

SNB Capital Fund Manager Survey

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The **SNB Capital Fund Managers Survey** is a quarterly report that summarizes 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.

- **Market outlook:** The managers had a broadly equal split views about the Saudi market for the remainder of 2026. Bullish and Bearish views were 35% each while Neutral views represented 30%. Meanwhile, 75% of the managers believe the market is currently fairly valued, a significant increase from previous quarters (highest since Q2 23) while only 11% of the managers see the market as undervalued, the lowest since Q1 24. We believe these are reflecting a high level of uncertainty and the current market volatility. Moreover, most of the managers expect prices (Oil, Petrochemical/Refined products) to normalize within 6 months post the end of the conflict. However, one third of the managers believe that prices would take more than 1 year to normalize, especially for oil and refined products. Going forward, the managers expect the market in 2026f to be mainly driven by oil prices and the development of the ongoing regional tensions. For oil prices in 2026f, the vast majority expect oil prices average to range between from USD80-USD94.9.
- **Sector picks:** In Q2 26, the managers are mostly bullish on Insurance, Technology and Energy sectors, Bearish on Consumers and Tourism, and Neutral on Petrochemicals and Telecom. Moreover, they kept expectations for the top outperforming sector for the remainder of 2026f to Insurance, and the worst performer to Petrochemicals. For Q1 26 results, the managers indicated that majority of the recent results were as expected. Overall, Energy had the highest “better than expected results” at 56% of the managers, while Healthcare had the highest “less than expected results” at 73% of the managers.
- **Asset allocation trends:** The level of cash kept in fund managers' portfolios indicate less cash is being deployed in the market. In Q2 26, 23% of the managers are keeping a cash level of >20% in their portfolios (vs 12% in Q4 25), while the managers that keep a cash level of <5% declined to 33% (from 37% in Q4 25). Moreover, the preferred investment strategy shifted from value in Q4 25 to growth in Q2 26 (64% of the managers). For new IPOs, 46% of the managers said their interest to participate in new offerings depend on sector/company specifics. Meanwhile, 28% were not interested in any new IPOs.
- **Nomu market views:** In Q2 26, 63% of the managers believe Nomu is an attractive market but liquidity is an issue while 19% believe that the market is not attractive. However, 21% of the managers showed an evolving interest in investing in the market compared to 18% who became less interested. Going forward, 78% of the managers indicated that the plan to keep their Nomu market exposure broadly unchanged, while 11% plan to increase their exposure. For sectors, the managers kept preferences for Software and Technology.

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