

Monthly Review, Asset Allocation & Outlook

September 2025



Highlights of the Month

- September delivered widespread gains across major asset classes, driven by a Fed rate cut and an optimistic market sentiment
- Global equities advanced for the sixth consecutive month, with the MSCI All Country World Index gaining 3.5%
- The S&P 500 Index rose by 3.5%, driven by a Fed rate cut, boost in tech and growth stocks, and improved investor sentiment
- USTs curve bull flattened heavily through the month with 5s30s moving almost 25bps flatter. 2s10s flattened c.6 bps
- Fixed income rallied, with both the Barclays Global Aggregate and High Yield indices gaining 0.7%
- Gold rose 11.9% in September and hit multiple new ATH during the month, while Brent crude oil fell 1.6% in September
- Dubai and Abu Dhabi declined by 3.7% and 0.8%, respectively, while Saudi equities gained 7.5%
- The FTSE MENA Broad Bond Index ended the month 1.7% higher
- We maintain overweight position on equities due to anticipated monetary and fiscal stimulus, and a neutral stance on bonds
- We continue to favor an up-in-quality, well-diversified portfolio to navigate near-term trade uncertainties



Global Review

The upward momentum continued in September across major asset classes, driven by easing monetary policy and strong growth in AI-driven capital expenditures. The U.S. Federal Reserve (Fed) initiated its first rate cut of the year amid signs of a weakening labor market and signaled further easing ahead. The Federal Open Market Committee (FOMC) median projection indicated two additional rate cuts this year. Equities continued to outperform fixed income. Global equities advanced for a sixth consecutive month, with the MSCI All Country World Index gaining 3.5%. Growth (+4.8%) outperformed Value (+2.0%), and Cyclical (+4.3%) outperformed Defensives (+0.2%).

Fixed-income markets rose amid narrowing spreads and solid returns across sovereign and corporate bonds. The U.S. 10-year and 30-year Treasury yields fell by 8 bps and 20 bps, respectively. The yield curve narrowed due to increased concerns over the weakening labor market, with 30-2-year Treasury spreads falling by 19 bps to reach 112 bps. The Barclays Global Aggregate Bond Index rose 0.7%, and the Barclays Global High Yield Index also gained 0.7%. Year-to-date, the Global High Yield Index rose 9.6%, outperforming the Aggregate Index by 1.7%, as improved risk sentiment led to a tightening in high-yield spreads by 21 bps.

The Bloomberg Commodity Index closed the month up 1.8% on higher gold, base-metal, and natural-gas prices. Gold prices rose 11.9% to close the month at \$3,859 per ounce, driven by continued buying by emerging-market (EM) central banks seeking to diversify away from U.S. Treasury holdings. We remain positive on gold, as concerns regarding high fiscal deficits in developed economies, elevated debt-to-GDP ratios, and questions over Fed independence are likely to continue pushing EM central banks to diversify away from developed-market (DM) sovereign holdings. Copper and aluminum prices rose 4.7% and 2.3%, respectively. A supply disruption at the world's second-largest mine in Indonesia, combined with expectations of lower interest rates and strong underlying demand from the energy transition, supported prices. Brent oil prices fell 1.6% on expectations of further increases in supply from OPEC. U.S. natural gas prices rose by 10.2% in September due to a tightening supply-demand balance driven by reduced U.S. storage levels, consistent global demand, and seasonal weather patterns.

Global Equities:

Emerging markets (EM) outperformed developed markets (DM), with the MSCI EM Index rising 7.0%, while the MSCI World Index gained 3.1%. Strong gains in emerging markets were driven by China's policy support, while strength in the technology sector lifted sentiment. Korea, China, Mexico, and Taiwan were the top-performing markets.

