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AFC Uzbekistan Fund August 2026 Update

Dear Investors and Friends,

August saw the AFC Uzbekistan Fund achieve another new all-time high NAV as the bull market gained strength during the month. The fund's Net Asset Value (NAV) increased to an estimated USD 2,553.2 in August 2026, reflecting an estimated 15.1% 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 155.3%.

AFC Uzbekistan Fund valuations as of 31st August 2026:

Estimated weighted harmonic average trailing P/E (only profitable companies):	8.55x
Estimated weighted harmonic average P/B:	1.16x
Estimated weighted portfolio dividend yield:	1.85%

Private Sector IPOs on the Horizon

As the Uzbek equity market continues to experience strong inflows, not just in the blue-chips of the market, we are seeing valuations across the board rise, some reaching levels that don't make rational sense, which we will discuss further below. Meanwhile, the bond market remains red hot, with a local bank announcing in the final week of August its plans to raise USD 10 million in corporate bonds on the local market at a rate of 8.5%. Things continue to trend positively!

The next step will be IPOs, and we are seeing plans for several companies in logistics and real estate expressing their intention to go public, which will give investors further accessibility to the Uzbek economy. The companies have interesting assets, one with a unique niche and pricing power which should make the company highly sought after. It won't be a surprise to see another situation of oversubscription if they decide to list on the stock market, but we will have to wait until 2027 to get further clarity. Of course, the Uzbekistan National Investment Fund also has its pipeline of IPOs of state-owned companies, where we hopefully see one or two list in 2027 as well. In the meantime, this is hopefully a trend that sees other companies also look into an IPO of their businesses, just as it took a few successful corporate bond offerings to ignite the bond market.

You're not Beating the Index! Why?

We've been asked by several investors during August if the AFC Uzbekistan Fund is beating the flawed index created by the Tashkent Stock Exchange (UCI), which was up 106.8% for the month. The answer is unfortunately 'no', but let us provide some historical context on the index and then describe some of the likely companies that have driven its performance. It will become clear that any investor of size can't beat the index when it gets going, and equally shouldn't suffer the cascading drawdowns. Not marketing speak, but we believe the AFC Uzbekistan Fund is a much better indicator of the reality of broad performance on the Tashkent Stock Exchange, specifically as it relates to equities where there is liquidity.

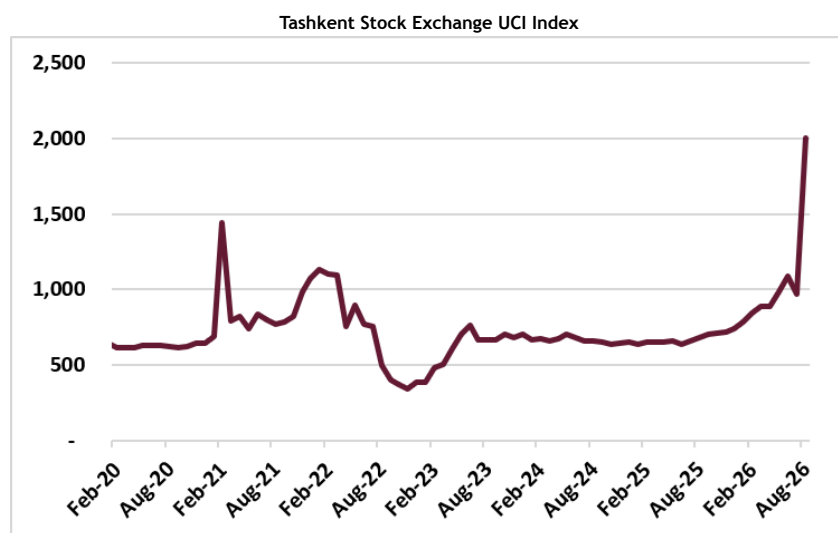
For those who have been reading these monthly updates for several years, you may recall when we had a similar instance of index outperformance relative to the fund, back in late 2020 and early 2021 when the UCI went vertical and subsequently crashed. This is because a private leasing company had its share price manipulated by 199,000% (not a typo!) and then subsequently reversed.

