

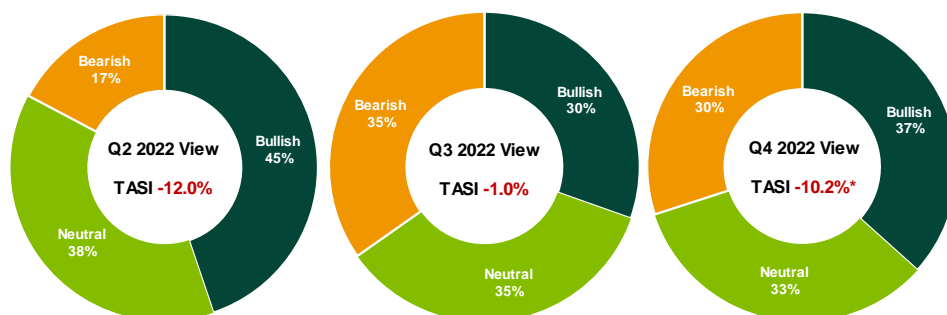
SNB CAPITAL FUND MANAGERS' SURVEY

RESULTS SUMMARY REPORT – Q4 22

The SNB Capital Fund Managers' Survey is a quarterly report that summarises the results of a survey sent to local, regional and international fund managers. The survey aims to collect data regarding institutional investors' views on the Saudi economy and the equity market, and compares it with the results of the previous surveys. It also considers the outlook of various sectors in the market, the anticipated coming catalysts and cash levels. This anonymous survey was sent to one designated fund manager at each participating institution.

- TASI outlook and valuation:** The fund managers' market outlook remain split in Q4 22 between bullish, neutral and bearish. However, bullish views increased from 30% in Q3 22 to 37% in Q4 22 and bearish views declined from 35% to 30%. Most investors believe that interest rates (2 more hikes in 2023f) and inflation will be the main market drivers, followed by oil price movements. The majority believe that oil prices in 2023f will be in the range of US\$70-US\$79.9, a shift from Q3 22 when the managers expected oil prices to be the main market driver with a price range of US\$80-US\$89.9. Moreover, 57% of the managers expect 2023f ADTV to remain in-line with the current Q4 qtd levels of SAR5.0bn.
- Outlook on TASI sectors:** Around 30% of the fund managers believe the market is undervalued, the highest level on our records. This is higher than 13% in Q3 22 and is compared to 47% with Neutral view. The managers changed their bullish sector views from Banking in Q3 22 to Construction in Q4 22. The sectors with the most bearish views were Petrochemicals and Consumers.
- Asset allocation trends:** Fund managers who kept the liquidity levels higher than 30% have increased substantially qoq from 0% to 17%. Meanwhile, managers with cash level of less than 5% of their assets decreased from 35% in Q3 22 to 23% in Q4 22. For the 2nd consecutive quarter, participants believe that value is the best strategy while momentum and mid-cap were the least preferred strategies.
- Economy and GDP expectations in 2023f:** Around 37% of fund managers believe that the economy reached the peak, and 70% expected market earnings to grow by a single digit in 2023f. Regarding Saudi economic growth, the majority of the managers believe the economy will grow by 3.1% in 2023f.

