



Highlights of the Month

- Global markets extended recovery in May 2026, at a lower pace compared to April on improving investor confidence.
- Global equities rose, with the MSCI ACW Index up 5% MTD majorly on AI & allied sectors rally.
- Emerging markets (+9.5%) outperformed developed markets (+4.4%) majorly contributed by Taiwan & Korea.
- The S&P 500 Index and Nasdaq Index rose 5.1% and 8.4%, respectively, during the month.
- U.S. Treasury yields moved higher, with the 2Y and 10Y up 14bps and 6bps, respectively.
- Fixed income returns were positive, with the Barclays Global Agg. and High Yield indices up 0.3% and 0.7%, respectively.
- Gold fell 1.7% during May due to rising yields, higher inflation and market pricing out rate cuts in 2026.
- Dubai and Abu Dhabi's closed lower by 0.1% and 0.8%, respectively, while Saudi declined 1.0%.
- The FTSE MENA Broad Bond Index ended the month 0.7% higher.
- We remain overweight on equities, supported by a strong AI-driven upcycle and better-than-expected Q1 2026 earnings.
- We continue to favor a well-diversified portfolio to navigate near-term inflation risk and geopolitical uncertainties.



Global Review

Global markets extended their recovery in May, albeit at a more measured pace than the sharp rebound witnessed in April. Investor sentiment remained supported by easing geopolitical tensions, resilient economic activity and continued enthusiasm surrounding artificial intelligence-related investment themes. While concerns around inflation and fiscal sustainability persisted, strong corporate earnings and improving risk appetite helped drive positive returns across most risk assets.

Global equities outperformed fixed income during the month, with the MSCI All Country World Index advancing 5.0%. Performance continued to be led by growth-oriented sectors, reflecting ongoing investor optimism towards artificial intelligence, cloud infrastructure and semiconductor-related investment opportunities. Growth stocks rose 7.2% during the month, significantly outperforming value stocks, which gained 2.9%. Similarly, cyclical sectors advanced 6.7%, while defensive sectors declined 2.0%, highlighting investors' preference for economically sensitive and higher-growth areas of the market.

Fixed income markets delivered modest positive returns despite a further rise in government bond yields. The Bloomberg Barclays Global Aggregate Index gained 0.3%, while global high-yield bonds advanced 0.7%. U.S. Treasury yields moved higher during the month, with the 2-Year and 10-year Treasury yields rising 14bps and 6.5 basis points, respectively, reflecting ongoing concerns around inflation and fiscal deficits. Nevertheless, tightening credit spreads and resilient corporate fundamentals supported credit markets, allowing investment-grade and high-yield bonds to generate positive returns. High yield bonds outperformed with Bloomberg Barclays Global High Yield Index rising 0.7%. Emerging market debt outperformed developed market fixed income with Bloomberg Barclays EM Hard Currency Aggregate Index gaining 0.7%.

Commodities witnessed a broadly negative month, with the Bloomberg Commodity Index falling 3.8%, heavily weighed down by a sharp correction in energy prices and mixed performance across industrial metals. Brent crude oil prices slumped 19.3% to end the month at \$92.05 per bbl, though Henry Hub natural gas prices managed a strong rebound of 18.9%.

Performance across industrial metals was split; while copper and aluminum rose 5.3% and 6.7%, respectively—continuing to find structural support from AI data center expansions and the EV supply chain—nickel bucked the trend, declining 2.2% for the month.

Petrochemical prices faced downward pressure, tracking a steep 31.6% drop in Japan Naphtha prices. Consequently, SE Asia LLDPE slid 10.8%, SE Asia Methanol fell 7.4%, Polypropylene (PP) declined 4.3%, and SE Asia MEG dropped 2.8%. In the fertilizer space, Middle East urea prices fell sharply by 24.8%, contrasting with a 6.2% increase in Egypt Urea and an 8.5% gain for Saudi DAP.