The index is market-cap weighted, though there is no disclosure on the framework for the index and, more importantly, its constituents. The best we can do is surmise what its constituents are. The most we have ever uncovered is that it is market-cap weighted, with no further clarity provided, by any stockbroker nor the Tashkent Stock Exchange itself. This is why, when we launched the fund, we didn't even include the UCI index in our marketing materials as we found it a meaningless measure of the market. However, we decided to add it once enough investors asked about why it wasn't included. However, we don't use it as any form of reference. There are many illiquid state-owned companies with large market caps where an insignificant amount of money can push the share price up 100%, which then "juices" the index higher, creating a false sense of reality in the market.

Case in point, during August, O'ztransgaz (TSE: UTGA), the nearly 100% state-owned natural gas pipeline company with next to no liquidity, saw its share price rise (for no fundamental reason that we know of) by 546%, from UZS 116,000 at the beginning of August 2026 to UZS 750,000 at the end of the month. The volume was an insignificant 134 shares totalling USD 4,268, for the entire month of

August! This led UTGA to end August with a market cap of USD 39.7 billion, and it now trades at a “bargain basement discount” (joking) price-to-book value of 53x!

I hope this provides some clarity on the index and its insignificant value to investors, even though its price moves can be quite impressive on occasion.



(Source: AFC Research, Tashkent Stock Exchange)

The Tashkent International Financial Center Matures

When I first visited Central Asia in May 2018, I started in Astana, Kazakhstan, at the Astana International Financial Centre (AIFC). The AIFC was created as a jurisdiction within Kazakhstan where companies can incorporate and operate under English common law, benefitting from preferential tax rates and better security when doing business in the country. It was a slow start when the AIFC launched in January 2018. During my visit in May there were 12 companies incorporated. That has since ballooned to a few thousand, specifically as companies doing business in Russia benefit from being domiciled in AIFC for banking, etc.

Over the past several years, Uzbekistan has sought to replicate the AIFC through the Tashkent International Financial Center (TIFC), which was established on 30th March 2026. Uzbekistan, as a jurisdiction for a financial centre makes much more sense over the coming years as it is the “buckle” in China’s Belt-Road-Initiative, hosts the largest population in the region, and is the logistical focal point of Central Asia. If you’re going to do business in Central Asia, it wouldn’t be a bad idea to incorporate in Tashkent. In time, I even see some of the development financial institutions relocating their offices to Tashkent (i.e. there have been years where the European Bank for Reconstruction and Development’s Kazakhstan office has done more business in Uzbekistan than in Kazakhstan).

Uzbekistan has big plans with the TIFC and will guarantee zero value-added and property tax for entities. This further includes zero customs duties and no restrictions on the movement of capital and is part of the government’s focus on attracting investment in the spheres of IT and financial services. By 2030, the government is targeting USD 25 billion in foreign direct investments. One further point which is key to making the TIFC a success, and establishing Uzbekistan’s gravity in attracting regional capital and expertise, is the constitutional law on TIFC that insulates it from domestic legislative changes (ie. decreases the risk of establishing a business only to then have the rules change).

TIFC will be an interesting project to watch over the coming years as I remain convinced that in a decade or so, Uzbekistan will be the dominant economy in Central Asia.

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:

[Idea Brunch with Scott Osherooff of the AFC Uzbekistan Fund](#)

[Islamic Banking act comes into force](#)

[TIFC, Uzbekistan is taking its place on the global map](#)

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

Factsheet AFC Uzbekistan Fund

Factsheet AFC Uzbekistan Fund (non-US)

Presentation AFC Uzbekistan Fund

Share:



Subscriptions

The next cutoff date for Subscriptions will be 24th September 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 31st August 2026

	F Class	G Class
NAV	2,553.2%*	1,880.5*
Since Inception	155.3%*	88.0%*
Inception Date	29/03/2019	2/3/2025

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%	0.81%	6.87%	15.1%*					68.9%*

* estimates

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