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AFC Uzbekistan Fund June 2026 Update

Dear Investors and Friends,

The AFC Uzbekistan Fund ended June with its 10th straight month of positive performance, as the nascent Uzbek capital markets continue to grow and develop. The fund's Net Asset Value (NAV) increased to an estimated USD 2,075.4 in June 2026, reflecting a 0.8% 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 107.5%.

AFC Uzbekistan Fund valuations as of 30th June 2026:

Estimated weighted harmonic average trailing P/E (only profitable companies):	6.57x
Estimated weighted harmonic average P/B:	0.92x
Estimated weighted portfolio dividend yield:	2.51%

UZNIF's shortfall is excluding private companies with above-average growth

The AFC Uzbekistan Fund's focus from inception has been to be heavily weighted toward the blue-chips of Uzbekistan, which by nature host the best business moats and management. These have the highest probability of being the most successful compounders in the fast-growing Uzbek market as they continue to reinvest profits in their already dominant market positions. This compounding shows itself in return on equity multiples which range from the double digits to as high as the mid 30% range. At these growth rates, when share prices don't react, we will witness "multiple compression". Otherwise, we will see stock prices rise. The latter is the current phase we are in as market access and liquidity continue to improve, being the factor driving the fund's 10 months' positive performance. As we can easily foresee another 10-year-plus runway of strong, mid-single-digit economic growth in Uzbekistan, which will accelerate the country toward being the largest economy in Central Asia, overtaking Kazakhstan (something we used to be laughed at for, but which increasingly seems more probabilistic by the day), and therefore, the fund's core holdings, which are private (not state-owned enterprises), should benefit handsomely.

Digging into the AFC Uzbekistan Fund's holdings, it currently has 24 investments. The reality is that many of these are small tail positions built in the early days of the fund. Some small positions have been liquidated over the years, while others we have decided to hold and increase when the opportunity has presented itself. Obviously, patience is required (a given fact for value investors like us) since we are inhibited by some of their small market caps where we do not want to move the share price.

Meanwhile, approximately 75% of the fund's deployed capital is concentrated in our top four holdings where we see the most upside from both returns on invested capital, management maturity, and potential value unlocks for multi-bagger re-ratings ahead of us, such as maintaining monopolistic market positions, international IPO potential or strategic acquisitions or partnerships with multinational companies.

Therefore, when comparing the AFC Uzbekistan Fund to the Uzbekistan National Investment Fund (UZNF), which an investor can certainly do, and hold for several years, we expect a much greater upside in locally listed equities due to much more growth potential.

Additionally, for those positions which both the fund and UZNF hold, the fund's torque is much greater. For example, the Uzbek Commodity Exchange (TSE: URTS) is approximately only 3.5% of the UZNF NAV. While it is arguably the best-run public company in Uzbekistan, trading at a P/E of 8.7x and a dividend yield of 9.3%. A 3.5% weight is a mere rounding error for UZNF, while it is currently 17% of the AFC Uzbekistan Fund. UZNF, which the AFC Uzbekistan Fund holds a position in, will certainly grind higher over the years as its NAV grows, but we believe the much larger opportunity is in the materials, consumer, and financial services sectors (which UZNF isn't as exposed to), as well as future private sector IPOs, of which the first may occur in 2027, and will be accessible through our exposure to local listings. Future private sector IPOs we ultimately foresee as being where we want to have the majority of the fund's exposure as this is where we see opportunities for above-average returns.