Following structural movements in macro markets, Gold prices witnessed a slight decrease of 1.7% during the month. Despite near-term volatility driven by energy price fluctuations and a stronger US Dollar Index (up 0.9%), we remain positive on gold over the medium-term. Ongoing concerns regarding high fiscal deficits in developed economies and elevated debt-to-GDP ratios are highly likely to continue prompting emerging market (EM) central banks to diversify away from developed-market (DM) sovereign holdings.

Global Equities:

Emerging markets significantly outperformed developed markets during May, with the MSCI Emerging Markets Index gaining 9.5%, more than double the 4.4% return generated by the MSCI World Index. The outperformance was driven primarily by Asia (Korea and Taiwan), where investors continued to favour technology and semiconductor-related markets benefiting from accelerating AI investment cycles. In Asia, Q1 2026 earnings growth was exceptionally strong, reaching c.40% YoY—one of the best quarterly performances in recent years. However, the gains were highly concentrated among AI-related companies.

U.S. equities remained a key contributor to global performance. The S&P 500 advanced 5.1%, while the Nasdaq Composite gained 8.4%, reflecting continued strength among large-cap technology companies. The Dow Jones Industrial Average posted a more modest gain of 2.8%, highlighting the market's preference for growth-oriented sectors over more traditional industries. Corporate earnings remained supportive, with technology companies



continuing to report strong revenue growth and substantial capital expenditure commitments related to AI infrastructure. S&P 500 earnings rose 30% YoY in Q1 2026, led by the technology sector. Even without technology, earnings growth remained strong at roughly 20%.

U.S. economic data for April 2026 remained broadly resilient, though with signs of moderation in labor momentum and a renewed pickup in inflation. Retail sales rose 0.5% MoM, in line with expectations, supported by continued consumer spending, although real sales were weaker as inflation picked up over the month. The control group, a key input into GDP, posted a modest gain, suggesting steady but not accelerating consumption.

The ISM Manufacturing index remained in expansion territory at 52.3, while ISM Services printed at 54.8, both broadly consistent with expectations and indicating continued growth in both goods and services activity.

Inflation re-accelerated in April, with headline CPI rising 0.6% MoM and 3.8% YoY above the estimates of 0.4% and 3.6%, respectively, marking the fastest annual pace in several months. The monthly increase was driven primarily by energy and food prices, while shelter also contributed to persistent upward pressure. Core CPI rose at a more subdued pace rising 0.4% MoM and 2.8% YoY above the estimate of 0.3% and 2.7%, respectively, signaling that underlying inflation remained sticky but not broadly re-accelerating.

In the labor market, nonfarm payrolls increased by 115,000, a slowdown from March's stronger gain but still ahead of expectations. The unemployment rate held steady at 4.3%, while labor force participation edged slightly lower. Wage growth remained moderate, with average hourly earnings rising 0.3% MoM and around 3.5% YoY, broadly consistent with expectations and pointing to contained wage pressures despite ongoing inflation.

European equities generated positive but more moderate returns. The STOXX Europe 600 gained 2.4%, supported by improving investor sentiment and resilient corporate earnings. However, weaker economic momentum and lingering energy-related challenges continued to constrain performance relative to the U.S. and emerging markets. The UK remained a laggard, with the FTSE 100 rising only 0.3%, reflecting its heavier exposure to defensive sectors and limited participation in the global technology rally.

Within the GCC, performance was generally weaker. MSCI UAE declined 1.4%, while Saudi Arabia, Abu Dhabi and Kuwait fell 1.0%, 0.8% and 0.5%, respectively. Qatar was the only major GCC market to generate a positive return, rising 0.6%. Regional markets were weighed down by profit-taking following strong earlier gains and continued uncertainty surrounding energy prices, although underlying economic fundamentals remain supportive.

Fixed Income: The UST curve bear flattened over the month, driven by the short-end as investors repriced a more hawkish Federal Reserve policy path. There was a large increase in volatility by mid-May as global bonds sold off heavily. Alongside elevated oil prices, a sharp rise in treasury yields affected global rates, with the US 30Y shifting above the 5% mark and US 10Y reaching 4.68% during May. As these headwinds subsided there was a more ordered rally into month end with every positive bit of news on the escalation lifting the long end. Overall, inflation and the amount of second-order effects generated by the war will be key for rates over the summer.