U.S. equities performed strongly, supported by a Fed rate cut and expectations of further easing. The S&P 500 Index rose 3.5%, mainly driven by strong gains in the Nasdaq Index (5.6%) as AI-related euphoria continued. A \$100 billion collaboration between OpenAI and NVIDIA was proposed, emphasizing AI infrastructure scaling—millions of GPUs and new data-center builds—to support next-generation training workloads. Oracle surged 36% in one day and 24% over the month, amid blockbuster cloud-contract announcements and a dramatic increase in its AI backlog pipeline. Remaining performance obligations (RPO) for its cloud business leapt to \$455 billion from \$138 billion—a 359% year-over-year (YoY) increase—while a reported \$300 billion, five-year OpenAI deal fueled investor optimism about Oracle's transformation from a legacy software provider into a major AI infrastructure player. Information technology (IT), communication services, utilities, and consumer discretionary sectors recorded strong gains, with their respective sector indices rising 7.2%, 5.5%, 4.0%, and 3.1%. The Russell 2000 Index, a small-cap index of U.S. stocks, rallied 3.0%.

Labor market data disappointed, with only 22,000 jobs added—well below the estimate of 73,000—and unemployment rising to 4.3% from 4.2%. The August jobs report indicated that 73,000 new jobs were added, below expectations of 104,000. Average job gains over the last three months stood at 29,000, compared with 99,000 in the preceding three months. Private-sector job growth was strongest in healthcare (+47k), leisure and hospitality (+28k), and other services (+12k), while it was weakest in durable goods (-19k), professional services (-17k), and wholesale trade (-12k). Government employment declined by 16k. Wage growth slowed to 3.7% year-over-year (YoY); however, it still outpaced inflation, which stood at approximately 2.9%, meaning that consumers continued to experience positive real wage gains.

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Core inflation rose 0.3% in August, in line with expectations and consistent with the prior month. The year-over-year rate of 3.1% was also in line with expectations. Airfares (+5.9% MoM), used cars (+1.0%), and shelter (+0.44%) were the key drivers of monthly inflation. Second-quarter GDP was revised up to 3.8%, reflecting robust consumer spending. The University of Michigan Sentiment Index fell to 55.4 in September from 58.4 in August. The ISM Manufacturing PMI fell to 48.7 in August from 48.7 in July and remained in contractionary territory, while the Services PMI rose to 52.0 from 51.0.

European equities reached new highs, led by technology and industrials, despite mixed economic data and political instability in France. The MSCI Europe ex-U.K. Index rose 1.7% in September. Inflation rose to 2.2%, exceeding the ECB's target, while services inflation remained elevated. Business activity improved, driven by Germany, though France lagged due to political unrest, despite resilient underlying activity data. U.K. equities rose, with the FTSE 100 Index gaining 1.8% on improved global sentiment, although domestic indicators were mixed. Inflation held at 3.8%, with core and services inflation easing slightly. The Bank of England maintained interest rates at 4.00% and slowed its bond-selling programme.

Fixed Income:

September 2025 was a third consecutive month of a positive trend in bond prices. The rally in bonds came on the back of increased expectations of Fed rate cuts, following weak employment data, with signs of more rate cuts to come. Bloomberg Global Aggregate Index and Bloomberg High Yield Index both are up 0.7%.

USTs curve bull flattened heavily through the month with 5s30s moving almost 25bps flatter. There was a pivot around the 5y which was basically unchanged in terms of yield as policy expectations were priced into the short end and inflation expectations moved the long end. 2s10s flattened c.6 bps during the month. Corporate bonds also saw a credit spreads continue to tighten during the month — global credit spreads are currently at multi-decade lows. The implied volatility continues to decrease with MOVE

Index down almost 22% YTD.

August NFP 22k vs 75k est. and a higher unemployment rate of 4.3% vs 4.2% prev., continued to show the deterioration in this arm of the Fed mandate. Inflation data was broadly in-line with expectations and continues to ebb away from the highest levels from earlier this year, but still historically elevated. August Core PCE at 2.9%, within a final 2Q GDP reading which was revised significantly higher to 3.8% from 3.3%, reflecting the consistent strength of the US consumer. Looking at the data, particularly the labor market, Fed policymakers cut interest rates by 25bp as expected with a potential for more rate cuts to come. Markets are currently pricing-in another 50bp in cuts by the end of the year.

Sovereigns and quasi-sovereign issuers in the Gulf were especially active in September — for example, GCC collectively issued over \$27 billion in international bond and sukuk offerings during the month. Some headline Gulf issuance included tight-spread deals from Abu Dhabi (e.g. a \$2 billion 10-year USD bond at a narrow spread) amid strong investor demand. Kuwait returned to debt markets with a large issuance of \$11.25 billion after an eight-year hiatus.