Saudi Market Outlook – A slight positive shift



Source: SNB Capital Research. *qtd TASI performance

TASI PERFORMANCE



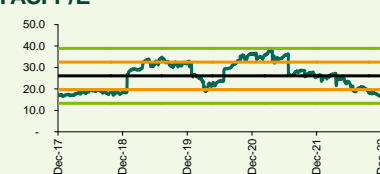
Source: Bloomberg, SNB Capital Research

TASI RELATIVE PERFORMANCE



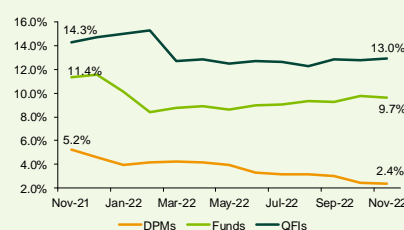
Source: Bloomberg, SNB Capital Research

TASI P/E



Source: Bloomberg, SNB Capital Research

INSTITUTIONS OWNERSHIP * %



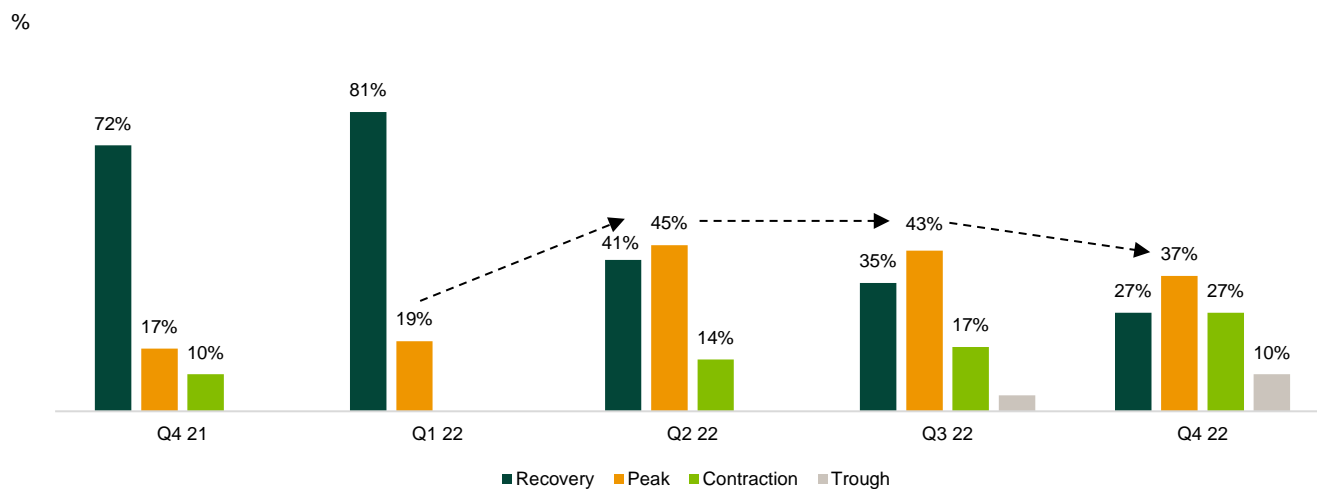
Source: Saudi Exchange, SNB Capital Research

*Free Float Ownership

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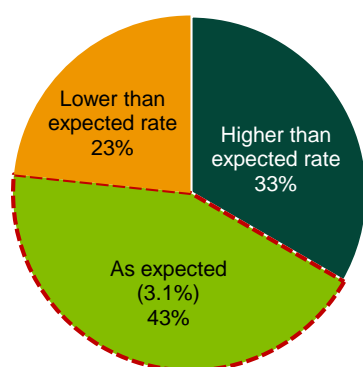
Exhibit 1: 37% believe the economy is at peak, compared to 43% in Q3 22