The minutes from the FOMC revealed a noticeably hawkish tone beneath the surface, with many policymakers signalling they would have preferred to remove the easing bias from the policy statement altogether. Officials broadly agreed that inflation risks remain tilted to the upside, particularly against the backdrop of escalating tensions in the Middle East, rising energy prices and lingering tariff pressures. Fed's Chris Waller said he supported removing the easing bias from the FOMC statement, joining the three dissenters from the last FOMC meeting. The remarks from Waller were possibly the most notable comment during the month as his previous dovish pivot was seen as a clear signal by the market. Nevertheless, the Fed commentary tilted on the hawkish side with Chairman Warsh also being officially confirmed. OIS markets now price 12bps of hikes for the Dec. meeting this year compared to 0bps at the end of the last month. At one point in the middle of May during the sharp rise in yields a full 25bps hike was priced in for early 2027.

Inflation remained the dominant macroeconomic theme and continued to drive significant market reactions. U.S. inflation data pointed to renewed price pressures, with April headline CPI rising 3.8% year-on-year, exceeding consensus expectations and marking the fastest pace of inflation since early 2023. Core CPI increased 2.8% year-on-year, supported by a rebound in shelter and housing-related components. However, the inflation narrative softened somewhat towards month-end, as the latest Core PCE reading came in below expectations, potentially indicating that underlying price pressures are beginning to stabilize should geopolitical tensions ease. April Core PCE rose 0.2% month-on-month versus expectations of 0.3%, while labour market data remained resilient, with non-farm payrolls increasing by 115,000, well above consensus expectations of 65,000, and the unemployment rate holding steady at 4.3%. Together, these data points reinforced the view of an economy that remains



resilient but continues to face inflationary challenges, leaving the Federal Reserve firmly focused on upside inflation risks.

The Emerging Markets Aggregate Index (EMUSTRUU) and the Bloomberg EM GCC Credit + HY Index (BGCCTRUU) both were up 0.7% and 0.6%, respectively. GCC high-yield segments—particularly UAE real estate—remain vulnerable, the pace of moves has slowed, and fundamentals across higher-quality issuers continue to demonstrate resilience, supporting selective opportunities.

MENA Equities:

MENA equity markets delivered a mixed performance in May, with regional indices broadly underperforming global benchmarks amid a strong risk-on move in emerging markets. The S&P Pan Arab Composite declined 0.6% MoM, reflecting softness across key Gulf markets despite pockets of resilience elsewhere in the region.

Within the GCC, performance was generally subdued. Saudi Arabia's TASI fell 1.0%, while Abu Dhabi declined 0.8% and Kuwait edged down 0.5%, highlighting a broadly cautious tone across larger regional benchmarks. Dubai was largely flat at -0.1%, while Qatar outperformed slightly, rising 0.6%. Oman was the notable laggard in the region, falling sharply 7.3%, reflecting profit booking after a strong YTD rally driven by expected inclusion in FTSE EM Index watchlist.

Outside the GCC, performance was more constructive. Egypt gained 1.7%, supported by improved sentiment, while Morocco rose 1.6% tracking firmer global risk appetite. In contrast, Turkey lagged significantly, with the BIST 100 declining 5.4%, reflecting continued volatility and macro uncertainty.

UAE listed companies delivered strong earnings growth of 14.5% YoY in Q1 2026, despite being impacted from geopolitical tensions in March 2026. Banking, real estate and utilities sectors were the key drivers of the strong earnings growth. Emaar Properties net profit jumped 38.3% YoY to AED 6.41 billion. Total property sales grew 16% YoY to reach AED 22.4 billion. Revenue backlog climbed to AED 163.4 billion (up 29% YoY), ensuring highly stable revenue visibility for the next several years. Dubai's utility segment posted a collective 52% YoY profit jump. DEWA saw its Q1 net profits surging 74.2% YoY due to heightened urban consumption and improved margins while district cooling giant Empower grew its bottom line by 44.8%.