Emerging market (EM) bonds rallied in September. Both Emerging Markets Aggregate Index (EMUSTRUU) and the Bloomberg EM GCC Credit + HY Index (BGCCTRUU) closed the month higher by 1.1% and 1.5% respectively, with a YTD gains of more than 8%.

Market Outlook: Given no black swan event is happening we see the peak of the yields and expect Fed to cut additional 25 bps until the end of the year. However, tariff shocks and fiscal expansion from U.S. policy under the new administration, threaten to reignite inflation can push yields higher. Increased government deficits could fuel yield premiums and investor caution toward Treasuries. Central bank credibility may come under strain if political interference (e.g. in Fed governance) emerges, which could keep rates elevated and markets skittish. Should economic growth soften or inflation fall more than expected, longer-term bonds could regain appeal as a safe haven and hedge asset.

We anticipate 10-year bond yields to trade in a range of 4.00%-4.60% as the market balances growth concerns against persistent inflation risks. We favor shorter-duration exposure and prefer GCC fixed income presents opportunities given limited tariff exposure and stable fundamentals.



EM Equities: The MSCI EM Index rose 7% MoM in September, bringing its YTD gains to 25.2%. This marked the index's ninth straight monthly advance — its longest winning streak since March 2004 across the 24-country benchmark. China, with its significant weighting in the index, played a leading role in driving the rally. Asian markets were strong performers overall, with China climbing 9.3%, South Korea 11.4%, and Taiwan 8.8%. The strength in Chinese equities was particularly influential, helping lift the broader index as other key markets such as India, Indonesia, and Chile lagged. A softer U.S. dollar also boosted investor appetite for EM assets. Additional gains came from valuation re-ratings and momentum flows into EM stocks with exposure to AI and technology. Investors also began shifting capital out of overbought positions and into selective opportunities within the EM space.

Commodities: Oil: Brent crude oil fell 1.6% in September, closing at \$67/bbl. Economic growth concerns, slower industrial activity, weaker demand in key consuming markets and higher supply from OPEC+ dampened the outlook.

Natural gas: Henry Hub prices rose 10.2% m-o-m, driven by milder late-summer temperatures and the seasonal transition into fall, which increased demand volatility for power generation, cooling, and heating.

Petrochemicals: Petchems were down on m-o-m, with SE Asia PP losing -3.2%, MEG -5.5%, LLDPE down -3.1%, HDPE -1.1% and LDPE losing -1.8%. Petchems are down YTD, with small movement in prices driven by persistent oversupply which continues to drag down operating rates and compress profit margins across the industry as well as weak end-market demand.

Metals: Copper gained 4.1% while aluminum was up 2.3% MoM.

Precious metals: Gold rose c.12% in September and hit multiple new ATH during the month, due to the strong inflows, interest from the major investors and EM central banks on elevated geopolitical risks

Currencies: EM currencies (MSCI EM Currency Index) was up 0.4% MoM, while DXY Index was flat as mixed economic data and cautious Fed signals balanced expectations for rate cuts against underlying U.S. resilience. Global central bank easing and neutral risk sentiment further muted directional pressure, keeping the dollar in a consolidation range.

MENA Equities: MENA markets delivered a mixed performance during the month, with the S&P Pan Arab Composite Large Mid Cap Index rising 3.9%. Gains were primarily driven by Saudi Arabia, Kuwait, Egypt, and Oman. Saudi Arabia was the best-performing market, with the TASI rising 7.5% after Bloomberg reported that the market regulator is in the process of removing the 49% cap on foreign ownership of listed companies. The removal of such a cap could increase the weight of Saudi Arabia in the MSCI and FTSE Emerging Market (EM) Indices, leading to both strong passive and active inflows. Consequently, active investors positioned aggressively during the month to reduce the underweight positions that most had been maintaining. The banking sector rose 10.7%, driven by strong gains in Al Rajhi Bank and SNB, as these two institutions are expected to be the key beneficiaries of any increase in the foreign-ownership limit within the sector.

