

Monthly Review, Asset Allocation & Outlook

August 2026



Highlights of the Month

- Global financial markets delivered a strong performance during August on resilient economic and earnings growth.
- Global equities advanced broadly during the month, with the MSCI ACW Index up 2.6% and MSCI World Index up 2.5%.
- Emerging markets (+3.2%) underperformed developed markets (+2.6%).
- The S&P 500 Index and Nasdaq Index advanced 2.6% and 3.9%, respectively, while DJIA Index gained 1.3%.
- U.S. Treasury yields moved higher, with the 2Y and 10Y up 5bps and 2bps, respectively.
- Fixed income returns were positive, with Barclays Global Agg. and High Yield indices at +0.5% and +1.0%, respectively.
- Gold gained 9.7% supported by geopolitical uncertainty, continued central bank purchases and portfolio diversification.
- Dubai (+0.7%) and Abu Dhabi's (+0.9%) equities increased, while Saudi advanced 5.1%.
- The FTSE MENA Broad Bond Index ended the month 0.9% higher.
- We remain overweight on equities, focusing on structural themes such as AI, digital infrastructure and electrification.
- We continue to favor a well-diversified portfolio to navigate near-term inflation risk and geopolitical uncertainties.



Global Review

Global financial markets delivered a strong performance during August as investors navigated resilient economic activity, continued strength in corporate earnings and a shifting outlook for monetary policy. Risk assets remained supported by expectations of continued investment in artificial intelligence, digital infrastructure and electrification, while investor attention increasingly focused on the outlook for inflation and the Federal Reserve's reaction function following Chairman Kevin Warsh's Jackson Hole speech.

Global equities advanced broadly during the month, with the MSCI All Country World Index gaining 2.6% and the MSCI World Index rising 2.5%. Emerging markets outperformed developed markets, with the MSCI Emerging Markets Index advancing 3.2%. Beneath the headline gains, however, performance remained highly differentiated across regions and sectors. Technology continued to lead, with the Nasdaq Composite rising 3.9% and the MSCI ACWI Cyclical Index gaining 2.8%, while Defensive stocks advanced a more modest 1.7%. Value and Growth performed broadly in line, gaining 2.5% and 2.6%, respectively.

Fixed income markets were more resilient during August despite renewed volatility in government bonds. The Bloomberg Barclays Global Aggregate Index gained 0.5%, while the U.S. Treasury Index advanced 0.3%. Credit continued to outperform duration, with Global High Yield gaining 1.0% and U.S. Corporate High Yield also rising 1.0%, supported by healthy corporate fundamentals and attractive carry. Emerging market debt also performed well, with the Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index gaining 0.7% and EM High Yield advancing 0.9%.

Government bond markets remained volatile as investors reassessed the timing and extent of future Fed hikes. The 2-year U.S. Treasury yield increased 5 basis points to 4.34%, while the 5-year yield rose 5 basis points to 4.50%. The 10-year yield increased only 2 basis points to 4.75%, while the 30-year yield declined 3 basis points to 5.24%, resulting in a modest flattening of the yield curve. Real yields edged lower by 2 basis points to 2.43%, while 10-year inflation breakevens increased 4 basis points to 2.32%.

The move higher in Treasury yields, particularly at the front end, reflected a combination of persistent inflation and increased expectations of near-term rate hikes. At Jackson Hole, Chairman Kevin Warsh emphasized that the Fed's 2% inflation objective remains a firm target and noted that inflation continues to run materially above target, with the six-month annualized PCE inflation rate at 4.1%. He also highlighted the resilience of the U.S. economy, including strong capital expenditure, corporate profits and stable labour markets. Importantly, he clearly signaled that if inflation does not come down soon the Fed needs to act. This helped the market to understand the Fed's reaction function and its policy framework.

The probability of a rate hike in September increased to 60%, from 35% prior to the Jackson Hole speech. At the same time, the decline in the 30-year yield implied that the speech helped restore Fed's credibility and control over the long end of the yield curve, which had come under pressure following the July FOMC meeting and press conference. However, Longer-term yields remained elevated, reflecting continued concerns around inflation, fiscal deficits and the amount of investment required to finance the AI and broader infrastructure build-out. Economic growth also continues to stay strong with nominal GDP growth running above 5%. The resulting yield curve remains materially steeper than at the beginning of the year, despite some flattening during August.

Commodity markets remained broadly supportive in August, with the Bloomberg Commodity Index advancing 7.1%, supported by strong gains across precious metals, energy, agricultural commodities and selected industrial materials. Gold was the standout performer, rising 9.7% to USD 4,437 per ounce, while copper gained 4.4% to USD 14,446 per tonne. Aluminium increased 0.5%, while nickel declined 2.1%, reflecting a more mixed backdrop across industrial metals. We remain constructive on copper and other metals that are critical to electrification, power infrastructure and artificial intelligence-related investment, although elevated valuations and supply dynamics warrant a selective approach.

