



AFC Uzbekistan Fund April 2026 Update

Dear Investors and Friends,

April 2026 continued the uptrend the fund has been on since April last year, as Uzbekistan's capital markets continue to mature. On 29th April 2026, we also saw the long-awaited official launch of the Uzbekistan National Investment Fund (UzNIF) IPO with the opening of the subscription process, whose London tranche was oversubscribed within minutes. The fund's Net Asset Value (NAV) increased to an estimated USD 1,957.2 in April 2026, reflecting a 1.2% rise for the F-shares during the month. The total return for the fund since its inception on 29th March 2019 now stands at an estimated 95.7%.

AFC Uzbekistan Fund valuations as of 30th April 2026:

Estimated Weighted harmonic average trailing P/E (only companies with profit):	5.70x
Estimated Weighted harmonic average P/B:	0.87x
Estimated Weighted portfolio dividend yield:	3.05%

UzNIF Prepares for IPO

Since Asia Frontier Capital entered Uzbekistan in 2018, we have been privy to several privatisation announcements by the Uzbek government, which unfortunately fell silent and simply disappeared from the government's agenda. We attribute this to the state of the country's reform agenda and the lack of capacity to execute this rigorous process. To give some colour, in 2021 the government had a list of 14 state-owned enterprises (SOE's) slated for IPO. A local broker organised an investor trip where we visited some of them, specifically a state-owned bank, where we asked about the timeline for the IPO. The Chairman responded verbatim, "Oh, that's a mistake, we won't IPO. We will be removed from the list". Several months later, the bank was indeed removed from the list. That's not a good look when investors are intrigued and watching - at least in our view!

However, things have taken a 180-degree turn in recent years, and the UzNIF is a shining example of this. The government is now entirely on board with reforms of UzNIF's portfolio companies and the broader capital markets. UzNIF, being managed by Franklin Templeton (FT), has seen a restructuring of the boards of its 13 portfolio companies (down from the initial 18) and is already making improvements, with UzNIF seeing its NAV rise approximately USD 750 million since Templeton took over in the spring of last year.

Uzbekistan truly is a different country from the one we began investing into in 2018 (initially through the AFC Asia Frontier Fund) when there were still capital controls and most of the local population was unaware there was even a stock market, and when many local businessmen thought we were "crazy" to be buying shares of companies growing at 500-600% per year, some with 50% dividend yields. It was a risk, but our first-mover advantage and the extremely deep value offered in companies listed on the Tashkent Stock Exchange justified investing.

On 29th April 2026, UzNIF filed with the London Stock Exchange that its subscription book is open for up to 30% of the outstanding shares. The deal is being priced at USD 1.95 billion, which is a 20% discount to the net asset value of USD 2.44 billion. The London tranche of the deal was oversubscribed within minutes, and a substantial portion of the Uzbek tranche was also taken up by the end of the day. We expect the local tranche to be fully subscribed for as well by the time the book closes. Locally, many Uzbek investors however remain sceptical about this deal with our friends saying some of the larger portfolio companies are poorly run, some are bloated with employees, etc. Some of this is true, but Franklin Templeton's focus is to wring the excess from these businesses and drive efficiency and profitability which will drive the NAV and eventual dividend payouts higher. This is the EXACT mindset we saw among locals up until recently, where we were consistently told we were "crazy" for investing in the Uzbek stock market (a great contra-indicator). Meanwhile, our performance has been strong, and we expect this next phase of SOE IPOs being privatised to be the spark for the market's next re-rating.

As we've written, the pace of reform is accelerating in Uzbekistan. On 29th April 2026, the government also announced it would be implementing regulatory asset base tariffs in the electricity and natural gas sectors and across all power producers by the end of May 2026. This will ensure producers benefit from more market-based tariffs in order to incentivise further capital expenditure in the sector and ensure economic returns to investors. This was originally planned to occur in 2028 but has been accelerated 1.5 years ahead of initial plans. UzNif holds shares in SOEs with power

generation and electrical infrastructure assets, and this is expected to add an additional 14% to their NAV (which will be calculated monthly and will therefore be reflected in the May 2026 NAV). This means the IPO, which the AFC Uzbekistan Fund is subscribing for shares of, will actually be offered at a nearly 30% discount to NAV, which screams to us 'substantial value'! We look forward to the commencement of trading around 14th May 2026 in London and Tashkent.

The Bond Market is Booming. Are Equities Next?

The days of persistent double-digit currency depreciation and 25%-30% bank term deposits in local currency are, dare we say, officially behind us.

On 1st April 2026, Uzbekistan placed a USD 1 billion equivalent sovereign bond at a historic low yield of 12.25% in Uzbek som. This is down from previous sovereign bond issues in 2025, with a yield of 15.5%, and in 2024, at a yield of 16.63%. The recent deal attracted roughly 50 foreign investors, with the order book 4x oversubscribed, as has been the case in most offerings, as there is strong demand for the country's debt.

In the early years of our investing in Uzbekistan, the currency in some years depreciated by double-digits versus the USD. Meanwhile, last year the currency appreciated roughly 7%, and year-to-date the currency is flat. We've written countless times over the years that our thesis is, as the country opened to the world and adjusted its economy, that the double-digit inflation and currency depreciation would subside, leading to falling central bank policy and bank term deposit rates, followed by falling corporate bond yields, and a translation into rising equity prices off the back of SOE privatisations to kickstart the market. It appears that it is indeed the order of operations Uzbekistan has followed, and with the corporate bond market taking off, next is the equity market.

As is happening in the sovereign bond market, the same is happening in the corporate bond market. Nearly two years ago, companies couldn't place even USD 2 million in debt in the local market, while today an issue several times that size can easily be oversubscribed. The corporate bond market has awoken as bank term deposit rates have steadily moved lower. Uzum, Uzbekistan's only startup unicorn and the country's largest E-commerce and consumer goods finance business (which is planning an international IPO in the near future), is a leading example of local domestic demand for corporate debt. The company recently issued its 4th bond for UZS 500 billion (~USD 40 million) at 19%, which is a strong improvement from its prior offerings in February 2026 at 22%, November 2025 at 24%, and March 2025 at 25%. The 600-basis point improvement is a sign of strong local demand and investors willing to reposition from bank term deposits or keeping cash under the mattress, a strong indication of growing and increasingly healthy capital markets. Again, this is another indicator to us that the stock market bottomed in March 2025 and with additional SOE IPO's and eventual private sector IPO's, Uzbekistan's capital markets are in the process of forever maturing (from a very low base), and we believe we remain in the early phase of this trend change.

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:

[UzNIF price announcement at London Stock Exchange](#)

[UzNIF's London IPO set to value Uzbekistan Fund at USD 1.95 billion](#)

[Uzbekistan successfully places sovereign bond in Uzbek som at a historically low interest rate](#)

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

[Factsheet AFC Uzbekistan Fund](#)

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

[Presentation AFC Uzbekistan Fund](#)

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Subscriptions

The next cutoff date for Subscriptions will be 25th May 2026. If you would like any assistance with the subscription process, please get in touch with us at uzbekistan@asiafrontiercapital.com

Best regards,

AFC Uzbekistan Fund

NAV as of 30th April 2026

	F Class	G Class
NAV	1,957.2*	1,434.6*
Since Inception	95.7%*	43.5%*
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%	3.55%	1.2%*									+29.5%*

* estimates

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