

# **Al Mal UAE Equity Fund**

## **Fund manager's report and financial statements**

For the year ended 31 December 2025

# Al Mal UAE Equity Fund

## Financial statements

For the year ended 31 December 2025

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## Fund Manager's Report

Al Mal UAE Equity Fund's NAV per unit closed 2025 at AED 2.00, delivering a return of 8.5% while distributing 5% in dividends during the year. The Fund underperformed the S&P UAE 10% Capped Index by 6.6% on a net basis. Within the UAE, Dubai was among the strongest-performing GCC markets, with the DFM Index gaining 17.2% in 2025, while the ADX General Index recorded a more modest increase of 6.1%.

The global macro environment has become increasingly complex in early 2026 as geopolitical tensions in the region introduce new inflationary and growth risks to the global economy. The primary transmission channel remains energy trade routes, with any disruption through the Strait of Hormuz carrying significant implications for global inflation and monetary policy. The closure of the Strait, through which approximately 20% of global oil and a significant portion of LNG flows, would result in one of the largest energy supply disruptions in history. As a result, the path of interest rate cuts in the U.S. and other developed markets may be delayed, keeping global liquidity conditions tighter for longer and increasing market volatility.

Against this backdrop, the UAE economy entered 2026 from a position of strength, supported by robust non-oil growth, expansionary fiscal policy, rising oil production, and continued population inflows. However, the macro impact of the regional conflict on the UAE will largely be driven by the interaction between oil prices and export volumes. Higher oil prices provide an immediate boost to fiscal revenues and external balances, but this support depends on the ability to sustain export volumes. If disruptions in the Strait of Hormuz persist, the loss in export volumes could gradually offset the benefit from higher prices and begin to weigh on overall economic activity.

In our view, the economic impact of the regional conflict on the UAE is likely to be sentiment-driven in the short term rather than structural. Key areas of sensitivity include tourism, real estate transactions, logistics activity, and foreign investment flows. Despite strong fiscal positions, the non-oil economy will likely face near-term headwinds as uncertainty weighs on private consumption and travel disruptions affect key sectors, particularly during the peak season. However, the UAE's political stability, strong financial system, and safe-haven status in the region may lead to capital inflows over the medium term, partially offsetting any near-term slowdown. In a major development, the Central Bank of the UAE approved a comprehensive Financial Institutions Resilience Package to reinforce the stability of the banking sector under current regional and global conditions. Also, the Central Bank has indicated it stands ready to deploy additional policy tools if required, while confirming that the banking sector remain resilient.

UAE equity markets, which were performing very well in the first two months of 2026, witnessed strong selling pressure during March as geopolitical risks triggered foreign outflows and a broad-based market decline. We expect markets to remain volatile in the near term and largely driven by geopolitical developments and oil price movements. However, we remain constructive on the medium-term outlook for UAE equities, as the macro backdrop remains supportive, earnings visibility is strong, and dividend yields remain attractive relative to global markets. While uncertainty remains elevated, we believe that a disciplined analytical framework and a long-term asset allocation approach will position investors well for 2026 and beyond.



Faisal Hasan  
Chief Investment Officer  
30 March 2026

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## Independent auditors' report

### To the Unit Holders of Al Mal UAE Equity Fund

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Al Mal UAE Equity Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in net assets attributable to unit holders and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards)

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other Information

The Fund Manager is responsible for the other information. The other information obtained at the date of this auditors' report is the Fund Manager's Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements**

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Fund's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Lower Gulf Limited

Fawzi AbuRass  
Registration No.: 968  
Dubai, United Arab Emirates

Date : **30 MAR 2026**

# Al Mal UAE Equity Fund

## Statement of financial position

		As at 31 December	
	Notes	2025	2024
		AED'000	AED'000
<b>ASSETS</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss ("FVTPL")	7	52,082	46,914
Receivables and other assets	8	30	189
Cash and cash equivalents	6	1,785	2,518
<b>Total assets</b>		<b>53,897</b>	<b>49,621</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and other liabilities	9	161	1,026
<b>Total liabilities</b>		<b>161</b>	<b>1,026</b>
<b>Net assets attributable to holders of redeemable units</b>	10	<b>53,736</b>	<b>48,595</b>

To the best of our knowledge, the financial statements fairly presents, in all material respects, the statement of financial position, results of operations, and cash flows of the Fund as of, and for the year ended 31 December 2025.