Energy markets were relatively stable, with Brent crude oil edging 0.4% higher to USD 90.49 per barrel, while natural gas prices rose 6.8%. Despite the resilience in oil prices, the outlook remains influenced by geopolitical developments, supply discipline and the balance between global demand and non-OPEC supply growth. European gas prices remained particularly firm, with TTF rising 19.4% during the month, highlighting continued sensitivity to geopolitical risks and regional supply conditions.



Petrochemical markets strengthened broadly in August, with most downstream polymer prices recording solid gains. Southeast Asian polyethylene and polypropylene prices increased 5.1% and 7.9%, respectively, while HDPE, LDPE and LLDPE gained 5.1%, 8.1% and 6.4%. Methanol was particularly strong, rising 11.8%, while MEG increased 5.0% and Japan naphtha gained 2.1%. The improvement across the petrochemical complex suggests some recovery in pricing momentum, although substantial capacity additions and uneven manufacturing demand remain key risks to a sustained upcycle. Fertilizer markets were weaker, with Middle East and Egyptian urea prices declining 8.3% and 11.5%, respectively, while Saudi DAP prices were unchanged.

Agricultural commodities also performed strongly, with wheat, corn and soybean futures rising 18.3%, 16.8% and 8.8%, respectively. The sharp increase in wheat prices was driven by heightened concerns over supply disruptions from the Black Sea region, with Russia and Ukraine collectively accounting for around 20% of global wheat exports. The renewed supply-risk premium also provided broader support to agricultural commodities, reinforcing the sensitivity of global food prices to geopolitical developments and disruptions across major exporting regions..

Gold prices rose sharply by 9.7% during August, reaching USD 4,437 per ounce and significantly outperforming most major asset classes. The rally was supported by continued central-bank purchases, persistent geopolitical uncertainty and demand for portfolio diversification. The U.S. Dollar Index declined 0.5% during the month, providing an additional tailwind for gold and other dollar-denominated commodities. In the near-term we are cautious on precious metals given increasing rate expectations and higher USD. However, we continue to maintain a constructive medium-term outlook on gold, underpinned by central bank reserve diversification, elevated fiscal deficits and persistent geopolitical uncertainty.

Global Equities:

Emerging markets outperformed developed markets during August, with the MSCI Emerging Markets Index gaining 3.2%, compared with a 2.5% increase in the MSCI World Index. Performance across emerging markets remained highly differentiated, with strong gains in Turkey, South Africa, Taiwan and Korea offsetting weakness in India, Brazil and China.

U.S. equities delivered another strong month. The S&P 500 gained 2.6%, while the Nasdaq Composite advanced 3.9%, supported by continued strength in technology and AI-related companies. The Dow Jones Industrial Average gained 1.3%, while the Russell 2000 rose 0.9%. Sector performance was led by Information Technology, which gained 6.2%, followed by Energy at 6.5%, Materials at 5.8%

and Healthcare at 4.8%. Utilities underperformed significantly, declining 5.2%, while Industrials fell 2.7% and Real Estate declined 2.0%.

The continued strength of the technology sector reflects investor confidence that AI-related capital expenditure is translating into sustained revenue and earnings growth. Importantly, Chairman Warsh highlighted at Jackson Hole that business investment in equipment and intangibles is growing at around 9% YoY, with more than half of this year's capital expenditure growth potentially attributable to the AI build-out. Energy and technology-related sectors reported the strongest earnings per share (EPS) growth figures, but there were also signs of earnings broadening. S&P 500 Q2 earnings grew 50% YoY versus 20% expected at the beginning of the quarter, representing a very large positive surprise. Even excluding the unusual Alphabet/Amazon gains, underlying earnings growth was around 30%+, substantially above expectations.

Economic backdrop remained upbeat—the flash US Composite PMI hit a 52-month high. Non-farm payrolls fell 23,000 in July, well below estimates for an increase of around 80,000 and the weakest reading since February. Prior months were also revised lower: June's gain was cut to 20,000 from 57,000, while May's reading was revised to 63,000 from 129,000. The unemployment rate unexpectedly ticked lower to 4.1% along with the labor force participation rate.

The US consumer price index (CPI) rose 0.1% MoM in July and 3.4% YoY, in line with consensus estimates. Core CPI—which excludes food and energy costs—increased 0.2% MoM and 2.5% YoY, also in line with estimates. July marked the second consecutive month in which both headline and core CPI inflation eased on YoY, with both measures declining 0.1 percentage point from June

European equities were broadly positive, although performance lagged the U.S. The STOXX Europe 600 gained 0.3%, while Germany's DAX rose 2.5%. France's CAC declined 2.1% and the FTSE 100 fell 0.4%. Japan's Nikkei 225 gained 3.0%, recovering further following its earlier weakness.