Dubai real estate sales reached AED 48.4bn in April (-22% YoY, +13% MoM), with the drop largely evident in the secondary market (-47% YoY, +5% MoM) compared to off-plan sales (+25% y/y, +21% m/m). Off-plan data might lag real time transactions by 4-6 weeks.

Saudi corporate earnings staged a solid recovery in Q1 2026, with combined net profits for listed companies on the Tadawul surging 22% YoY. Energy, petrochemicals, banking and telecom were the key drivers of the earnings growth. Saudi Arabia's preliminary real GDP print registered +2.8% YoY growth. Sector Performance: Non-oil activities expanded by 2.8%, cementing their place as the key engine of economic momentum. Oil activities grew by 2.3%. Purchasing Managers' Index (PMI) rebounding to 52.8, while bank credit growth rose 8.0% year-on-year, reflecting improving domestic liquidity and a distinct shift toward corporate-driven economic expansion

Egypt's annual urban headline inflation slowed down slightly to 14.9% in April 2026 (from 15.2% in March), while annual core inflation cooled marginally to 13.8% (down from 14.0% in March). In April 2026, Turkey's annual urban headline inflation rate jumped to 32.4% YoY (up from 30.9% in March), while consumer prices climbed by a sharp 4.2% MoM. Both figures significantly exceeded market expectations, which had projected a milder increase of 31.3% YoY and 3.3% MoM.



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 | 11,078 | -1.0% | 5.6% | 14.7 | 2.1 | 4.1% |
| Dubai - DFMGI | 5,757 | -0.1% | -4.8% | 9.7 | 1.5 | 5.3% |
| Abu Dhabi - FADGI | 9,702 | -0.8% | -2.9% | 10.5 | 1.6 | 4.8% |
| Qatar - DSM | 10,555 | 0.6% | -1.9% | 11.8 | 1.3 | 5.0% |
| Kuwait - All Share | 8,815 | -0.5% | -1.0% | 13.7 | 0.4 | 4.7% |
| Oman - MSM30 | 7,757 | -7.3% | 32.2% | 12.8 | 1.0 | 4.0% |
| Bahrain - BHSEASI | 1,979 | 0.4% | -4.2% | 6.5 | 0.5 | 4.5% |
| Egypt - EGX30 | 52,659 | 1.7% | 25.9% | 7.8 | 2.1 | 4.3% |
| Morocco - MOSENEW | 18,875 | 1.6% | 0.2% | 17.8 | 3.3 | 3.4% |
| S&P Pan Arab Composite | 175 | -0.6% | 2.2% | 12.6 | 1.8 | 4.3% |
| Israel - TA35 | 4,456 | 1.8% | 22.7% | 17.3 | 2.6 | 2.3% |
| Turkey - XU100 | 13,663 | -5.4% | 21.3% | 5.6 | 0.7 | 7.3% |
| Pakistan - KSE100 | 173,941 | 6.8% | -0.1% | 6.9 | 1.4 | 5.6% |
| S&P 500 | 7,580 | 5.1% | 10.7% | 21.5 | 4.9 | 1.2% |
| STOXX 600 | 626 | 2.4% | 5.7% | 15.2 | 2.2 | 3.2% |
| MSCI EM | 1,752 | 9.5% | 24.8% | 12.7 | 2.3 | 2.3% |
| MSCI All Country World | 1,131 | 5.0% | 11.4% | 18.8 | 3.5 | 1.7% |
| MSCI World | 4,865 | 4.4% | 9.8% | 20.1 | 3.8 | 1.7% |