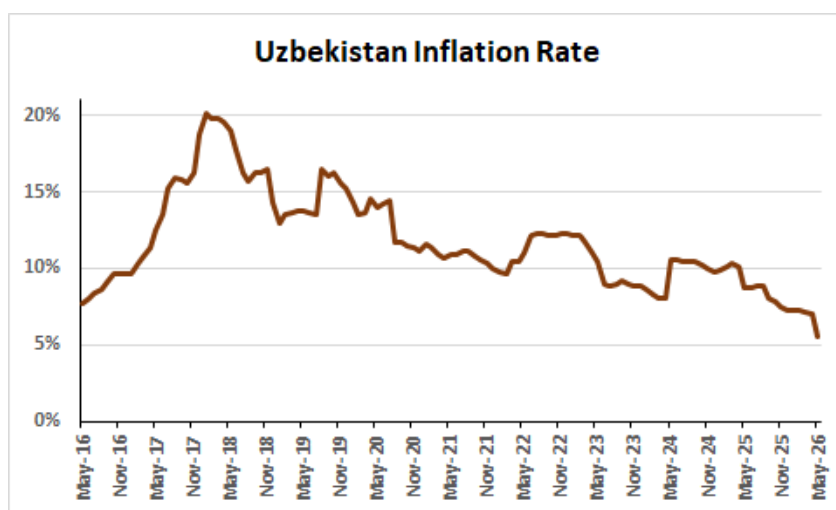
Inflation reaches a record low in May 2026

Inflation expectations among Uzbek households fell to 10.1% for the next 12 months in May 2026 – the lowest reading since the Central Bank of Uzbekistan began publishing the survey. This fall was in

line with the CPI falling to 5.5% in May, down from 7% in April 2025, reaching the lowest level since Uzbekistan re-opened to the world in 2016, an impressive feat. Even more impressive is the fact that in 2016 vast swathes of the economy were heavily subsidised, from baking flour for bread, vegetable oil, electricity and water (much more heavily subsidised than today), and other parts of the economy. These subsidies have either been unwound or are in the process of being so as the cost of goods and services moves toward and above the cost of production in order to incentivise new capital investment. While I do miss the days of USD \$1 kebabs and 50-cent beers in Samarkand, as Uzbekistan is naturally not as cheap as during this subsidised regime, the economy is booming off of subsidies being wholly eliminated in some sectors and lifted annually in others, while headline CPI remains in a downtrend, as the below chart shows. While household inflation expectations remain elevated, this is largely due to volatility in foodstuffs where survey respondents noted that meat and dairy, fuel, and fruits and vegetables are the primary pain points.

With the Central Bank having pivoted to an inflation-targeted regime in 2016 and targeting single-digit inflation, which was delayed by several years due to continuous reforms and subsidies across the economy being removed, they are squarely on target. This should, in due course, allow the central bank policy rate to be lowered from 14% (very likely to have happened already if not for the war with Iran), thereafter negatively affecting interest rates (lower) on term deposits and new bond offerings, leading to continued interest in the equity market. We expect lower rates to also translate to more borrowing and a pickup in credit growth, which will further help stimulate the country's already robust 2026 GDP growth expectation of between 6.4% and 7.9% depending on the organisation's estimates one refers to.

This backdrop gives banks and corporate borrowers the opportunity to decrease their cost of capital. As has been the trend for several years, bank term deposits should continue to gravitate toward mid-teen percentage rates, while corporate bond offerings should increasingly be marketed in the high-teens. These are very attractive real rates, but nonetheless falling relative to where they used to be. This should also accelerate the attraction of the local equity market with companies like URTS with a nominal dividend yield of 9.25%, and the underlying annual growth of the business, which has led to annual nominal increases in the dividend per share.



AFC Uzbekistan Tour 2026

AFC is hosting its 5th AFC Uzbekistan Tour on Sunday 20th September and Monday 21st September 2026, bringing existing and prospective investors to experience the reality of Uzbekistan from the ground. This will be a 1.5-day tour starting with a half-day tour of Tashkent on Sunday, followed by a day of meetings with the fund's portfolio companies on Monday, and concluding with dinner. If you are interested in joining, please write to 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:

- [Fitch raises Uzbekistan's credit rating to "positive"](#)
- [BP signs strategic 50+ year partnership with Uzbekneftegaz](#)
- [Rotana hotel chain to open in Uzbekistan](#)

AFC Uzbekistan Fund Marketing Information as of the end of May 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 30th June 2026

	F Class	G Class
NAV	2,075.4%*	1,514.1*
Since Inception	107.5%*	51.4%*
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%	3.99%	3.55%	1.20%	5.20%	0.8%*							+37.3%*

* estimates

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