Within emerging markets, performance was highly divergent. Turkey was the strongest major market, gaining 9.7%, while South Africa advanced 8.2%. Taiwan gained 4.4% and Korea increased 1.6%. SK Hynix and Samsung Electronics announced plans to boost shareholder returns via greater share buybacks and dividends. Saudi Arabia was also among the stronger markets, with the MSCI Saudi Arabia Index gaining 5.3%. In contrast, India declined



0.7%, Brazil fell 2.2%, Indonesia declined 1.6% and China was broadly weak, with the MSCI China Index declining 0.4% and the Hang Seng China Enterprises Index falling 1.1%.

GCC equity markets generally performed well during August, led by Saudi Arabia and Oman. The Saudi TASI gained 5.1%, while the MSCI Saudi Arabia Index advanced 5.3%, supported by strong performance across banks, materials, real estate and insurance. Oman rose 4.5%, while Kuwait gained 1.6%. Dubai's DFM General Index increased 0.7% and Abu Dhabi's ADX General Index rose 0.9%. Qatar and Bahrain underperformed, declining 1.1% and 1.0%, respectively. The broader S&P Pan Arab Composite Index gained 3.8%.

Fixed Income:

The U.S. Treasury curve extended July's bear steepening over August, with long-end yields pushing to their highest levels in nearly two decades before a Treasury intervention and a hawkish Jackson Hole address introduced fresh two-way volatility. The 30-year yield touched 5.34% on August 18, its highest since mid-2007, prompting the U.S. Treasury to announce on August 19 that it would at least double the size of its long-dated buyback operations, sending the 30-year down roughly 9bp to 5.196% and the 10-year down to 4.647% intraday. The relief was short-lived, with yields erasing the entire move by the next session as investors questioned whether buybacks could offset the more structural forces — surging deficits, record AI-related corporate issuance, and rising term premia — driving the selloff; the announcement also coincided with U.S. national debt crossing \$40 trillion. By month-end, Chair Warsh's Jackson Hole remarks added a further leg higher, with the 2-year yield jumping 12bp to 4.356% and the 10-year rising to 4.726%. Despite the rise in underlying yields, the Bloomberg Global Aggregate Index was up 0.5% MTD (though still -0.3% YTD), while the Bloomberg U.S. Corporate High Yield Index gained 1.0% MTD and is up 2.9% YTD — both supported by the broad U.S. dollar weakness that followed the Treasury-Fed policy overlap and by credit spreads that held in well despite the rate volatility.

The Kansas City Fed's Jackson Hole Symposium (August 27–29) was the month's defining event in the absence of a scheduled FOMC meeting. Chair Kevin Warsh, delivering his first keynote in the role, stated the Fed still has "work to do" to bring inflation under control despite acknowledging that summer CPI and PCE readings had come in better than feared. Markets responded by lifting the probability of a September rate hike to roughly 57.5%, up sharply from 35.4% just a day earlier. The speech also came against the backdrop of the Treasury's buyback intervention, an episode that exposed an uncomfortable overlap between debt-management and monetary policy — Warsh's silence on Bessent's actions left markets uncertain whether the two arms of policy were working in concert, contributing to the dollar weakness and rallies in gold and bitcoin over the month.

Economic data released throughout August, covering July, pointed to a labour market losing momentum alongside inflation that remains sticky. The July employment report showed nonfarm payrolls unexpectedly falling by 23,000 (later revised to +21,000) against expectations for an ~83,000 gain, driven by a 53,000 drop in government jobs; the unemployment rate ticked down to 4.1%, largely reflecting lower labour-force participation, while wage growth slowed to 3.2% year-on-year, the lowest since May 2021. On inflation, July CPI came in at 3.4% year-on-year, while July Core PCE — released August 26, just ahead of Jackson Hole — rose 0.2% month-on-month and 3.3% year-on-year, marking a 65th consecutive month above the Fed's 2% target; headline PCE rose 0.2% against a 0.1% expectation, lifting the annual rate to 3.7%. Together, these releases reinforced the view of an economy cooling only gradually while inflation progress stalls, giving the Fed little reason to abandon its hawkish tilt even as risk assets stayed resilient.

Emerging Market and GCC credit held up well in August, with the Emerging Markets Aggregate Index (EMUSTRUU) up 0.74% and the Bloomberg EM GCC Credit + HY Index (BGCCTRUU) up 0.9%, both benefiting from dollar softness and a stabilizing regional equity backdrop even as core rate volatility persisted. GCC high-yield segments—fundamentals across higher-quality issuers continue to demonstrate resilience, supporting selective opportunities.



MENA Equities:

Regional equity markets recovered in August, supported by corporate earnings and firmer global equities, although an escalation in regional tensions at the end of August weighed on sentiment. The S&P Pan Arab Composite gained 3.8% MoM, outperforming the MSCI Emerging Markets Index, which rose 3.2%, and the MSCI Developed Markets Index, which gained 2.5%.