The financial statements were approved by the Fund Manager on 30 March 2026 and signed on its behalf by:

Al Mal Capital PSC, Fund Manager

  
Deputy CEO

  
Chief Financial Officer

The independent auditors' report is set out on pages 2 to 4.

The notes on pages 9 to 25 form an integral part of these financial statements.

# Al Mal UAE Equity Fund

## Statements of profit or loss and other comprehensive income

	<i>Notes</i>	<b>Year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
		<b>AED'000</b>	<b>AED'000</b>
Net gain from financial assets at fair value through profit or loss ("FVTPL")	<i>11</i>	<b>3,501</b>	8,048
Dividend income	<i>7</i>	<b>2,076</b>	2,155
Interest income		<b>54</b>	129
<b>Total investment income</b>		<b>5,631</b>	10,332
Management fees	<i>12</i>	<b>(771)</b>	(795)
Performance fees	<i>12</i>	<b>-</b>	(944)
Custodian fees		<b>(51)</b>	(54)
Administration fees	<i>13</i>	<b>(131)</b>	(88)
Professional fees		<b>(118)</b>	(123)
Other operating expenses		<b>(17)</b>	(46)
<b>Total operating expenses</b>		<b>(1,088)</b>	(2,052)
<b>Profit for the year</b>		<b>4,543</b>	8,280
Other comprehensive income			-
<b>Total comprehensive income for the year</b>		<b>4,543</b>	8,280

The independent auditors' report is set out on pages 2 to 4.

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# Al Mal UAE Equity Fund

## Statement of changes in net assets attributable to unit holders

	<i>Notes</i>	As at 31 December	
		2025 AED'000	2024 AED'000
Balance at 1 January		48,595	48,820
Profit for the year		4,543	8,280
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>4,543</b>	<b>8,280</b>
Contributions, redemptions and dividend to holders of redeemable units:			
Issue of redeemable units during the year	10	3,459	568
Redemption of redeemable units during the year	10	(45)	(6,444)
Distribution of dividend during the year	10	(2,816)	(2,629)
<b>Net distributions by holders of redeemable units</b>		<b>598</b>	<b>(8,505)</b>
<b>Balance at 31 December</b>		<b>53,736</b>	<b>48,595</b>

The independent auditors' report is set out on pages 2 to 4.

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# Al Mal UAE Equity Fund

## Statement of cash flows

	Notes	Year ended 31 December	
		2025 AED'000	2024 AED'000
<b>Cash flows from operating activities</b>			
Profit for the year		4,543	8,280
Adjustments:			
Unrealised gain from financial assets at fair value through profit or loss ("FVTPL")	11	(3,753)	(7,069)
Dividend income	7	(2,076)	(2,155)
<b>Operating cash flows before changes in working capital and dividends received</b>		<b>(1,286)</b>	<b>(944)</b>
<b>Changes in working capital</b>			
Proceeds from sale of financial assets measured at FVTPL	7	41,675	30,318
Purchase of financial assets measured at FVTPL	7	(43,090)	(24,773)
Change in receivables and other assets		159	729
Change in payables and other liabilities		(865)	422
<b>Cash (used in)/generated from operations</b>		<b>(3,407)</b>	<b>5,752</b>
Dividends received		2,076	2,155
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(1,331)</b>	<b>7,907</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of redeemable units	10	3,459	568
Payments on redemption of redeemable units	10	(45)	(6,444)
Dividend distribution during the year	10	(2,816)	(2,629)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>598</b>	<b>(8,505)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(733)</b>	<b>(598)</b>
Cash and cash equivalents at beginning of year		2,518	3,116
<b>Cash and cash equivalents at end of year</b>	6	<b>1,785</b>	<b>2,518</b>

The independent auditors' report is set out on pages 2 to 4.

The notes on pages 9 to 25 form an integral part of these financial statements.