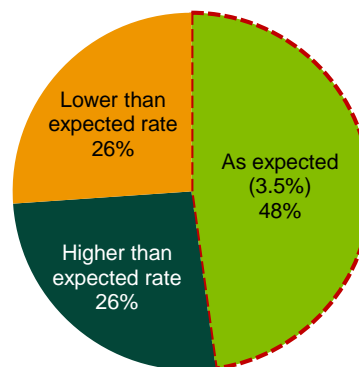
Source: SNB Capital Research

Exhibit 2: Saudi GDP growth expectation in 2023f

Q4 22



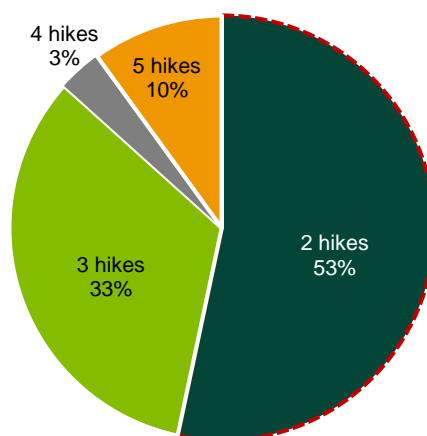
Q3 22



Source: SNB Capital Research

Source: SNB Capital Research

Exhibit 3: Upcoming interest rate hikes in 2023f

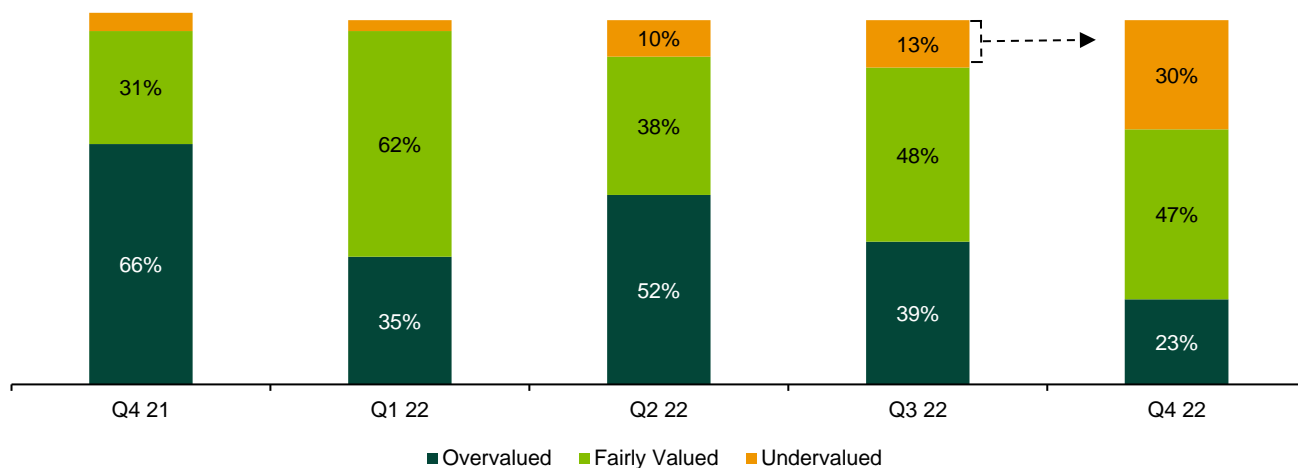


Source: SNB Capital Research

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Exhibit 4: Investors who believe the market is undervalued increased to 30%, the highest level since the survey started

%

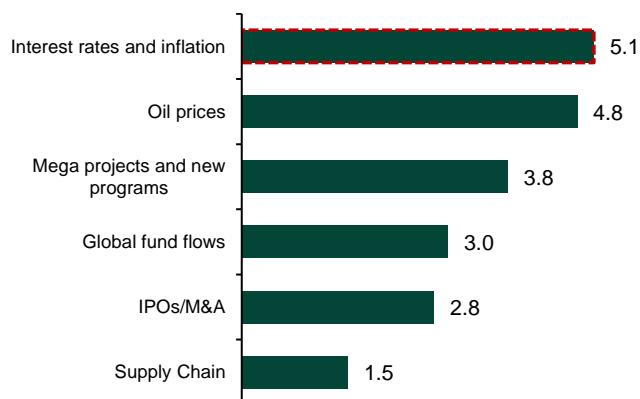


Source: SNB Capital Research

Source: SNB Capital Research

Exhibit 5: What will drive the market going forward?

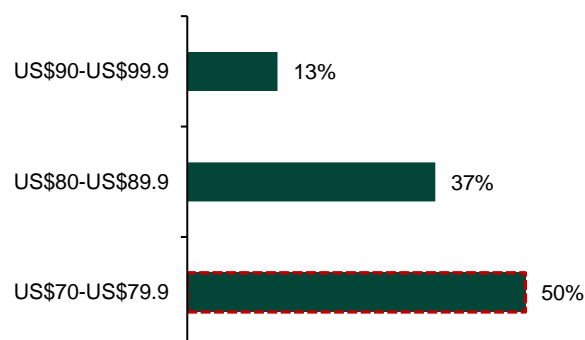
Weighted average score (maximum score = 6)