Within the GCC, Saudi led gains, with TASI rising 5.1% MoM, supported by telecom sector where etihad etisalat +10% MoM. As well as some insurance companies where saudi reinsurance +9.7% MoM as well as some healthcare, and financials, while stocks in some consumer, and real estate names weighed down on returns. DFM gained 0.7%, as gains in selected financial and consumer stocks like Talabat due to the share buyback program outweighed monthly declines in real estate, utilities, and du related to MSCI inclusion. Abu Dhabi rose 0.9%, weighed down by decline in some banks. Qatar declined 1.1% amid consumer and industrial-sector weakness and uncertainty around the Strait of Hormuz. Egypt and Morocco gained 2.7% and 4.5%, respectively. MSCI rebalancing also shaped month-end trading, notably du's inclusion effective 1 September.

Regional banks remained resilient, although lending and funding conditions diverged. In Saudi, slower non-oil activity and elevated funding costs tempered the growth outlook, while strong provision coverage supported earnings resilience. Reports of talks to raise at least USD8bn highlighted fiscal pressures despite higher oil prices, with export disruptions weighing on revenues. UAE banks continued expanding credit alongside improving asset quality: the system NPL ratio stood at 2.8% at end-Q2, and the CBUAE extended loan-repayment deferrals for customers affected by the conflict until end-September 2026.

Tourism-sensitive businesses remained under pressure in UAE, while the recovery in consumer activity was uneven. Saudi nominal spending accelerated to 7.8% YoY in July, supported by food and beverages and apparel, while car-rental spending remained weak. Across the UAE, banks, telecom operators and developers benefited from lending growth, recurring income and existing project backlogs, while businesses exposed to tourism and travel faced softer demand.

In Saudi insurance, medical inflation and elevated motor and property claims pressured underwriting profitability, while competition remained a concern for insurance platforms. The effectiveness of repricing and corrective underwriting measures remains central to the recovery outlook.

DXB August real estate sales drop to their lowest level since the start of the conflict down 46% YoY reaching AED 27.7bn and down 20% MoM. The decline was driven by both secondary market sales momentum weakening further down 44% YoY and 25% MoM, as well as off-plan sales down 48% YoY and 15% MoM, where both contributing equally to the drop.

Across Saudi real estate, housing needs and religious tourism supported the longer-term outlook, while affordability and mortgage costs remained near-term constraints. Collections, new launches and execution remain key indicators to monitor.

Energy-sector operations showed signs of recovery. ADNOC's Ruwais refinery reportedly returned to its full 922,000-barrel-per-day capacity around the start of August, while fuel exports recovered to approximately 70% of pre-conflict levels. However, petrochemical producers continued facing production and export disruption: higher product prices offered some support, but structural excess capacity remained a constraint on a sustained margin recovery.

While August's equity rebound was encouraging, the outlook remains sensitive to geopolitical developments and the pace of normalisation in trade and activity. Infrastructure investment, bank balance-sheet strength and developers' backlogs provide support, while funding costs, weaker discretionary demand and execution risks favour a selective approach across the region. Potential easing of Saudi foreign-ownership limits remains a catalyst to watch, with timing and scope uncertain.



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	11,127	5.1%	6.1%	14.6	2.1	4.0%
Dubai - DFMGI	5,836	0.7%	-3.5%	9.8	1.5	5.4%
Abu Dhabi - FADGI	10,007	0.9%	0.1%	11.1	1.7	4.3%
Qatar - DSM	9,807	-1.1%	-8.9%	11.8	1.3	4.9%
Kuwait - All Share	8,897	1.6%	-0.1%	16.0	0.2	4.0%
Oman - MSM30	7,604	4.5%	29.6%	11.2	1.0	4.0%
Bahrain - BHSEASI	1,936	-1.0%	-6.3%	10.8	0.6	4.3%
Egypt - EGX30	54,866	2.7%	31.2%	8.8	2.5	3.5%
Morocco - MOSENEW	18,653	4.5%	-1.0%	22.3	3.8	2.6%
S&P Pan Arab Composite	178	3.8%	3.7%	12.8	1.8	4.1%
Israel - TA35	4,139	-0.3%	14.0%	17.2	2.6	2.3%
Turkey - XU100	14,334	6.5%	27.3%	2.7	0.7	6.4%
Pakistan - KSE100	176,976	0.4%	1.6%	7.2	1.6	5.8%
S&P 500	7,686	2.6%	12.3%	21.1	5.1	1.1%
STOXX 600	651	0.3%	9.9%	15.3	0.7	3.2%
MSCI EM	1,719	3.2%	22.4%	11.7	2.3	2.5%
MSCI All Country World	1,149	2.6%	13.3%	18.3	2.4	1.7%
MSCI World	4,968	2.5%	12.1%	19.8	2.4	1.6%

