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AFC Uzbekistan Fund March 2026 Update

Dear Investors and Friends,

March 2026 saw the AFC Uzbekistan Fund turn seven years old during the month, complemented by another month of positive returns, rounding out a great first quarter. The fund's Net Asset Value (NAV) increased to an estimated USD 1,899.5 in March 2026, reflecting a 1.7% rise for the F-shares in February. The total return for the fund since its inception on 29th March 2019 now stands at an estimated 90.0%.

AFC Uzbekistan Fund valuations as of 31st March 2026:

Estimated Weighted harmonic average trailing P/E (only companies with profit):	5.53x
Estimated Weighted harmonic average P/B:	0.92x
Estimated Weighted portfolio dividend yield:	3.06%

War and its impact on Uzbekistan

We have written many times in our updates over the past few years that the world is entering a multi-polar world, and that focusing on import substitution, supply chain resiliency, and control over their natural resources is of paramount importance. Many countries, however, continue to believe that relying on just-in-time inventory, outsourcing supply chains internationally, having a core focus on renewable energy and liquified natural gas imports (LNG) in lieu of domestic coal, nuclear, and gas when possible, and refusing to exploit domestic resources is somehow a smart option. Those countries are set to continue facing impediments to their GDP growth and sustaining their middle classes over the coming years. Meanwhile, Uzbekistan thrived, continues to do so, and is well-positioned among most other countries to continue seeing robust topline GDP growth, industry diversification, and the expansion of its middle class, not without the customary growing pains of any frontier market, of course.

So, where does Uzbekistan stand and how hard will the country's economy get impacted by this energy supply shock and inflationary jolt which is already underway (as many of us see in airfares, as well as petrochemical companies around the world already raising prices by double-digits)? Luckily for Central Asia, hydrocarbons, which are not produced in the region, are coming from Russia. Uzbekistan is no longer self-sufficient in natural gas production due to its booming economy and therefore imports some Turkmen and Russian gas, while crude oil and refined petroleum products are imported from Russia. While energy prices have obviously risen, Uzbekistan typically has multi-month to one-year-long contracts with Russia, so it won't be impacted immediately by price. Even when prices adjust, they will still have a steady supply of energy, which can't be said for Asia or Europe if the war goes on long enough. The bigger question for Uzbekistan is, as of 1st April 2026, Russia is halting gasoline exports until 31st July 2026 to ensure sufficient domestic supply after Ukraine has struck several refineries and petroleum depots during the month. This will certainly have a moderate impact on Uzbekistan, but there is ample domestic and regional supply to fill any void, as Uzbekistan has experienced such export bans by Russia in the past due to shortages without causing much negative impact.

Uzbekistan will likely be hardest hit in terms of logistics since the country has a key transport corridor through Turkmenistan, into northern Iran and over to Turkey for exports to Europe. Further, Uzbekistan uses the Iranian port of Bandar Abbas, situated on the Persian Gulf, for imports of grains (such as soybeans from Argentina) and palm oil from Malaysia, etc. Workarounds will naturally be found, whether importing via Russia/Kazakhstan, trucking some of these products from Pakistan, or using the Caspian Sea to move goods from the Caucasus to Kazakhstan or Turkmenistan and then onward to Uzbekistan.

Another potential impact on the country is that of inflation. No one globally is going to be able to escape the inflationary impulse that comes out of this war. However, we have been hearing rumblings among Tashkent finance circles that there is the potential over the coming months for the Central Bank of Uzbekistan to lower the policy rate from 14% to the 13%-13.5% range due to the country's current single-digit inflation rate of ~7%. We have already seen some Uzbek som bank deposit rates fall below 20%, which gives further confidence in a rate cut (which is obviously positive for the Uzbek stock market). However, based on the new environment we now live in, we would expect the policy

rate to stay at 14% until more clarity is available on the Middle East and the respective energy flows impact on domestic inflation.