Source: SNB Capital Research

Exhibit 6: Oil price expectations for 2023f

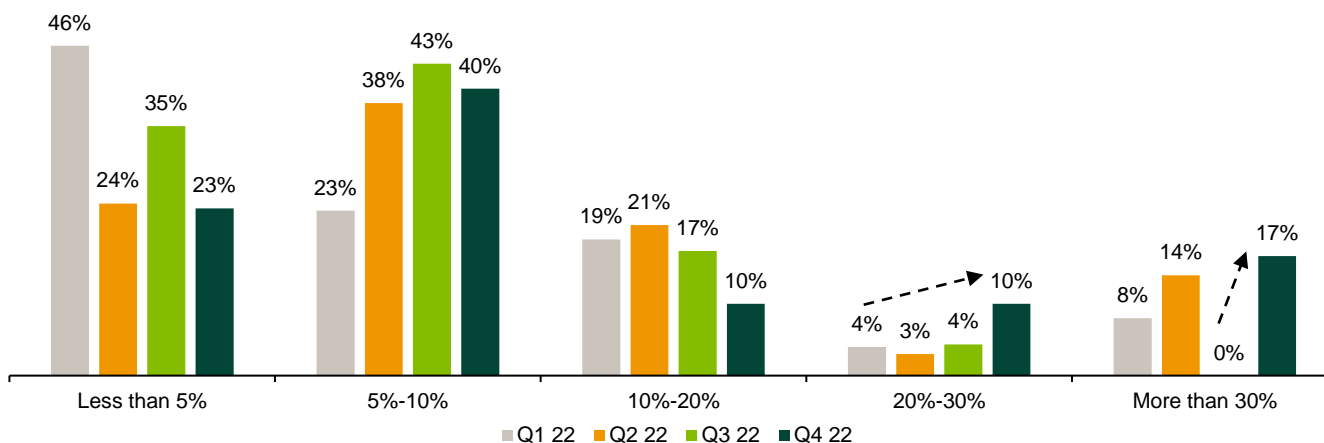
Q4 22



Source: SNB Capital Research

Exhibit 7: The percentage of cash kept in the fund manager portfolio

%

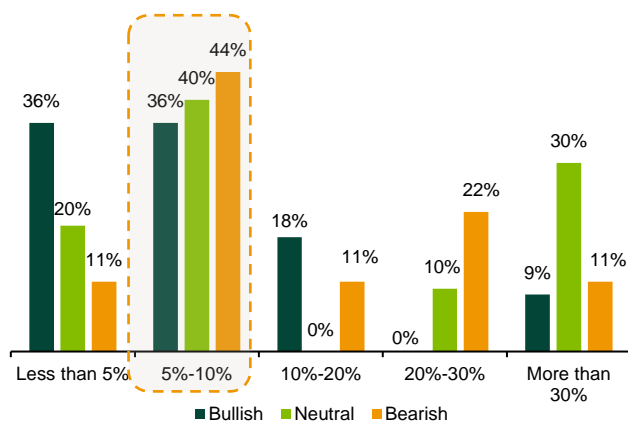


Source: SNB Capital Research

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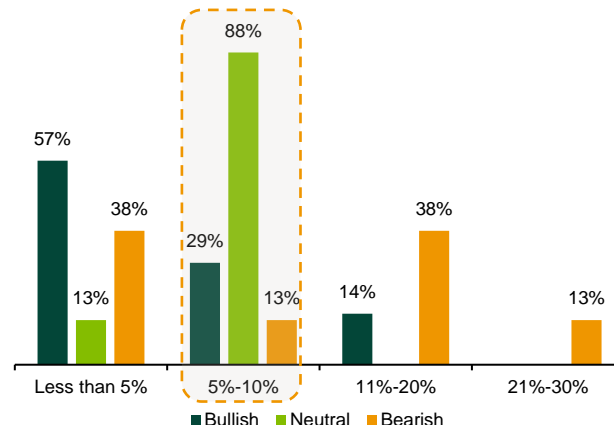
Exhibit 8: c40% of Neutral managers have +20% cash level, a major shift qoq