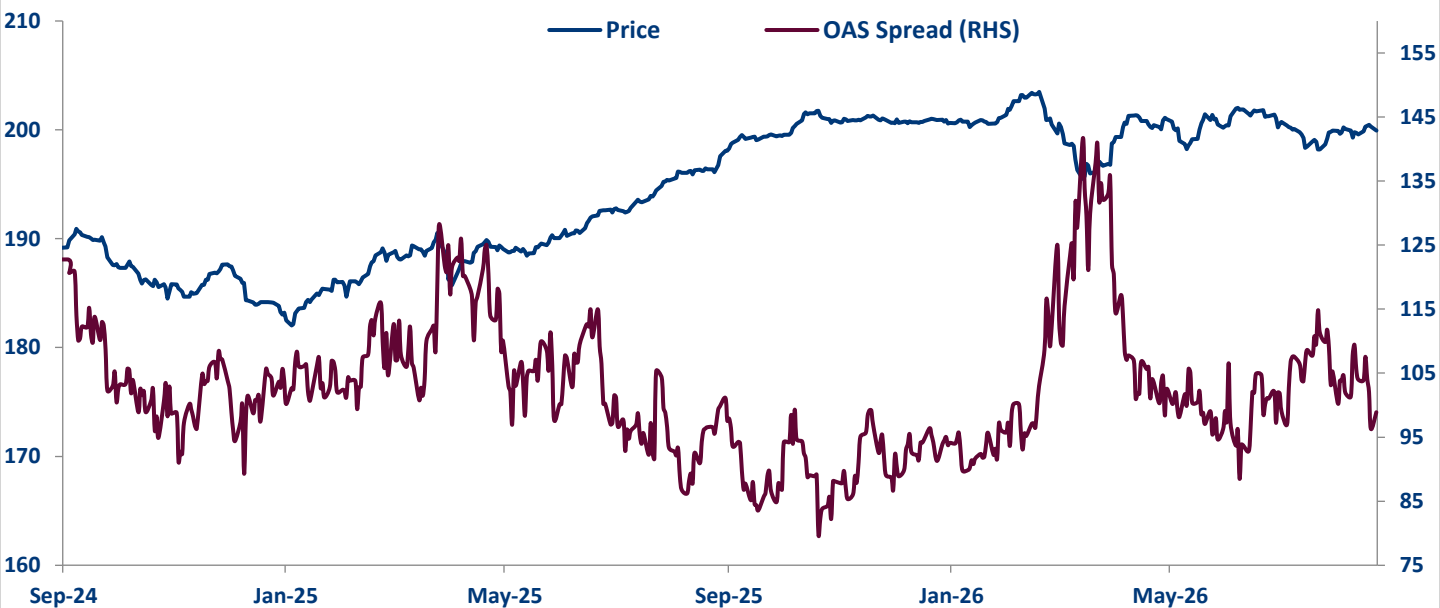
Major Indices Performance	Value	MTD Change	YTD Change
Barclays GCC Credit +HY Index	200	0.9%	-0.5%
FTSE MENA Broad Bond Index	186	0.9%	-0.3%
Dow Jones Sukuk	98	0.3%	-2.4%
Barclays Global Aggregate Index	500	0.5%	-0.3%
Barclays Global High Yield Index	1,916	1.0%	2.9%
Barclays US Treasury Index	2,422	0.3%	-0.5%
Barclays US Corporate Index	3,531	0.4%	-0.4%
Barclays US Corporate High Yield index	2,993	1.0%	2.7%
JPM EM Global Bond Index	701	0.8%	1.7%
Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index	1,407	0.74%	1.4%
Bloomberg Barclays US Aggregate Bond Index	2,342	0.4%	-0.3%
Markit CDX Emerging Markets Index	98	0.3%	-0.5%
Barclays EM High yield	1,904	0.9%	4.4%
Barclays EM Corporate Index	328	0.7%	1.7%
10-year US Treasury yield* (%)	4.75	2	58
30-year US Treasury yield* (%)	5.24	-3	40
US Treasury 2-10 Spread*	40.64	-3	-28
US Treasury 2-30 Spread*	89.87	-8	-47
10-year US Treasury Real yield* (%)	2.43	-2	53
10-year Germany Treasury yield* (%)	3.32	12	47
US Breakeven 10 Year*	2.32	4	7
10-year Saudi Arabia Govt USD Bond yield* (%)	5.40	-9	45
10-year Abu Dhabi Govt USD Bond yield* (%)	5.06	-6	72
10-year Kuwait Govt USD Bond yield* (%)	5.51	-5	-4
6-year Oman Govt USD Bond yield* (%)	5.21	-7	41
10-year Bahrain Govt USD Bond yield* (%)	7.75	-16	55
9-year Qatar Govt USD Bond yield* (%)	4.83	-8	47
8-year Egypt Govt USD Bond yield* (%)	7.55	-21	5
EIBOR 3M* (%)	3.85	-9	38
QAIBOR 3M* (%)	4.10	20	13
Dubai 5 Year CDS* (bps)	62	-5	14
Qatar 5 Year CDS* (bps)	32	-5	5
2-year US Treasury yield* (%)	4.34	5	87