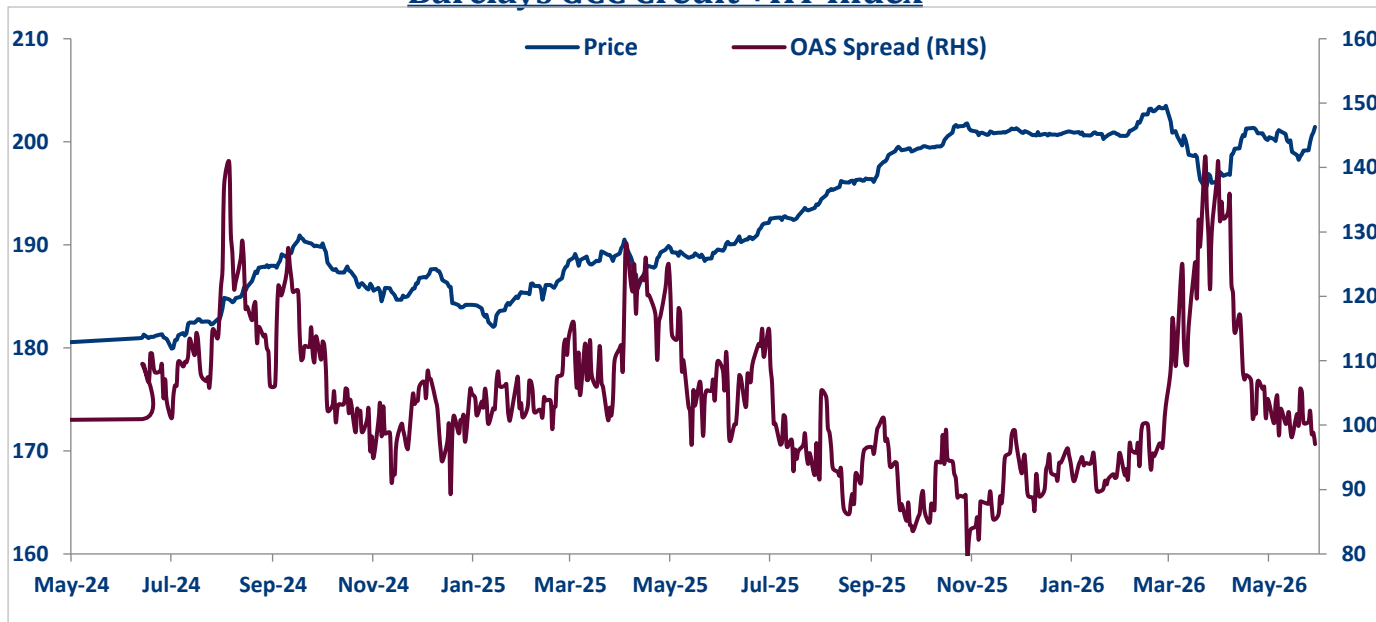
| Major Indices Performance | Value | MTD Change | YTD Change |
|---|-------|------------|------------|
| Barclays GCC Credit +HY Index | 201 | 0.6% | 0.2% |
| FTSE MENA Broad Bond Index | 188 | 0.7% | 0.4% |
| Dow Jones Sukuk | 99 | -0.1% | -1.4% |
| Barclays Global Aggregate Index | 504 | 0.3% | 0.5% |
| Barclays Global High Yield Index | 1,898 | 0.7% | 1.9% |
| Barclays US Treasury Index | 2,435 | 0.1% | 0.0% |
| Barclays US Corporate Index | 3,569 | 0.8% | 0.7% |
| Barclays US Corporate High Yield index | 2,964 | 0.5% | 1.7% |
| JPM EM Global Bond Index | 701 | 1.0% | 1.8% |
| Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index | 1,407 | 0.71% | 1.5% |
| Bloomberg Barclays US Aggregate Bond Index | 2,358 | 0.3% | 0.4% |
| Markit CDX Emerging Markets Index | 98 | 0.6% | -1.2% |
| Barclays EM High yield | 1,882 | 1.2% | 3.1% |
| Barclays EM Corporate Index | 327 | 0.5% | 1.5% |
| 10-year US Treasury yield* (%) | 4.44 | 6 | 27 |
| 30-year US Treasury yield* (%) | 4.97 | 1 | 13 |
| US Treasury 2-10 Spread* | 42.73 | -7 | -26 |
| US Treasury 2-30 Spread* | 96.55 | -13 | -40 |
| 10-year US Treasury Real yield* (%) | 2.03 | 15 | 13 |
| 10-year Germany Treasury yield* (%) | 2.94 | -10 | 8 |
| US Breakeven 10 Year* | 2.40 | -9 | 15 |
| 10-year Saudi Arabia Govt USD Bond yield* (%) | 4.88 | -6 | 28 |
| 8-year Abu Dhabi Govt USD Bond yield* (%) | 4.59 | 7 | 46 |
| 4-year Kuwait Govt USD Bond yield* (%) | 4.17 | -6 | 19 |
| 9-year Oman Govt USD Bond yield* (%) | 4.86 | 5 | 7 |
| 10-year Bahrain Govt USD Bond yield* (%) | 6.66 | -15 | 60 |
| 7-year Qatar Govt USD Bond yield* (%) | 4.42 | 7 | 52 |
| 10-year Egypt Govt USD Bond yield* (%) | 7.33 | -52 | 54 |
| EIBOR 3M* (%) | 3.69 | -4 | 21 |
| QAIBOR 3M* (%) | 4.10 | 2 | 13 |
| Dubai 5 Year CDS* (bps) | 78 | -4 | 31 |
| Qatar 5 Year CDS* (bps) | 32 | -4 | 5 |
| 2-year US Treasury yield* (%) | 4.00 | 14 | 53 |