Kuwait's All Share Index gained 3.5%, driven by strong performance in the banking sector. Egypt's EGX30 Index rose 4.3% on improving economic growth and easing inflation. Egypt's consumer price index (CPI) eased to 10.7% in August from 11.6% in July, increasing expectations of another rate cut in October. The DFM and ADX experienced a second consecutive month of profit-taking, driven by investors increasing their weightings in Saudi Arabia and by recent secondary public offerings, accelerated book-building, and IPOs that drained liquidity from the market. The DFM fell 3.7%, while the ADX declined 0.8%.

Dubai's telecommunications operator du completed its secondary public offering, raising \$858 million for its selling shareholder. Mubadala Investment Company, through its subsidiary Mamoura Diversified Global Holding, sold 342 million shares—representing 7.6% of du's share capital and 75% of Mamoura's stake in the company—under the offer. The offering increased du's free float to 27.7%. G42 sold a 2% stake in Presight AI Holding PLC through an accelerated offering to institutional investors, a move that raised about \$100 million and expanded Presight's free float. The Board of Directors of ADCB approved a rights issue to raise up to AED 6.1 billion in capital through the issuance of 592.2 million shares. This capital increase will help the bank meet higher regulatory capital requirements and execute its five-year strategy aimed at doubling its net profit to AED 20 billion.



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	11,503	7.5%	-4.4%	17.3	2.3	3.7%
Dubai - DFMGI	5,840	-3.7%	13.2%	11.2	1.8	5.0%
Abu Dhabi – FADGI	10,015	-0.8%	6.3%	12.7	2.0	4.5%
Qatar – DSM	11,053	-1.5%	4.6%	12.1	1.4	4.7%
Kuwait - All Share	8,796	3.5%	19.5%	18.0	2.1	4.2%
Oman - MSM30	5,182	3.0%	13.2%	10.7	0.7	5.8%
Bahrain – BHSEASI	1,948	1.0%	-1.9%	13.8	1.5	3.8%
Egypt - EGX30	36,670	4.3%	23.3%	7.5	1.8	3.4%
Morocco - MOSENEW	19,025	-5.1%	28.8%	19.9	3.8	2.9%
S&P Pan Arab Composite	179	3.9%	6.1%	14.4	2.0	3.8%
Israel - TA35	3,200	4.7%	33.6%	12.9	2.3	2.4%
Turkey - XU100	11,012	-2.4%	12.0%	4.4	0.6	5.8%
Pakistan - KSE100	165,797	11.5%	44.2%	8.4	1.5	5.0%
S&P 500	6,688	3.5%	13.7%	25.2	5.2	1.2%
STOXX 600	558	1.5%	10.0%	16.0	2.1	3.2%
MSCI EM	1,346	7.0%	25.2%	15.5	2.0	2.5%
MSCI All Country World	985	3.5%	17.1%	21.3	3.4	1.8%
MSCI World	4,307	3.1%	16.2%	22.3	3.7	1.7%