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)	90.49	0.4%	48.7%
Natural Gas (USD/mmbtu)	2.94	6.8%	-20.4%
Gold (USD/Ounce)	4,437	9.7%	2.7%
Copper (USD/MT)	14,446	4.4%	16.0%
Aluminium (USD/MT)	3,234	0.5%	9.0%
Nickel (USD/MT)	16,701	-2.1%	1.2%
Urea Middle East (USD/MT)	385	-8.3%	0.7%
Methanol China (USD/MT)	360	11.8%	44.6%
SE Asia Polyethylene (USD/MT)	1,230	5.1%	41.4%
Polypropylene (USD/MT)	1,230	7.9%	44.7%
US Dollar Index	99.43	-0.5%	1.1%
MSCI EM Currency index	1,925.40	1.7%	3.9%
JPM EM Currency index	46.39	-0.5%	-0.4%
EGP/USD	0.020	0.0%	-6.7%
TRY/USD	0.021	-1.6%	-11.0%
PKR/USD	0.360	0.2%	0.9%
ILS/USD	0.334	2.2%	6.5%
EUR/USD	1.16	0.8%	-1.1%
GBP/USD	1.35	0.5%	0.5%
USD/JPY	159.74	1.5%	1.9%



Global Asset Allocation and Outlook



Global Asset Allocation and Outlook

Kevin Warsh provided the clarity needed for orderly movement in bond yields:

Kevin Warsh was able to provide greater clarity on the Fed's reaction function and policy framework and economic outlook. He reaffirmed the Fed's commitment to bringing inflation back to target and signaled that the Fed would need to act if inflation does not moderate in the near term. We believe the speech helped restore Fed's credibility and control over the long end of the yield curve, which had come under pressure following the July FOMC meeting and press conference. This is particularly important for risk assets, as a loss of control over long-term yields could lead to disorderly moves in bond yields and increased volatility across risk assets.

Our views on long-term yields and interest rates:

The US 10-year treasury yield can cross 5% driven by stickier inflation, geopolitical risks, fiscal deficit concerns and strong nominal GDP growth of above 5%. Given the PCE running at 3.7% and current fed rate at 3.63% (mid of the range), we do not see current policy as restrictive and expect the rates to be hiked at least 2 times in next 6 months.

We remain constructive on risk assets:

The global macroeconomic backdrop remains constructive, although the policy environment is becoming more challenging which will continue to create volatility in markets. However, markets can absorb an orderly rise in yields as corporate profit growth remains strong. Consensus expects global earnings growth to be 23% in next 12 months and high yields credit spreads continue to stay low. The U.S. economy continues to demonstrate resilience; corporate profitability remains strong and capital expenditure related to artificial intelligence and digital infrastructure is accelerating.

We continue to favour a diversified multi-asset portfolio **with an overweight allocation to global equities**, focusing on high-quality companies benefiting from long-term structural themes such as artificial intelligence, digital infrastructure and electrification. Within fixed income, **we prefer credit over duration**, as **high-yield and emerging market bonds continue to offer attractive carry**. We also remain constructive on industrial metals, particularly copper, while maintaining gold as a strategic portfolio diversifier given elevated geopolitical uncertainty, continued central bank demand and persistently high fiscal deficits across developed markets. However, in the near-term

we are cautious on precious metals given increasing rate expectations and higher USD.

We remain overweight on equities as we continue to see the following catalysts supporting the market – i) Earnings growth to remain strong on resilient economic growth and AI linked capex and companies benefiting from productivity gains on AI adoption ii) Continued momentum in AI-related stocks.

We stay neutral on fixed income and 5 year remains our sweet spot to avoid overexposure to heavier movements in long duration. In our asset allocation, we continue to remain well-diversified across asset classes, countries, and sectors.

We stay overweight on HY fixed income and underweight on IG fixed income. GCC high yield fixed income witnessed a partial recovery. We continue to see attractive opportunities to lock in attractive yields in bank perpetuals and real estate names.

UAE equities witnessed a partial recovery as the traffic and economic activity has partially recovered over last one month since the ceasefire. We expect this recovery to continue and UAE to benefit. We expect a potential resolution to happen soon. The UAE benefits from strong fiscal and external buffers, as well as a resilient banking system capable of navigating the current economic turmoil.

Global Equities:

We stay overweight on DM and neutral on EM equities as EM economies will see increased inflation and reduced economic growth due to their high dependency on imports via Strait of Hormuz.

Within DM we stay overweight on the US and neutral on Europe. Nvidia CEO Jensen Huang reaffirmed that demand for AI infrastructure remains robust and guided for approximately 70% revenue growth in next fiscal year, significantly ahead of market expectations of around 46%.

Despite the strong performance of the S&P 500 year-to-date, its forward P/E multiple has declined to approximately 21x from 22x at the beginning of 2026, as forward earnings estimates have been upgraded by approximately 16%.