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) | 92.05 | -19.3% | 51.3% |
| Natural Gas (USD/mmbtu) | 3.29 | 18.9% | -10.7% |
| Gold (USD/Ounce) | 4,540 | -1.7% | 5.1% |
| Copper (USD/MT) | 13,600 | 5.3% | 9.2% |
| Aluminium (USD/MT) | 3,768 | 6.7% | 26.9% |
| Nickel (USD/MT) | 18,867 | -2.2% | 14.3% |
| Urea Middle East (USD/MT) | 683 | -24.8% | 78.4% |
| Methanol China (USD/MT) | 390 | -7.4% | 56.6% |
| SE Asia Polyethylene (USD/MT) | 1,450 | -4.0% | 66.7% |
| Polypropylene (USD/MT) | 1,340 | -4.3% | 57.6% |
| US Dollar Index | 98.94 | 0.9% | 0.6% |
| MSCI EM Currency index | 1,874.07 | 0.5% | 1.2% |
| JPM EM Currency index | 47.72 | 0.8% | 2.5% |
| EGP/USD | 0.019 | 2.7% | -8.6% |
| TRY/USD | 0.022 | -1.4% | -6.3% |
| PKR/USD | 0.359 | 0.1% | 0.5% |
| ILS/USD | 0.355 | 4.6% | 13.0% |
| EUR/USD | 1.17 | -0.6% | -0.7% |
| GBP/USD | 1.35 | -1.1% | -0.1% |
| USD/JPY | 159.27 | 1.7% | 1.6% |



Global Asset Allocation and Outlook



Global Asset Allocation and Outlook

While we do not rule out the risk of increase in geopolitical tensions, the political cost associated with higher inflation in the US—driven by rising fuel and food prices thereby impacted weaker segments of the population and higher mortgage rates—could push toward an agreement soon.

We expect the Brent oil price to decline gradually and to stay elevated around \$80/bbl as supply will take time to come back and some risk premium will stay on a continued high insurance costs. In the near-term we expect the US inflation to rise above 4% and average around 3% this year.

Over the last 10 days global markets have exhibited increased volatility driven by concerns linked to stretched valuations, liquidity squeeze tied to sizeable capital raise from major technology firms, and market pricing in a rate hike by Jan 2027 on rising inflation. CPI rose to 4.2% in May with core CPI increasing to 2.9%. Resilient labor market and rising inflation would push the fed to change its language in June from an easing bias previously.

