prices up 23.5% year-on-year; core CPI rose to 2.9% and core PCE inflation to 3.4%. At its June meeting the Federal Reserve held rates at 3.50%–3.75% for a fourth consecutive meeting but adopted a clearly more hawkish stance: the median 2026 rate projection rose to 3.8% from 3.4% in March, nine of eighteen policymakers projected a rate hike in 2026, and the PCE inflation forecast was revised up to 3.6%. By the end of June, futures markets assigned roughly a 60% probability to a rate hike by October, and the US 2-year Treasury yield had risen 70 basis points over the half-year to 4.17%. These geopolitical escalations weighed on global financial markets and drove heightened volatility across asset classes during the period.

Given the UAE Dirham's peg to the US Dollar, local money market rates continued to track US policy expectations. Three-month EIBOR rose 34 basis points during the half-year to 3.82% at the end of June 2026 (including a 13 basis point increase in June alone), reversing part of the decline seen during 2025 and supporting the rates available on new bank deposits. The UAE's strong fiscal and external buffers and

its resilient banking system continued to underpin the local deposit market through a period of heightened regional uncertainty.

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

In January 2026, the management fee of the Fund was reduced from 1.00% to 0.50% per annum which has contributed positively to the net returns to unitholders.

Changes in the Fund's Net Asset Values

The Fund's net assets increased by AED 3.99 million (90.8%) during the half-year, from AED 4.39 million as of 31st December 2025 to AED 8.38 million as of 30th June 2026. 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 increased from approximately 54.3% of AUM as of end of the last reporting period to 58.2% of AUM as of 30th June 2026.

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.