In EM, we stay overweight on Korea and Taiwan. We remain overweight LatAm (Brazil, Chile and Peru) and underweight EMEA.



Global Asset Allocation and Outlook

We expect the pick and shovel sectors (memory chip makers, GPU and ASIC chips designers and makers, and power equipment makers) across both DM and EM markets to continue to attract further investor inflows.

Preferred Picks:

Technology and communication services: Microsoft, Nvidia, Amazon, META, Netflix, Broadcom, Alphabet, Micron, SK Hynix, Coherent, Lumentum

Healthcare: Pfizer, Gilead Sciences, Boston Scientific Corp, Abbott Laboratories

Industrials/Auto: GM, Ford, Caterpillar, Deere, GE Vernova, Vertiv Holdings

Financials: JPM, Citi, Visa and Mastercard

Utilities: Nextra Energy

Consumer Staples: Walmart

Energy: Chevron, Exxon, Valero, Occidental Petroleum

MENA Equities:

We maintain a positive medium-term outlook on GCC equities, particularly the UAE, supported by resilient corporate earnings, strong banking fundamentals and continued government investment. However, August's market recovery does not remove the risks from the prolonged conflict. We remain selective, favoring companies with strong cash generation, healthy balance sheets and visible earnings, while recognizing that renewed regional tensions could delay the recovery in tourism, trade and domestic activity.

We continue to favour leading UAE and Saudi banks, supported by solid capital positions and healthy asset quality. In Saudi, however, slower credit demand, elevated funding costs and increasing government financing requirements warrant a more measured growth outlook. Potential easing of foreign-ownership limits remains an additional catalyst for market inflows, although the timing and scope are uncertain.

We remain cautiously constructive on leading UAE real estate developers, whose existing sold backlogs support earnings visibility despite weaker transaction activity. Our focus remains on collections, and the pace of new sales, with a sustained demand recovery needed to support a broader sector re-rating. In Saudi, we continue to monitor Masar supported by housing needs and religious-tourism growth, while affordability and mortgage costs remain near-term constraints for Retail.

We retain our preference for UAE energy and infrastructure companies benefiting from and long-term capacity expansion. Progress in restoring operations and advancing gas projects supports the medium-term outlook, although export constraints remain a near-term risk.

Our preferred picks include:

- **Banks:** ADCB, ADIB, ENBD, GBK, KFH, NBK, SNB
- **Consumer Discretionary:** Spinneys, Almarai.
- **Energy:** ADNOC Drilling, ADNOC L&S, NMDC Energy
- **Healthcare/Insurance:** HMG, Tawuniya.
- **Real Estate:** TECOM, Aldar Prop, Dubai Residential, Emaar Dev, Emaar Prop., MASAR.
- **Industrials:** AD Ports, East Pipes, Arabian Pipes.
- **Transportation:** Parkin
- **Utilities:** DEWA, Empower

Global Fixed Income:

We remain constructive on bonds for the rest of 2026 and maintain neutral duration, as current higher yields provide attractive income and improve long-term return prospects. In our view, a selective yield-spread approach may offer opportunities, while diversification across geographies could help mitigate country-specific risks. We remain selective on duration and continue to view an average portfolio duration of around five years as optimal to balance carry, roll-down potential, and volatility. We prioritize earning carry from high-quality fixed income and remain active and flexible in managing duration and sector allocation, mindful of ongoing risks from persistent inflation, fiscal deficits, and geopolitical uncertainty that could continue to drive interest rate volatility through year-end. Rising government deficits — with U.S. debt now above \$40 trillion — continue to reinforce investor caution toward the long end of the Treasury curve, and the Treasury's own intervention in that market marks a new and closely-watched dynamic that has, so far, contributed as much to dollar weakness and unhedged return support as to yield containment.



Global Asset Allocation and Outlook

Concerns over central bank independence remain contained following Chair Warsh's consistently hawkish tone, including his Jackson Hole remarks reaffirming the Fed's inflation-fighting credibility, though the coexistence of an interventionist Treasury and a hawkish Fed is a dynamic worth monitoring for episodic volatility. At the end of August, markets priced roughly 57.5% probability of a rate hike at the September meeting, up from about 35% ahead of Jackson Hole.

EM Fixed Income:

We turn more constructive on EM and GCC fixed income for August, as broad U.S. dollar weakness — stemming from the uncertain overlap between the Treasury's buyback intervention and the Fed's hawkish tone — and resilient credit spreads more than offset the pressure from another leg higher in long-end Treasury yields. The region's own backdrop was mixed but improving: Brent crude dipped below \$80 early in the month on renewed peace talks before climbing back toward \$90 amid fresh bouts of tension, yet GCC equities staged their strongest month in seven months (the MSCI GCC index up 3.9%, led by Saudi Arabia's 5.1% gain), and debt issuers continued to access markets with confidence — Saudi Arabia's domestic sukuk program rose 77.9% month-on-month, while retrospective commentary on Kuwait's July international bond deal reinforced the durability of investor appetite for high-quality GCC sovereign credit.