Q4 22



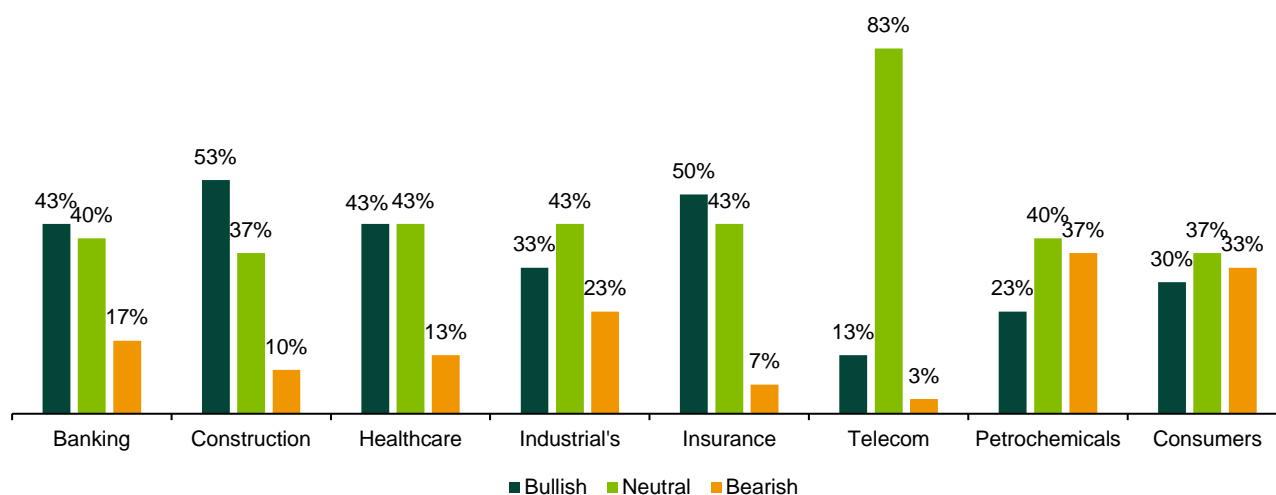
Source: SNB Capital Research

Q3 22



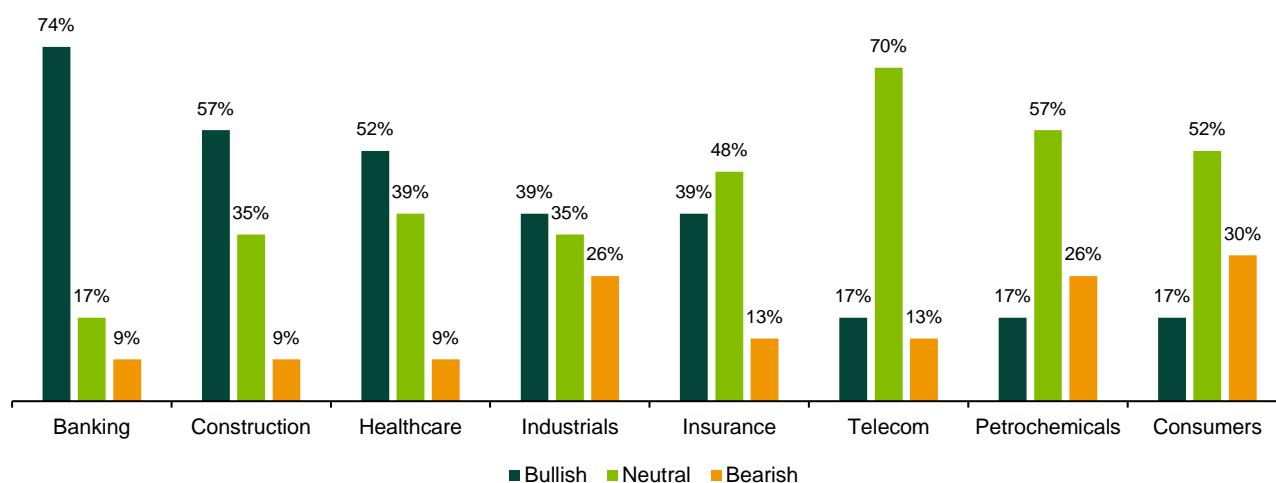
Source: SNB Capital Research

Exhibit 9: Construction becomes the preferred sector in Q4 22, followed by Insurance