The U.S. economy added 172,000 jobs, topping a consensus estimate for 85,000. Job gains in leisure & hospitality, local government and health care were notable drivers. The unemployment rate remained stable at 4.3%. Combined upward revisions of 93,000 jobs to prior months reinforced the picture of a resilient labor market,

Markets are likely to remain highly sensitive to inflation, yields, AI valuation and capex concerns and geopolitical news in the coming days and weeks, which could keep volatility elevated in the short term. We see a well diversified portfolio across asset classes, geographies and sectors to be rightly positioned to navigate market volatility.

Despite near term concerns tied to stretched valuation we remain overweight on equities on strong AI driven earnings momentum, resilient US economy and reduced geopolitical risks. We continue to see the following catalysts supporting the market – i) Fiscal stimulus in DM economies ii) Earnings growth to remain strong on resilient economic growth and AI linked capex and companies benefiting from productivity gains on AI adoption iii) Continued momentum in AI-related stocks. Key risk to the equities

is tied to US 10-year yields inching towards 5%.

We stay neutral on fixed income: Given the expected increase in the US inflation, we believe the fed will continue to remain on hold this year. The bar to raise rate is high if inflation sticks above 3%. US Treasury yield curve to further steepen during H1 on fiscal deficit, inflation and high debt concerns. Long term yields would continue to stay above 4% and potentially touching 4.7% during H1 on fiscal deficit and high debt concern.

We still remain cautious on duration 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. In the near-term, the UAE equities could stay range bound as investors await to see a resolution to geopolitical escalation and start of recovery in tourism. 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 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 | | | |



Global Asset Allocation and Outlook

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.

With in DM we stay overweight on the US and neutral on Europe. In EM, we stay overweight MENA and upgrade (China, Korea and Taiwan) to overweight from neutral. We remain overweight LatAm (Brazil, Chile and Peru) and underweight EMEA.

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

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 stay positive on UAE markets due to attractive valuation and country's strong fiscal and external buffers. We are selective in our exposure to names in Saudi and Kuwait. We prefer exposure to top banks in both countries and top healthcare and insurance names in Saudi. We also like exposure to top pipe making companies as we expect Aramco to expand oil and gas transport pipeline network.

We expect the UAE's decision to exit from OPEC, will positively impact ADNOC Drilling, ADNOC L&S, ADNOC Gas, ALEC, NMDC Energy, & Banks. Further capacity expansion beyond current target of 5mbpd will benefit UAE as it has a low fiscal breakeven oil price is around \$50/barrel as per the latest IMF estimate.

UAE real estate players such as Emaar Properties and Aldar Properties have substantial cash held in escrow

accounts to fund ongoing construction projects. EMAAR confirmed that default rates are at 0.7% & no slowdown in construction progress giving confidence to the market about project pipeline even if a slowdown is expected as current valuations are effectively pricing in little to no future off-plan sales from these developers.

Our preferred plays include:

- **Banks:** ADCB, FAB, 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, RAK Prop.
- **Industrials:** AD Ports, SGS, East Pipes.
- **Transportation:** Parkin.
- **Utilities:** DEWA, Empower

Global Fixed Income:

We expect risk premiums to widen further as policy divergence emerges across major economies. In our view, a selective yield-spread approach may offer opportunities, while diversification across geographies could help mitigate country-specific risks. We also see merit in modestly extending duration where appropriate, while maintaining an allocation to short-duration bonds to support liquidity and help manage portfolio volatility.

In addition to geopolitical tensions and the inflationary pressures associated with them, several other factors could influence market dynamics. Rising government deficits may lead to higher term premiums and reinforce investor caution toward U.S. Treasuries. Furthermore, concerns over central bank independence and credibility could emerge if political interference—such as questions surrounding Federal Reserve governance—were to increase, potentially keeping interest rates elevated and contributing to greater market volatility.