Bonds at elevated yields continue to provide healthy income and diversification, playing a core role in portfolios given the combination of a still-elevated global rate backdrop, a currency tailwind from dollar softness, and an unresolved regional risk premium that continues to warrant selectivity.

Saudi Arabia continued to dominate GCC issuance, raising \$49.34 billion through 58 bond and sukuk issuances in the first half of 2026, up 1.6% year-on-year, and accounting for roughly 48% of total GCC issuance value over the period.

The NDMC closed its August SAR-denominated sukuk issuance, raising SR 9.52 billion (\$2.54 billion) across five tranches maturing between 2031 and 2041 — a 77.9% increase from July, as the Kingdom continued to deepen its domestic debt market following July's liability-management exercise, which had redeemed SR 17.1 billion of near-term sukuk and reissued SR 17.2 billion further out the curve.

UAE: No new institutional Treasury Bond or Treasury Sukuk auction was held in August; July's auction — which raised AED 1.1 billion against AED 4.83 billion in bids, a 4.4x oversubscription — remains the latest reference point. The inaugural Sovereign Retail T-Sukuk has been trading on Nasdaq Dubai since July 2, giving individual investors their first secondary market in a UAE sovereign instrument, and the Ministry of Finance has signalled two further retail issuances are planned before year-end, though dates and terms have yet to be confirmed.

What we like: Emaar Properties, Aldar Properties, Binghatti Holding, Emirates NBD.

KUWAIT: No new primary domestic issuance was recorded in August, but the month brought a useful retrospective on July's \$6 billion three-tranche international bond sale, which market commentators characterized as a genuine vote of confidence in Kuwait's ability to withstand ongoing regional tensions from a financing perspective. The strong reception — investor demand reaching roughly three times the deal size, with tenors extending out to ten years — reinforces the view that Kuwait's credit quality is being priced on its fiscal fundamentals rather than headline risk alone, even as the country continues to face reduced oil-revenue inflows.

INDIA – India's 10-year G-Sec yield was volatile over the month: the RBI held its policy rate at 5.25% at its August 7 meeting while raising its GDP growth forecast to 6.7%, helping the 10-year local currency bond to ease around 6.78% immediately after the decision. Yields drifted back higher through the rest of the month, however, as Brent crude's climb toward \$90–95 and tightening banking-system liquidity reasserted themselves, leaving the 10-year near 6.90% by month-end — still below July's peak but underscoring the sensitivity of Indian rates to both global yields and regional oil dynamics.

What we like: INCLN, Adani Ports, Indiabulls Housing, Adani Green, Axis Bank, IIFL, Capri Global.



Global Asset Allocation and Outlook

	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			



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 gained 4.1% for the month. The highest contributions to return were AD Ports, Maaden, ADIB , Presight, Akbank, Aldar Properties and Boursa Kuwait. Meanwhile Emaar Dev, Empower, Rak Prop and Emaar Prop were the key detractors to return. In fixed income all holdings showed positive contribution.

	2026	Inception (30 Jul 2020) (Class I)
Total Return	-0.6%	97.2%
Annualized Return	-	11.8%
Annualized Volatility	-	9.4%
Sharpe Ratio	-	0.9

NAV as of 27th August 2026

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 been listed in the previous 5 years.

The fund gained 4.9% for the month. During the month the highest contributors to the return were AD Ports, Pure health, Amak, Adnoc L&S, Presight and Space24. On the negative side, Alec, Taaleem, Dewa and Empower were the key detractors to returns.

	2026	Inception (Aug 2022) (Class A)
Total Return	2.7%	21.2%
Annualized Return	-	4.8%
Annualized Volatility	-	10.7%
Shape Ratio	-	-

NAV as of 31st August 2026



About Daman Investments

Daman Investments stands as a preeminent regional investment firm, distinguished for its comprehensive suite of non-banking financial services catering to institutional clients, corporations, SMEs, and high-net-worth individuals. Our overarching objective is to assume a pivotal role in the burgeoning new Arab World Economy. Propelled by unwavering commitment to ethics, excellence, and client-centricity, we offer innovative and bespoke solutions to assist you in not only meeting but surpassing your financial aspirations. With a legacy spanning over 27 years, Daman Investments has consistently redefined the contours of the financial services landscape.

📍 Address: Daman Investments PSC, Suite 600, P.O. Box 9436, Dubai, UAE
☎ Tel: +971 4 332 4140
📠 Fax: +971 4 332 6465
✉ Email: amc@daman.ae

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The correspondence address for Daman is P.O. Box 9436, Suite 600, 6th Floor, Sheikh Rashid Tower, Dubai World Trade Centre, Dubai, United Arab Emirates. The email address for Daman is cs@daman.ae and landline number is +971 4 332 4140.