Source: SNB Capital Research

Exhibit 10: Banking was the preferred sector in Q3 22, in-line with the previous quarters

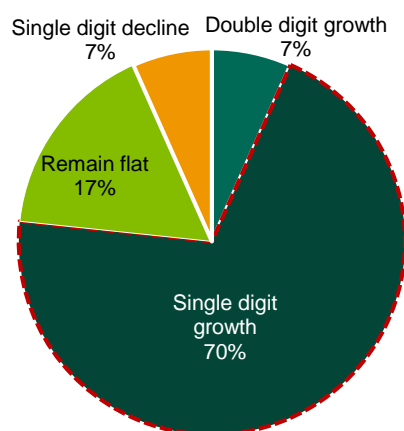


Source: SNB Capital Research

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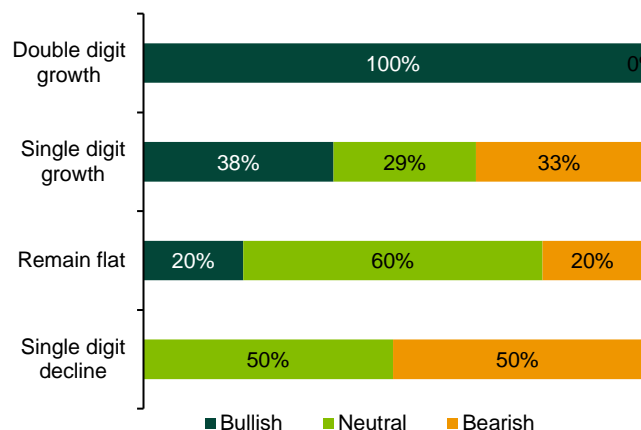
Exhibit 11: Market earnings growth expectations in 2023f

Q4 22



Source: SNB Capital Research. Single digit growth (4.99%-9.99%), Remain flat (-4.99% to 4.99%) and Single digit decline (-5.00% to -9.99%)

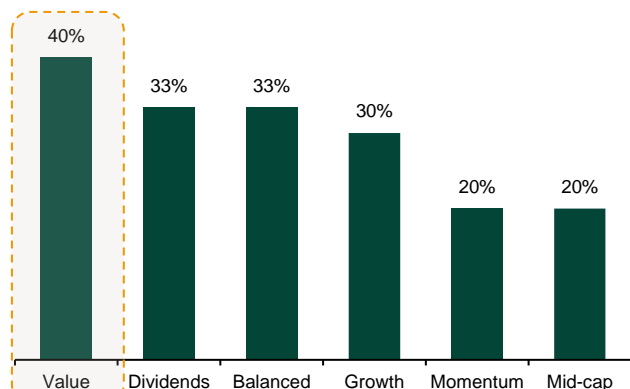
Q4 22



Source: SNB Capital Research. Single digit growth (4.99%-9.99%), Remain flat (-4.99% to 4.99%) and Single digit decline (-5.00% to -9.99%)

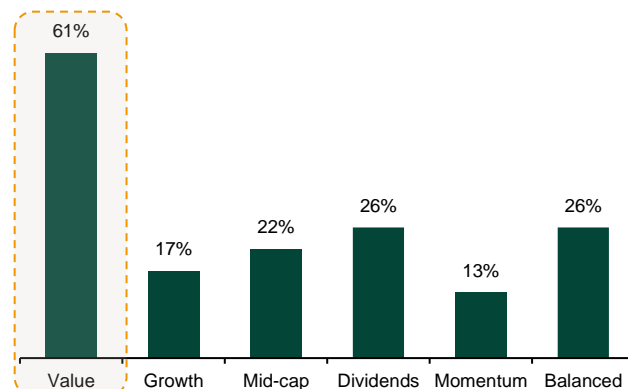
Exhibit 12: Value remains the preferred investment strategy in Q4 22, with an increased preference to Dividends and Balanced