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 1 Status and principal activities

Al Mal UAE Equity Fund (the “Fund”) is an open-ended investment fund established under the approval of the Central Bank of the United Arab Emirates, reference 13/210/2006, dated 6 February 2006. The Fund commenced operations on 1 March 2006 and is currently licensed by the Securities and Commodity Authority (“SCA”) (currently known as Capital Markets Authority or “CMA”) of the United Arab Emirates (“UAE”).

The objective of the Fund is to achieve medium to long term capital growth and a reasonable level of income by investing primarily in equity securities listed on the Abu Dhabi Securities Exchange (“ADX”), Dubai Financial Market (“DFM”), NASDAQ Dubai and London Stock Exchange although, where appropriate, investments may also be made in equity securities listed on stock exchanges in other Gulf Cooperation Council (“GCC”) countries or elsewhere as permitted by the prospectus.

The Fund’s investment activities are managed by Al Mal Capital PSC (the “Fund Manager” or “Investment Manager”), a United Arab Emirates (“UAE”) based company. Standard Chartered Bank, DIFC (“SCB”) is the administrator to the Fund.

The registered office of the Fund is at 48 Burj Gate, Downtown Dubai, Sheikh Zayed Road, P.O. Box. 119930, Dubai, United Arab Emirates.

#### *Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes*

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to enact a new CT regime in the UAE. The new CT regime became effective for accounting periods beginning on or after 1 June 2023.

The Fund does not fall under the category of a taxable person under Article 11 of the CT Law and there is no potential current or deferred tax impact for the year ended 31 December 2025. Further, the unitholders of the Fund will be subject to tax on their share of profits in the Fund as Partners in an Unincorporated Partnership under Article 16 of the CT Law.

On 15 August 2025, the Fund submitted an application to the Federal Tax Authority (“FTA”) to register as an Unincorporated Partnership. As at the reporting date, the application remains under review by the FTA. The Fund will continue to monitor the status of the registration and will file the Unincorporated Partnership declaration upon approval.

The Fund will continue to assess the expected impact and continue to evaluate its interpretation in light of the Decisions and related guidance.

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025 (continued)

### 2 Application of new and revised IFRS Accounting Standards

#### 2.1 New and revised standards adopted by the Fund

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2025, do not have any material impact on the Fund's consolidated financial statements.

<b>Title and key requirements</b>	<b>Effective for annual periods beginning on or after</b>
<b>Amendments to IAS 21 - Lack of Exchangeability</b> The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate a company can use an observable exchange rate without adjustment or another estimation technique. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process and risks to the company because the currency is not exchangeable.	1 January 2025

#### 2.2 New and revised IFRSs issued but not yet effective

<b>Title and key requirements</b>	<b>Effective for annual periods beginning on or after</b>
<b>Amendments to IFRS 9 and IFRS 7 - Classification of financial assets</b> Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPT criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.	1 January 2026

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 2 Application of new and revised IFRS Accounting Standards *(continued)*

#### 2.2 New and revised IFRSs issued but not yet effective *(continued)*

<b>Title and key requirements</b>	<b>Effective for annual periods beginning on or after</b>
<p><b>IFRS 18 Presentation and Disclosure in Financial Statements</b> IFRS 18 will replace IAS I - 'Presentation of Financial Statements' and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following new key requirements:</p> <ul style="list-style-type: none"><li>- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change</li><li>- Management defined performance measures ("MPMs") are disclosed in a single note in the financial statements</li><li>- Enhanced guidance is provided on how to group information in the financial statements</li></ul> <p>In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.</p>	1 January 2027
<p><b>IFRS 19 Subsidiaries without Public Accountability: Disclosures</b></p> <p>The Fund is currently assessing the impact of these standards, interpretations and amendments on the future consolidated financial statements and intends to adopt these, if applicable, when they become effective.</p>	1 January 2027

### 3 Material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) *Statement of compliance*

The financial statements of the Fund have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). IFRS Accounting Standards comprise accounting standards issued by the IASB as well as Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 3 Material accounting policies *(continued)*

#### *(b) Basis of measurement*

These financial statements are prepared under the historical cost convention, except for financial assets at fair value through profit or loss which are measured at fair value.