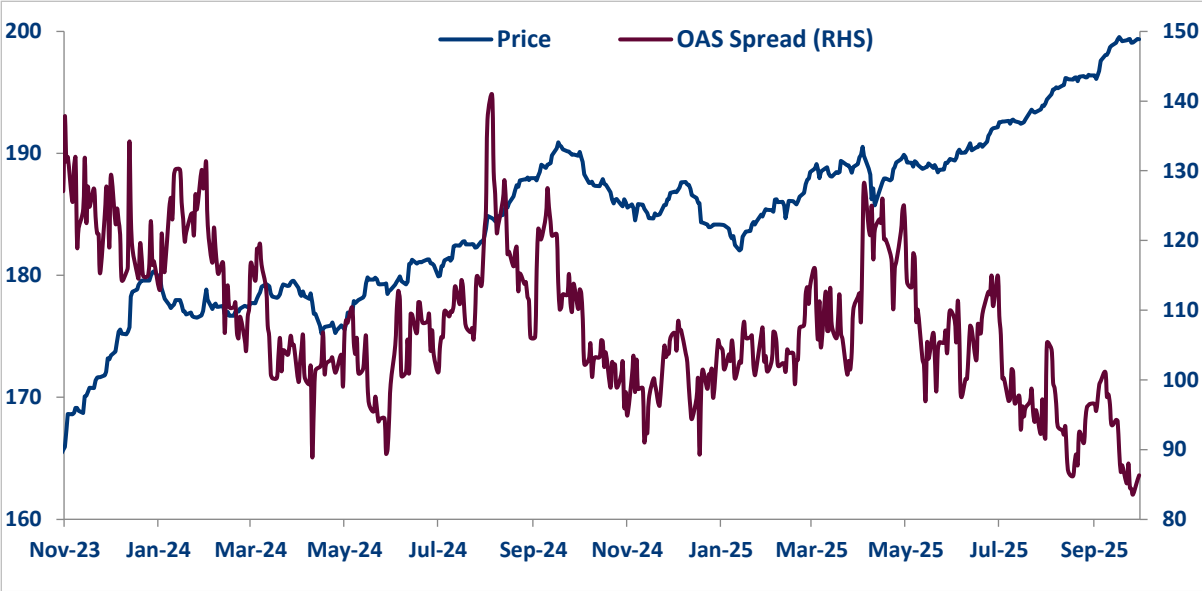
Major Indices Performance	Value	MTD Change	YTD Change
Barclays GCC Credit +HY Index	199	1.5%	8.2%
FTSE MENA Broad Bond Index	185	1.7%	8.6%
Dow Jones Sukuk	100	0.4%	3.1%
Barclays Global Aggregate Index	500	0.7%	7.9%
Barclays Global High Yield Index	1,821	0.7%	9.6%
Barclays US Treasury Index	2,413	0.8%	5.4%
Barclays US Corporate Index	3,516	1.5%	6.9%
Barclays US Corporate High Yield index	2,877	0.8%	7.2%
JPM EM Global Bond Index	668	1.7%	10.5%
Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index	1,354	1.11%	8.5%
Bloomberg Barclays US Aggregate Bond Index	2,323	1.1%	6.1%
Markit CDX Emerging Markets Index	98	-0.3%	1.0%
Barclays EM High yield	1,740	0.3%	8.7%
Barclays EM Corporate Index	320	0.6%	7.1%
10-year US Treasury yield* (%)	4.15	-8	-42
30-year US Treasury yield* (%)	4.73	-20	-5
US Treasury 2-10 Spread*	53.99	-7	21
US Treasury 2-30 Spread*	112.06	-19	58
10-year US Treasury Real yield* (%)	1.78	-4	-45
10-year Germany Treasury yield* (%)	2.71	-1	34
US Breakeven 10 Year*	2.37	-4	3
10-year Saudi Arabia Govt USD Bond yield* (%)	4.65	-6	-71
8-year Abu Dhabi Govt USD Bond yield* (%)	3.92	-19	-110
4-year Kuwait Govt USD Bond yield* (%)	4.04	-22	-96
9-year Oman Govt USD Bond yield* (%)	4.64	-17	-110
10-year Bahrain Govt USD Bond yield* (%)	5.77	-21	-116
7-year Qatar Govt USD Bond yield* (%)	3.85	-23	-81
10-year Egypt Govt USD Bond yield* (%)	8.20	-61	-170
EIBOR 3M* (%)	3.88	-32	-57
QAIBOR 3M* (%)	4.33	-38	-35
Dubai 5 Year CDS* (bps)	56	2	-7
Qatar 5 Year CDS* (bps)	32	3	-12
2-year US Treasury yield* (%)	3.61	-1	-63

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)	67.02	-1.6%	-10.2%
Natural Gas (USD/mmbtu)	3.30	10.2%	-9.1%
Gold (USD/Ounce)	3,859	11.9%	47.0%
Copper (USD/MT)	10,226	4.1%	18.2%
Aluminium (USD/MT)	2,679	2.3%	6.0%
Nickel (USD/MT)	15,052	-1.3%	-0.4%
Urea Middle East (USD/MT)	449	-10.1%	23.7%
Methanol China (USD/MT)	262	1.6%	-16.6%
SE Asia Polyethylene (USD/MT)	930	-1.1%	-4.1%
Polypropylene (USD/MT)	920	-3.2%	-6.1%
US Dollar Index	97.78	0.0%	-9.9%
MSCI EM Currency index	1,842.86	0.4%	6.7%
JPM EM Currency index	45.96	0.3%	7.4%
EGP/USD	0.021	1.5%	6.1%
TRY/USD	0.024	-1.0%	-15.0%
PKR/USD	0.355	0.3%	-1.0%
ILS/USD	0.302	0.8%	9.8%
EUR/USD	1.17	0.4%	13.3%
GBP/USD	1.34	-0.4%	7.4%
USD/JPY	147.90	0.6%	-5.9%