Q4 22



Source: SNB Capital Research

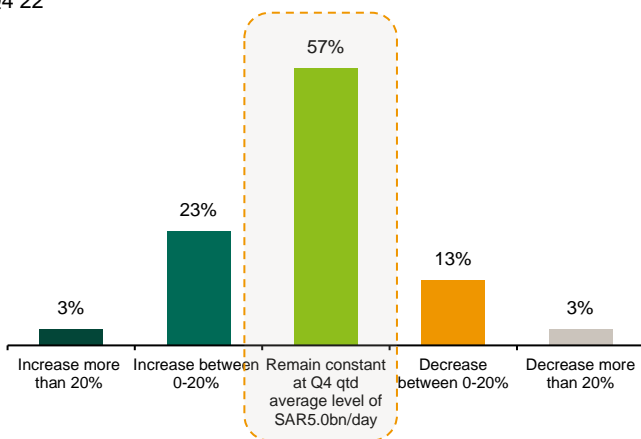
Q3 22



Source: SNB Capital Research

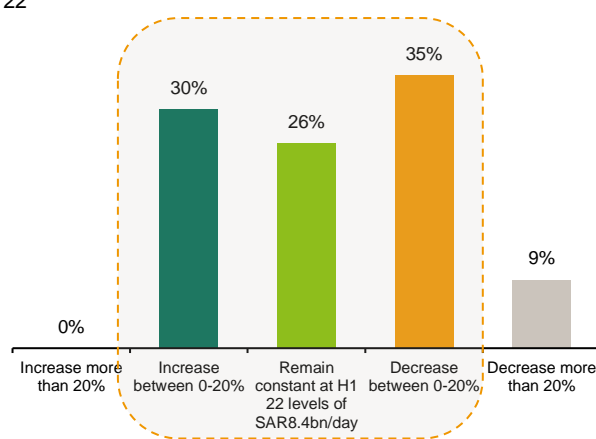
Exhibit 13: The majority believe the market liquidity in 2023 will remain constant at the current levels of SAR5.0bn/day

Q4 22



Source: SNB Capital Research

Q3 22

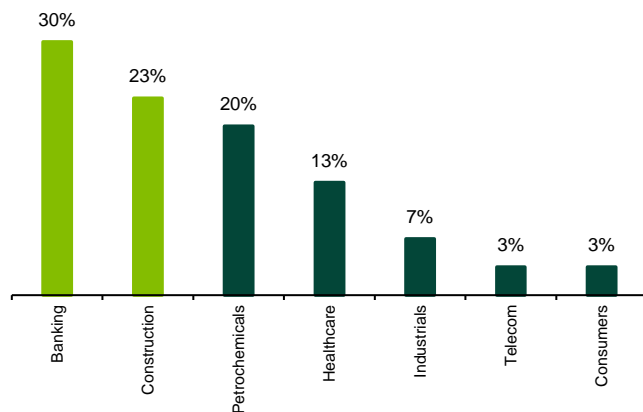


Source: SNB Capital Research

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Exhibit 14: Best performing sector in 2023f is...

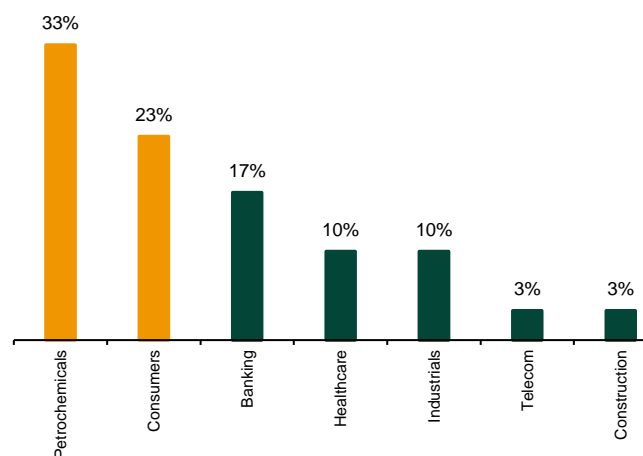
Q4 22



Source: SNB Capital Research

Exhibit 15: Worst performing sector in 2023f is...

Q4 22



Source: SNB Capital Research

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