These financial statements are presented in United Arab Emirates Dirham (“AED” or “UAE Dirhams”), which is the functional currency of the Fund, rounded to the nearest thousand.

#### *(c) Use of estimates and judgements*

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these financial statements are included in Note 5.

#### *(d) Dividend income*

Dividend income from equity securities designated at fair value through profit or loss is recognised in the “Dividend income” line in the statement of profit or loss and other comprehensive income when the right to receive income is established. Usually this is the ex-dividend date for equity securities.

#### *(e) Net gain or loss from financial instruments at fair value through profit or loss*

Net gain or loss from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences but excludes dividend income. Net realised gain or loss from financial instruments at fair value through profit or loss is calculated using the average cost method

#### *(f) Fees, commission and other expenses*

Fees, commission and other expenses including management fees, performance fees, custodian fees and professional fees are recognised in the statement of profit or loss and other comprehensive income as the related services are performed.

#### *(g) Financial assets at fair value through profit or loss*

The categories of financial instruments held by the Fund are disclosed in Note 14.

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 3 Material accounting policies *(continued)*

#### (g) *Financial assets at fair value through profit or loss (continued)*

##### (i) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

As such, the Fund classifies all of its investment portfolio as financial assets or liabilities at fair value through profit or loss.

##### (ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date, the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss ("FVTPL")' category are presented in the statement of profit or loss and other comprehensive income within 'Net gain or loss from financial instruments at fair value through profit or loss ("FVTPL")' in the period in which they arise.

#### *Foreign exchange gains and losses*

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets measured at FVTPL, the foreign exchange component is recognised in the statement of profit or loss and other comprehensive income.

##### (iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 3 Material accounting policies *(continued)*

#### *(h) Financial liabilities*

The Fund recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

#### *(i) Offsetting financial assets and financial liabilities*

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

#### *(j) Redeemable units*

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Puttable financial instruments that meet the definition of a financial liability can be classified as equity where certain strict criteria are met. Those criteria include:

- the puttable instruments must entitle the holder to a pro-rata share of net assets.
- the puttable instruments must be the most subordinated class and class features must be identical.
- there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer.

The Fund has one class of redeemable units in issue. These are the most subordinate class of financial instruments in the Fund. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's unit in the Fund's net assets at each redemption date and also in the event of the Fund's liquidation. There is no contractual obligation on the Fund Manager to pay dividends. Therefore, the redeemable units meet the criteria mentioned above and have been classified as equity.

#### *(k) Foreign currency*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 3 Material accounting policies *(continued)*

#### *(k) Foreign currency (continued)*

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

#### *(l) Distribution payable*

Dividend distribution to the Fund's unit holders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved by the Fund Manager. The Fund's distributions are classified as dividends paid in the statement of changes in net assets attributable to holders of redeemable units.

#### *(m) Cash and cash equivalents*

Cash and cash equivalents include current accounts with banks. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

#### *(n) Provisions*

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that the Fund will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

### 4 Financial risk management

#### *(a) Introduction and overview*

The Fund has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk; and
- Operational risk.

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for managing risk, and the Fund's management of unit holders' funds.

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 4 Financial risk management (continued)

#### (a) Introduction and overview (continued)

##### Risk management framework

The Fund maintains positions in a variety of non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio comprises quoted equity investments.

The Fund's Investment Manager has been given a discretionary authority to manage assets in line with the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Manager on a regular basis. In instances where the portfolio has diverged from the target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

#### (b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from cash at banks and receivables and other assets. The Fund seeks to manage its credit risks by monitoring credit exposures and assessing the creditworthiness of counterparties.

The Fund's maximum credit risk exposure at the statement of financial position date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position as follows:

	2025 AED'000	2024 AED'000
Cash and cash equivalents (note 6)	1,785	2,518
Receivables and other assets	-	170
	<u>1,785</u>	<u>2,688</u>

The Fund Manager measures credit risk and expected credit losses using the probability of default, exposure at default and loss given default. Cash and cash equivalents is only held with reputable banks with an acceptable rating provided by reputable rating agencies.

