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AFC Uzbekistan Fund October 2026 Update

Dear Investors and Friends,

October was another all-time high NAV for the AFC Uzbekistan Fund as market momentum continued and several of the fund's core holdings announced stellar earnings results for the third quarter 2026. The fund's Net Asset Value (NAV) increased to an estimated USD 2,714.1 in October 2026, reflecting an estimated 5.1% rise for the F-shares. The total return for the fund since its inception on 29th March 2019 now stands at an estimated 171.4%, representing an annualised return since inception of 14.1% p.a.

AFC Uzbekistan Fund valuations as of 31st October 2026:

Estimated weighted harmonic average trailing P/E (only profitable companies):	8.67x
Estimated weighted harmonic average P/B:	1.19x
Estimated weighted portfolio dividend yield:	1.37%

"Is the Uzbek Stock Market Fully Priced?"

Not exactly. But now that I've gotten your attention, I was recently interviewed by our friend the "Frontier Viking", who writes a superb Substack blog on frontier markets (see the first link in the news section below), where one of his questions centred around the valuations in the Uzbek market getting fully priced. It's a very fair question when seeing how far the market has run the last two years. So what's my take?

My blunt answer is that there is still significant value in the market. However, when Thomas Hugger and I first went to Uzbekistan in May 2018 and our mouths watered at the valuations and growth prospects of locally listed equities, backed by strong macro growth prospects, Uzbekistan was coming out of more than a decade of "economic isolation" where foreign equity investors had long left or were still trapped in a currency that was not convertible. Local shareholders were fatigued with no one to sell to, as there was no buyer nor liquidity in the market, and the currency remained at a steady state of double-digit depreciation versus the USD in the black market. The opportunity naturally wrote itself, and listed equities were generationally cheap based on this set of factors, while the underlying economy was strong, leading companies to be growing at up to 600% per year.

As we began investing in the market earlyon, valuations slowly began to normalise. In the past two years, Uzbekistan's capital markets have been more recognised by local and international investors, therefore causing the valuation gap to other frontier markets to close. What's abundantly clear, seeing this unfold, is that Uzbek equities are no longer generationally cheap. However, they are still very undervalued relative to their growth rates and developed markets valuations.

Uzbekistan's equity market is in the process of continuing the re-rating, which I have written about endlessly over the years, as it moves in line with its other frontier market peers. The opportunity today is having good on-the-ground networks rather than just relying on walking into a brokerage office and asking what is cheap, because there is nothing screamingly cheap. For those stocks that are cheap, one has to know how to build a position without moving the market, as there is more competition for shares in the market today than at any time since we have been involved in the country.

So, what's the opportunity? Easy! To sit tight and be patient investors and let the ecosystem and liquidity expand around us. Our focus on having the core of the fund's holdings in listed companies with the greatest leverage to economic growth (financial services, materials, and consumer goods) has paid off. As third-quarter 2026 earnings begin to trickle in, we are seeing some impressive adrenaline shots across the fund's holdings.

The Uzbek Commodity Exchange (TSE: URTS), which was the fund's first investment in Uzbekistan, is benefitting from increasing trading activity of the commodities on its platform, as well as rising prices of the underlying commodity contracts. Derivatives trading was introduced earlier this year, and over the coming years we expect to see natural gas and electricity start trading on the platform, as discussed in the September 2026 update. For the third quarter, URTS saw exchange trading up 31% and its government public procurement platform increase by 32%. Trading breakdown was 30% in agricultural commodities, 29% in energy, 22% in metals, 11% in chemicals, and 8% in construction materials. This drove third-quarter 2026 EPS to increase by 79% YoY, and trailing twelve-month EPS grew 24%. URTS ended October at a P/E of 10.96x, and hosts a dividend yield of 6.19%.

Another core holding of the fund, Uzmetkombinat (TSE: UZMK), Uzbekistan's largest steel plant, which has faced a swath of delays in scaling up its new 1-million tons per year hot-rolled coil production line, seems to have finally turned the corner. Previously, UZMK was a high dividend-paying company, but the dividend was cut for several years as UZMK's USD 600 million expansion became a capital drain. The company also got hit with losing its scrap collection monopoly as part of Uzbekistan planning to enter the World Trade Organization, in addition to third-party supplier problems in Russia and Kazakhstan. This led the new production line to be delayed by roughly two years, and it has finally started production. Third quarter earnings gave some positive news for the company as EPS surged 65% YoY and trailing-twelve-months EPS grew 120%. The company also looks to be paying off some of its debt taken up to finance the project, with total debt falling 15% year-to-date. UZMK ended October trading at a P/E of 10.18x, P/B of 1.05x, and a dividend yield of 4.25%. As the new production line ramps up and UZMK continues to pay down its debt, we should see its multiples compress and larger dividend payouts announced, which should return the company to being a consistent dividend-paying stock again, which the increasingly active Uzbek retail investor will be attracted to.

Concluding, there remains plenty of value in Uzbek equities. While multiples are now more in line with other frontier markets, the growth we continue to see in the fund's core holdings remains impressive and well above Uzbekistan's 2026 GDP growth estimate of 7.9% by the World Bank.

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

Scott Osheroff interviewed by the Frontier Viking

Turkey's low cost Pegasus Airlines to enter the Uzbek market

Mastercard launches Apple Pay in Uzbekistan

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

Factsheet AFC Uzbekistan Fund

Factsheet AFC Uzbekistan Fund (non-US)

Presentation AFC Uzbekistan Fund

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Subscriptions

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Best regards,

AFC Uzbekistan Fund

NAV as of 31st October 2026

	F Class	G Class
NAV	2,714.1%*	2,003.4*
Since Inception	171.4%*	100.3%*
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%	15.36%	0.80%	5.1%*			**79.5%***

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Uzbekistan @asiafrontiercapital.com

www.asiafrontiercapital.com

89 Nexus Way,
Camana Bay,
Grand Cayman, KY1-9009,
Cayman Islands

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