Global Asset Allocation and Outlook



Global Asset Allocation and Outlook

The Federal Open Market Committee (FOMC) lowered the federal funds rate by 25 bps to 4.00–4.25% at its September meeting and hinted that another rate cut is likely in October. The FOMC’s median projection indicated two additional rate cuts this year. In his speech at the annual meeting of the National Association for Business Economics (NABE) in Philadelphia, Chair Powell reiterated that downside risks to employment have increased. In the Q&A session, Powell noted that further declines in job openings might soon begin to appear in the unemployment data.

On inflation, Powell stated that tariff-related goods inflation had exerted upward pressure on core inflation but noted that long-term inflation expectations remained well anchored. Hence, we believe that the Fed is on course to cut the policy rate by 25 bps at its October 28–29 meeting. We also expect the Fed to implement two additional rate cuts in 2026. Importantly, we view the Fed’s ability to combat inflation as limited in a scenario where much of the price pressure stems from tariffs. We also believe that we are in the early to mid-cycle phase of AI-related spending and expect growth to continue at a compound annual growth rate (CAGR) of 25% over the next five years.

Within equities, we anticipate the ongoing rotation into cyclical — industrials, real estate, homebuilders, and consumer discretionary—as well as small-cap stocks to continue, as these segments stand to benefit most from lower interest rates. We also expect a positive cascading impact on MENA equities. Still, diversification remains essential in case of any upside surprises in goods inflation.

We stay overweight on equities, as we continue to see the following catalysts supporting the market in 2H 2025 – i) **Economic stimulus** from the passage of the Trump tax-cut bill ii) **Monetary stimulus**, with the Federal Reserve expected to cut rates further, in response to an economic slowdown linked to tariffs—despite a near-term rise in inflation. iii) **Progress on trade**, with the establishment of agreements on a broad trade deal framework between the United States and its major trading partners iv) **Improved market sentiment**, as investors appear willing to look through short-term earnings weakness driven by margin contraction and slower revenue growth tied to tariffs v) **Rebound in labor market in 2026** as tariff related uncertainty subsides vi) **Continued momentum in AI-related stocks** vii) US 10-year treasury yields remaining well behaved with 4.60% level acting as a cap.

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

We stay neutral on bonds. We expect yields to head higher in the near-term as tariffs start to show up in the CPI. We continue to remain well-diversified across asset classes, countries, and sectors, and to maintain an up in quality stance. We believe this is an opportune time to lock in high yields, before the fed start to cut rates, 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 remain selective on duration and view 4–5-year fixed income maturities as the current sweet spot. In our regional portfolios. Regionally, we favor the UAE over Saudi Arabia, given the UAE's lower breakeven oil price, which supports stronger fiscal resilience.

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

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 2024
- 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, META, Netflix, Broadcom

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 maintain our neutral stance on Europe after a sharp rally YTD. We remain underweight on EMs. However, there are strong structural domestically driven economic growth stories such as Taiwan and 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 discount of 6% vs the MSCI EM Index on a 1-year forward PE basis, vs the long-term average premium of 10%, driven by oil price uncertainty. Despite a strong rally YTD, we continue to remain optimistic on the UAE markets as the fundamental backdrop remain solid tied to robust population growth, and push towards diversification. We expect the market performance to broaden out with laggards starting to participate.