The Fund Manager considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no expected credit loss has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund (2024: Nil).

#### (i) Cash and cash equivalents

The risk with respect to cash and cash equivalents is limited because the Fund places funds with banks with good credit ratings. The external credit rating for cash and cash equivalents as per Moody's was A1 as at 31 December 2025 (2024: A1).

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 4 Financial risk management (continued)

#### (b) Credit risk (continued)

##### (ii) Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed. For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

#### (c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund's policy and the Investment Manager's approach to managing liquidity is to have sufficient liquidity to meet its liabilities, including estimated redemptions of units, as and when due, without incurring undue losses or risking damage to the Fund's reputation. The Fund's prospectus provides for the weekly creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unit holder redemptions at each redemption date.

The Fund's redemption policy only allows for redemptions on a weekly basis and unit holders must provide two weeks' notice. It is the Investment Manager's policy to have liquid assets comprising cash and cash equivalents and investments in listed securities for which there is an active and liquid market. In addition, the Fund Manager is empowered to impose a redemption gate should redemption levels exceed 10% percent of the net asset value of the Fund in any redemption period.

The contractual maturity of all financial assets and liabilities carried at amortised cost is less than 1 year.

#### (d) Market risk

Market risk is the risk that changes in market prices, such as currency rates, interest rates, equity prices and credit spreads (not related to changes in the obligor's / issuer's credit standing) will affect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Fund's strategy for the management of market risk is driven by the Fund's investment objective.

##### (i) Currency risk

The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency. The Fund does not have a significant foreign exchange exposure since the majority of its transactions are denominated in AED, which is currently pegged to United States Dollar, and other currencies pegged to the AED through the United States Dollar.

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 4 Financial risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market interest rates. At the reporting date, the Fund is not exposed to interest rate risk as it does not hold any material interest-bearing financial assets or liabilities.

(iii) Equity securities price risk

Equity securities price risk is the risk that the fair value of the financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer, or factors affecting all instruments traded in the market. Price risk is managed by the Investment Manager by diversifying the portfolio. The Fund's policy for concentration of its investment portfolio profile is as follows:

Any individual equity investment up to 30% of net assets.

The following table sets out the concentration of investment assets held by the Fund as at the reporting date:

	2025 AED'000	2024 AED'000
<b>Equity investments:</b>		
Listed equity securities:		
Abu Dhabi Securities Exchange	30,657	25,498
Dubai Financial Market	21,425	21,416
	<u>52,082</u>	<u>46,914</u>

The Investment Manager further monitors concentration of risk of its equity investments based on counterparties, industries and geographical locations. The Fund's equity investments are concentrated in the following industries:

	2025 AED'000	2024 AED'000
Banks / financial services	15,890	11,352
Utilities	3,825	2,105
Real estate	12,782	5,797
Oil and gas	6,030	4,862
Food & Beverage	-	3,222
Transportation	7,351	5,273
Education	-	2,965
Logistics	1,898	6,232
Others	4,306	5,106
	<u>52,082</u>	<u>46,914</u>

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 4 Financial risk management (continued)

(d) Market risk (continued)

(iii) Equity securities price risk (continued)

The Fund estimates possible market price fluctuations for equity investments on an individual investment basis.

The table below sets out the effect on the Fund's profit or loss and net assets attributable to holders of redeemable units of a strengthening in the overall equity market price by 10% at 31 December. The analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

	Effect on net assets attributable to holders of redeemable units	
	10% change in equity securities price	10% change in equity securities price
	2025 AED'000	2024 AED'000
Exchange traded equity investments	<u>5,208</u>	<u>4,691</u>

A weakening of market prices by 10% would have resulted in an equal but opposite effect to the amounts shown above.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

(f) Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The amount of net asset attributable to holders of redeemable units can change significantly on a weekly basis, as the Fund is subject to weekly subscriptions and redemptions at the discretion of unit holders, as well as changes resulting from the Fund's performance.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders, providing benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 4 Financial risk management *(continued)*

#### *(f) Capital risk management (continued)*

In order to maintain the capital structure, the Fund's policy is to perform the following:

- Monitor the level of weekly subscriptions and redemptions relative to the assets it expects to be able to liquidate within 7 days and adjust the amount of distributions the Fund pays to redeemable unit holders.
- Redeem and issue new shares in accordance with the constitutional documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Investment Manager monitors capital on the basis of the value of net assets attributable to redeemable unit holders.