Thus, it's abundantly clear that Central Asia is not a bad neighbourhood to be in, in regard to stability and long-term growth. Uzbekistan has the arrows of a base of domestic gas and oil production (providing a partial buffer), energy infrastructure including refineries and petrochemical plants for fertilizer and plastics production, industry (steel, cement, pharmaceuticals, white goods, consumer electronics), and agricultural production in its quiver to insulate itself. It further has roughly USD 67 billion in Central Bank gold holdings and some of the world's largest gold reserves underground, which will allow it to generate hard currency as needed, and more importantly, be very well positioned for the further move by sovereigns into gold coming through the other side of this crisis. We remain pragmatically bullish on the country.

Uzbekistan National Investment Fund

As we've written about over the last half-year, Uzbekistan is preparing to dual list the Uzbek National Investment Fund (UzNIF) on the Tashkent and London Stock Exchanges later this year. We hope to have more clarity in the May/June timeframe about the listing. As things progress with teeing up the IPO, the holdings of the company have slightly changed. Previously, there were 15 investments, and that has now decreased to 13. This restructuring involved an asset swap where UzNIF transferred its 25% stake in NavoiAzot, the largest petrochemical complex in the country, and a 30% stake in Xalq Bank to the Ministry of Economy and Finance. In return, UzNIF saw respective increases in holdings of 30% in O'zbektelekom (+5%), 40% in O'zbekinvest (+5%), and 40% in Uzpromstroybank (+10%). Having seen such an instance of this late last year, where the holdings of UzNIF were restructured, we are hopeful this is the final re-shuffling and will now be fixed going into the IPO.

AFC Uzbekistan Tour 2026

AFC is planning to host its 5th AFC Uzbekistan Tour, bringing existing and prospective investors to experience the reality of Uzbekistan from the ground. We will be hosting a day tour in late September 2026. This will include a half-day tour of Tashkent, a visit to several of the fund's portfolio companies, followed by dinner. If you are interested in attending, please write us at uzbekistan@asiafrontiercapital.com to express your interest and we will follow-up with you.

For further viewing, here are some interesting, relevant news links related to Uzbekistan:

[Scott Osheroff interviewed on Uzbekistan's capital markets](#)

[Pakistan's Sindh Bank explores expansion to Uzbekistan](#)

AFC Uzbekistan Fund Marketing Information as of the end of February 2026

[Factsheet AFC Uzbekistan Fund](#)

[Factsheet AFC Uzbekistan Fund \(non-US\)](#)

[Presentation AFC Uzbekistan Fund](#)

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Best regards,

AFC Uzbekistan Fund

NAV as of 31st March 2026

	F Class	G Class
NAV	1,899.5*	1,397.2*
Since Inception	90.0%*	39.7%*
Inception Date	29/03/2019	3/2/2025

Monthly Performances AFC Uzbekistan Fund (F Class)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	USD	-	-	-	4.50%	-0.10%	1.87%	1.15%	-1.85%	0.06%	0.72%	1.13%	1.61%	9.33%
2020	USD	-2.99%	0.78%	-7.43%	-3.06%	3.32%	1.49%	3.25%	6.68%	0.34%	5.69%	10.35%	3.44%	22.69%
2021	USD	2.50%	11.81%	7.04%	11.23%	8.16%	0.59%	-1.97%	2.16%	0.83%	4.55%	-1.66%	-2.80%	49.82%
2022	USD	-2.50%	1.31%	n/a	1.97%	-7.42%	-4.35%	0.02%	2.17%	-5.48%	-1.42%	1.92%	-0.12%	-13.58%
2023	USD	1.88%	-0.02%	-1.03%	1.42%	1.62%	2.30%	-0.78%	-5.64%	2.27%	1.00%	-1.11%	-1.37%	0.11%
2024	USD	-3.35%	-2.87%	-2.64%	-0.99%	0.15%	-4.59%	-7.61%	0.39%	-3.19%	-1.88%	-3.95%	-1.50%	-27.75%
2025	USD	1.95%	-3.48%	-0.88%	0.82%	0.67%	1.71%	1.31%	-0.18%	3.04%	5.59%	1.13%	7.42%	20.34%
2026	USD	18.82%	3.98%	1.7%*										+25.6%*

* estimates

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