



Fund Name and Reporting Period

Fund Name: Daman Investments Shariah Compliant 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 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 half-yearly period was 0.61% as of 30th June 2026. The Fund's annualized volatility remained low at 0.5%, consistent with its capital protection objective. As of 30th June 2026, the portfolio was invested 93.5% in Wakala deposits with UAE banks, with the balance of 6.5% held in cash and other assets, and no exposure to Sukuk.

Despite interest-related volatility in global markets during the period, the Fund was not impacted, as its portfolio is invested in Wakala deposits with UAE banks and cash, which are not exposed to market price movements. 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.

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 profit rates available on new Wakala 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.

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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

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 0.21 million (70.0%) during the half-year, from AED 0.30 million as of 31st December 2025 to AED 0.51 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 marginally increased from approximately 77.9% of AUM as of end of the last reporting period to 79.4% 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.

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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.