We expect the Saudi equity market to establish a floor around the 10,600 level due to the ongoing oil price volatility. We favor selective opportunities in Saudi banking sector, infrastructure sector and tourism-related equities due to the 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, Akbank, Alinma Bank, DIB, GBK, KFH, NBK, SNB
- **Consumer Discretionary and Staples:** Lulu Retail, Spinneys
- **Energy:** ADNOC Drilling,, ADNOC L&S, NMDC Energy, QGTS
- **Healthcare:** Mouwasat
- **Real Estate:** Aldar Prop, Dubai Residential, Emaar Dev, Emaar Prop, RAK Prop, TECOM
- **Industrials:** AD Ports, Budget, Catrion Catering, DTC, Parkin, Salik, SGS
- **Utilities:** DEWA, Empower



Global Asset Allocation and Outlook

EM Fixed Income:

We continue to remain neutral on bonds and retain an underweight stance on duration. We believe fixed income markets are at an inflection point. With the 10-year yield near 4% and the belly of the curve already repriced, further upside price potential may be limited. We expect continued curve volatility as policy evolves, but ultimately a continued steepening as the Fed cuts rates.

Bonds have an essential role in a portfolio, providing both income and diversification benefits if the deterioration in the US labor market picks up steam. However, with around 100 bps of rate cuts priced for the Fed in the next twelve months, there is a real risk that markets are underestimating the potential inflationary impact of tariffs that could still come down the tracks.

Against this backdrop, we are emphasizing quality and flexibility. We continue to capture carry-through high-quality credit exposure while managing interest rate risk through active curve positioning. We remain selective on duration and view 4–5-year fixed income maturities as the current sweet spot. In our regional portfolios..

Saudi Arabia. SAUDI Yield curve inched lower during the month. Yields on KSA 5.75 2054 were down by 3bps in September and reached 5.7%. Key issuances included \$5.5 billion from Saudi Arabia's sovereign sukuk, \$2.75 billion SECO, and \$1.5 billion in AT1 sukuk programs by Saudi banks (Alinma and Bank AlJazira). 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 September with major real estate names tapping the market again (Binghatti, Sobha, Omniyat), as well as Abu Dhabi Government.

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's fixed-income market is poised for strong growth following the passage of a new public debt law allowing up to KWD 30 billion (≈USD 97 billion) in borrowing and the country's return to international markets.

Reforms are underway to boost sukuk issuance, enhance regulatory clarity, and attract international investors. While the outlook is positive, risks remain from oil price volatility and global interest rate movements.

INDIA –India's bond and corporate debt market is growing strongly: corporate issuances in FY25 nearly hit ₹10 trillion, with expectations of around ₹11 trillion in FY26 driven by improved liquidity, rate cuts by the RBI, and demand from insurers, mutual funds, and FPIs. The government is scaling back issuance of ultra-long maturities (30-50 year bonds) due to waning demand from insurance and pension funds, while green and sustainable bonds are expanding and regulatory reforms are slowly improving access and transparency.

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 was flat during the month, mainly due to the underperformance of UAE real-estate names, as well as some weakness in Turkey names (Akbank). Gains in names such as ADNOC L&S, Tawuniya, as well as Saudi banks (Alinma, Al Rajhi) helped cushion the losses.

During the month we took profit on the names as ADNOC L&S, ADNOC Drilling, as well as Saudi banks (Al Rajhi, SNB, Alnima). In fixed income we have exited ARAMCO 3 ½ 11/24/70. We have added weight to our existing positions in Dubai REIT, DTC and QGTS.

	2025	Inception (30 Jul 2020) (Class I)
Total Return	5.3%	100.5%
Annualized Return	6.9%	14.3%
Annualized Volatility	9.1%	7.9%
Sharpe Ratio	0.3	1.4

NAV as of 2nd October 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 been listed in the previous 5 years.

The fund lost 3.1% for the month, as liquidity was sucked out of the market linked to the recent FPOs and IPOs and investor increasing their weight in Saudi by selling UAE names. Dubai REIT, Salik, AD Ports and Parkin were the key contributors to the negative return. Spinneys and Lulu showed some weakness, contributing to overall portfolio weak performance. The topmost positive contributors were ADNOC L&S, ADNOC Drilling and AWPT.

During the month we took profit on DEWA, ADNOC L&S, ADNOC Drilling. We also fully sold Boursa Kuwait and partially sold NMDC Energy to fund the allocation of ALEC Holding IPO. We have added to Dubai REIT to exploit the weakness in price.

	2025	Inception (Aug 2022) (Class A)
Total Return	-5.2%	20.0%
Annualized Return	-	5.9%
Annualized Volatility	-	9.1%
Shape Ratio	-	0.3

NAV as of 30th September 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.

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