The Fund's prospectus has set a maximum size for the Fund of AED 1 billion.

### 5 Use of estimates and judgements

#### 5.1 Critical accounting judgments and estimates in applying the Fund's accounting policies

Critical accounting judgements and estimates made in applying the Fund's accounting policies include:

##### *(a) Classification and measurement of financial assets*

The classification and measurement of financial assets depend on the Fund Manager's business model for managing its financial assets and on the contractual cash flow characteristics of the financial asset assessed. The Fund Manager is satisfied that the Fund's investments in securities are appropriately classified and measured.

##### *(b) Valuation of financial instruments*

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 5 Use of estimates and judgements *(continued)*

#### 5.1 Critical accounting judgments and estimates in applying the Fund's accounting policies *(continued)*

##### *(b) Valuation of financial instruments (continued)*

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. The Fund's financial assets at FVPL were measured using level 1 inputs at 31 December 2025 and 2024. There have been no transfers between fair value levels during the year.

### 6 Cash and cash equivalents

	2025 AED'000	2024 AED'000
Current accounts with banks	<u>1,785</u>	<u>2,518</u>

### 7 Financial assets measured at FVTPL

*The movement during the year is as follows:*

	2025 AED'000	2024 AED'000
Balance at the beginning of the year	46,914	45,390
Additions during the year	43,090	24,773
Disposals during the year	(41,675)	(30,318)
Gain on revaluation during the year (note 11)	3,753	7,069
Balance at the end of the year	<u>52,082</u>	<u>46,914</u>

Quoted investments comprise investments made by the Fund in equity securities listed on DFM, ADX, NASDAQ Dubai and the Saudi Stock Exchange. Investment securities are acquired by the Fund principally for generating profits from medium to long term fluctuations in price. Dividend income for the year ended 31 December 2025 amounted to AED 2.1 million (2024: AED 2.2 million).

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 8 Receivables and other assets

	2025 AED'000	2024 AED'000
Advance for investments	-	170
Prepaid expenses	30	19
	<u>30</u>	<u>189</u>

### 9 Payables and other liabilities

	2025 AED'000	2024 AED'000
Performance fee	-	889
Other accruals	161	137
	<u>161</u>	<u>1,026</u>

### 10 Net assets attributable to holders of redeemable units

The analysis of movements in the number of redeemable units and net assets attributable to holders of redeemable units during the year was as follows:

#### Authorised redeemable units

	2025	2024
<i>Number of units</i>		
Redeemable units of AED 1 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>

#### Issued and fully paid

<i>Number of units</i>		
Balance at 1 January	25,088,046	28,265,997
Issue of redeemable units during the year*	1,837,696	317,565
Redemption of redeemable units during the year*	(22,320)	(3,495,516)
Balance at 31 December	<u>26,903,422</u>	<u>25,088,046</u>

#### Net assets attributable to holders of redeemable units

	2025 AED'000	2024 AED'000
Balance at 1 January	48,595	48,820
Profit for the year	4,543	8,280
Issue of redeemable units during the year*	3,459	568
Redemption of redeemable units during the year*	(45)	(6,444)
Distribution of dividend during the year	(2,816)	(2,629)
Balance at 31 December	<u>53,736</u>	<u>48,595</u>
Net asset value per unit (AED/unit)	<u>2.00</u>	<u>1.94</u>

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 10 Net assets attributable to holders of redeemable units *(continued)*

#### Net assets attributable to holders of redeemable units *(continued)*

\*Issue and redemption of units in the Fund is based on the Net asset value per unit at the time of subscription or redemption.

The rights attached to the redeemable units are as follows:

- Redeemable units may be redeemed on the last business day of each calendar week at the net asset value per unit of those assets. The unit holder must request such redemption at least two weeks prior to the redemption date.
- The holders of the redeemable units are entitled to receive all dividends declared and paid by the Fund. Upon winding up, the holders are entitled to a return of capital based on the net asset value per unit.