Markets now assign roughly 96–98% probability to unchanged rates at the June FOMC meeting, reflecting a firm labor market with unemployment steady near 4.3% and reduced odds of near-term Fed easing. The risk-reward for extending duration remains mixed, particularly as inflation risks persist amid the ongoing escalation.



Global Asset Allocation and Outlook

Against this backdrop, we continue to emphasize quality and flexibility, focusing on capturing carry through high-quality credit while actively managing interest rate exposure through curve positioning. 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.

EM Fixed Income:

We remain cautious on EM fixed income, as EM markets continue to face headwinds from ongoing geopolitical escalations. New U.S. dollar bond and sukuk issuances from GCC markets have fallen significantly since the start of the escalation, with many deals remaining on hold due to economic uncertainties and volatility.

Bonds at elevated yields continue to provide healthy income and diversification, playing a core role in portfolios given volatility coupled with softening growth and labor market uncertainties.

Saudi Arabia continued to dominate the GCC fixed-income market, accounting for 59.1% of total GCC issuance volume in Q1 2026, raising \$32.54 billion through 42 issuances — a 3.1% year-on-year increase.

The NDMC closed its May SAR-denominated sukuk issuance, raising SR 2.42 billion (\$644 million), divided across five tranches maturing between 2031 and 2041. The May issuance marks a significant pullback from April, when Saudi Arabia raised SR 16.95 billion, as the Kingdom scaled back borrowing following April's outsized fundraising round.

UAE: The UAE Ministry of Finance successfully raised AED 1.1 billion in its May auction. Total bids reached AED 4.74 billion, representing an oversubscription rate of 4.3 times. The auction results were competitively priced with a YTM of 4.03% for the tranche maturing in September 2027 and 4.30% for the tranche maturing in January 2031.

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

KUWAIT: Kuwait's bond and sukuk issuances continued to be driven by the need to fund its fiscal shortfall. The Central Bank of Kuwait issued KD 400 million (\$1.3 billion) in two tranches in the local market — its first debt issuance since the start of the conflict — with both tranches carrying a 3% rate and maturities of two and three years respectively. The issuances were largely oversubscribed by local banks, reportedly by more than three times. Kuwait's 2026–27 budget projects a KD 9.8 billion deficit, with oil revenues estimated at KD 12.8 billion against total expenditures of KD 26.1 billion.

INDIA – India's 10-year G-Sec yield rose to approximately 7.03% as of late May 2026, even as the RBI reduced policy rates by 100 basis points this year. Yields have continued to move higher due to global market conditions and supply-related factors, with U.S. 10-year Treasury yields around 4.59%, compressing the India-U.S. yield spread to around 1.8%. The RBI conducted an underwriting auction for ₹34,000 crore in new government securities (New GS 2036) in mid-May, with the full amount successfully underwritten by Primary Dealers.

What we like: INCLN, Adani Ports, Indiabulls Housing, Adani Green.



Performance of our Funds

Concerto IS Daman MENA UCITS Fund

The Fund's investment objective is 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 2.1% for the month. The highest contributions to return were Parkin, AD Ports, DIB and Talabat. Meanwhile, AKBank, ADIB, EMAAR Properties and EMAAR Dev were the key detractors to return.

In fixed income the largest contributors to return was BINHLD'27.

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 4.5% for the month. During the month the highest contributors to the return were Talabat, Parkin, Space 42, Presight and ADNOC Drilling. On the negative side, Taleem and TECOM were the key detractors to returns.

| | 2026 | Inception (30 Jul 2020) (Class I) |
|-----------------------|-------|---|
| Total Return | -5.8% | 86.8% |
| Annualized Return | - | 11.3% |
| Annualized Volatility | - | 8.9% |
| Sharpe Ratio | - | 0.9 |

NAV as of 21st May 2026





| | 2026 | Inception (Aug 2022) (Class A) |
|-----------------------|-------|--------------------------------------|
| Total Return | -0.7% | 19.5% |
| Annualized Return | - | 4.7% |
| Annualized Volatility | - | 10.6% |
| Sharpe Ratio | - | - |

NAV as of 01st June 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.

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