Notwithstanding the redeemable unit holders' rights to redemption set out above, the Fund has the right, as set out in its prospectus, to impose a redemption gate limit of not more than 10 percent of the net assets of the Fund in any redemption period in order to manage redemption levels and maintain the strength of the Fund's capital base.

### 11 Net gain from financial assets measured at FVTPL

	<b>2025</b>	2024
	<b>AED'000</b>	AED'000
Unrealised gain, net (Note 7)	<b>3,753</b>	7,069
Realised gain, net	<b>(252)</b>	979
	<b><u>3,501</u></b>	<u>8,048</u>

### 12 Related parties

The Fund, in the normal course of business, enters into transactions with business enterprises that fall within the definition of a 'related party' as contained in International Accounting Standard 24. The Fund's management is of the opinion that the terms of such transactions are not materially different from those that could have been obtained from third parties.

Transactions with related parties during the year are as follows:

	<b>2025</b>	2024
	<b>AED'000</b>	AED'000
<b>The Fund Manager</b>		
Management fee expense	<b>771</b>	795
Performance fee expense	-	946
Subscription of redeemable units (31 December 2025: Nil) (2024: 172,765 units)	-	309
Redemption of redeemable units (31 December 2025 : Nil) (2024: 3,495,516 units)	-	6,444

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 12 Related parties *(continued)*

Balances with related parties as at 31 December are as follows:

	2025 AED'000	2024 AED'000
<b>The Fund Manager</b>		
Management fee payable	74	78
Performance fee payable	-	889

#### Management fees

The Fund appointed Al Mal Capital PSC, an investment management company incorporated in the United Arab Emirates, to implement the investment strategy as specified in the prospectus. Under the Investment Management agreement, the Investment Manager receives a management fee at an annual rate of 1.5% of the net asset attributable to holders of redeemable units. This management fee is calculated quarterly on a pro rata basis based on net asset attributable to holders of redeemable units at the beginning of the period.

The investment management contract can be terminated by the Fund at any time.

#### Performance fees

The Investment Manager will be entitled to receive a performance fee in respect of each financial year. The performance fee will be equal to 20% of the increase in the Net Asset Value (NAV) per unit at the end of the financial year compared to the NAV per unit at the end of the immediately preceding financial year above the hurdle rate of 10% subject to the condition that the NAV per unit at the end of the financial year exceeds the high watermark.

The performance fee in respect of each financial year will be calculated with reference to the NAV per unit before deducting any accrued performance fee and adjusted for subscription, redemptions, and distributions during the relevant performance period.

### 13 Administration fees

Under the agreement, the administrator is paid on a quarterly basis the actual cost of administration which will not exceed 0.1% of the Funds average net assets attributable to holders of redeemable units annually. The amount incurred during the year amounted to AED 0.13 million (2024: AED 0.09 million). Included in payables and other liabilities at 31 December 2025 is administration fees payable of AED 0.022 (2024: AED 0.008 million).

### 14 Financial instruments

#### (a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the financial statements.

# Al Mal UAE Equity Fund

## Notes to the financial statements

For the year ended 31 December 2025

### 14 Financial instruments *(continued)*

#### *(b) Categories of financial instruments*

	2025 AED'000	2024 AED'000
<b>Financial assets</b>		
Financial assets measured at fair value	52,082	46,914
Financial assets at amortised cost	1,785	2,688
	<u>53,867</u>	<u>49,602</u>
<b>Financial liabilities</b>		
At amortised cost	<u>161</u>	<u>1,026</u>

#### *(c) Fair value of financial instruments*

The fair values of financial assets and liabilities measured at amortised cost are not materially different from their carrying values at the statement of financial position date.

### 15 Subsequent events

Subsequent to reporting period, geopolitical tensions in the region have increased uncertainty in the operating environment in the United Arab Emirates. These developments are considered non-adjusting events for the financial statements for the year ended 31 December 2025. The Fund continues to monitor the situation closely; however, the potential impact on the Fund's operations cannot currently be estimated.