

MSCI Quarterly Index Review Report

Saudi Stock Market | Special Report | August 2026 —



Head of Sell-Side Research
Jassim Al-Jubran

+966 11 2256248

j.aljabran@aljaziracapital.com.sa

MSCI Index Review Report

Saudi Stock Market | Special Report | August 2026

MSCI Index Review: MSCI is set to conduct its next index review on August 12, 2026. For the MSCI EM Standard Index, same as the previous review, any new additions are unlikely. However, **Mouwasat Medical Services Co.**, **SAL Saudi Logistics Services** and **Tadawul Group** remain primary candidates for deletion. In the Small Cap Index, we see multiple potential exclusions with **Ataa Educational Co.** and **Miahona** leading the pack. Middle East Pharmaceutical (Avalon Pharma), United International Holding (Tasheel), and Alsaif Gallery are other exclusion candidates.

- No inclusions expected in MSCI EM Standard Index; Mouwasat, SAL and Tadawul Group make case for exclusions:** **Mouwasat** with both market capitalization and free-float adjusted levels below estimated thresholds (as per closing prices of July 20, 2026) is a top contender for exclusion from the standard index. We also flag **SAL** and **Tadawul Group** for deletion risk. These potential shifts in the upcoming August review may trigger passive outflows, with final changes expected to be effective September 01, 2026.

Fig 1. Exclusion contenders (Saudi MSCI EM Standard Index)

Company	Sector	Market capitalization*	Reason for inclusion/exclusion
Mouwasat	Healthcare	USD 3.2bn	Below Mcap limit
SAL	Transportation	USD 3.5bn	Below Mcap limit
Tadawul Group	Financials	USD 4.0bn	Below Mcap limit

Source: Bloomberg, AlJazeera Capital research, * As of July 20, 2026

- Expected foreign fund outflows:** Exclusion of Mouwasat, SAL and Tadawul Group could trigger passive outflows of roughly **USD 100-200mn** each, given their current weights within the index.

Fig 2. Expected foreign fund flows

Company	Estimated Index weight	Passive outflows
Mouwasat	0.01%~	USD100 - 200mn~
SAL	0.01%~	USD100 - 200mn~
Tadawul Group	0.01%~	USD100 - 200mn~

Source: AlJazeera Capital Research

- Small Cap Index likely to see multiple exclusions:** We anticipate a potential deletion of several Saudi names from MSCI EM Small Cap Index. **Ataa Educational Co.** and **Miahona** with lowest market cap among index constituents are high probability exclusion candidates. Besides these two, **Avalon Pharma**, **Tasheel** and **Alsaif Gallery** also have chances of exclusion from the small cap index. On the flip side, **SMASCO**, which was excluded in May review, is qualifying for market capitalization and free-float adjusted market capitalization cut-offs with more than 12% recovery in stock price since last three months. Thus, SMASCO is potential candidate for inclusion in small cap index.

MSCI Index review	August 12, 2026
MSCI EM Standard Index	3 exclusion candidates*

MSCI Small Cap Index 5 exclusion candidates*

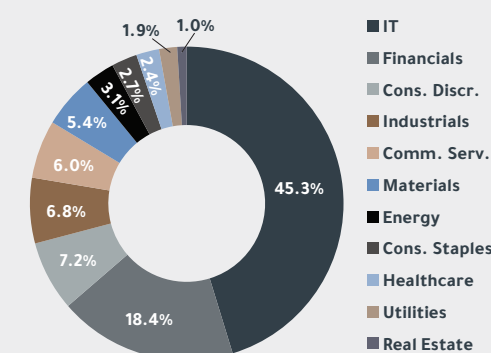
* HCR - high conviction recommendation based on AlJazeera Capital Research

MSCI EM vs MSCI ACWI vs MSCI Saudi



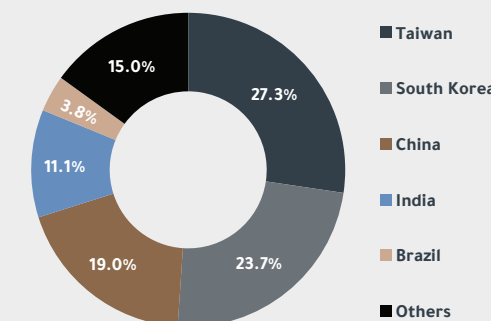
Source: MSCI, AlJazeera Capital Research

MSCI EM sector weights



Source: MSCI, AlJazeera Capital research, as of June 30, 2026

MSCI EM country weights

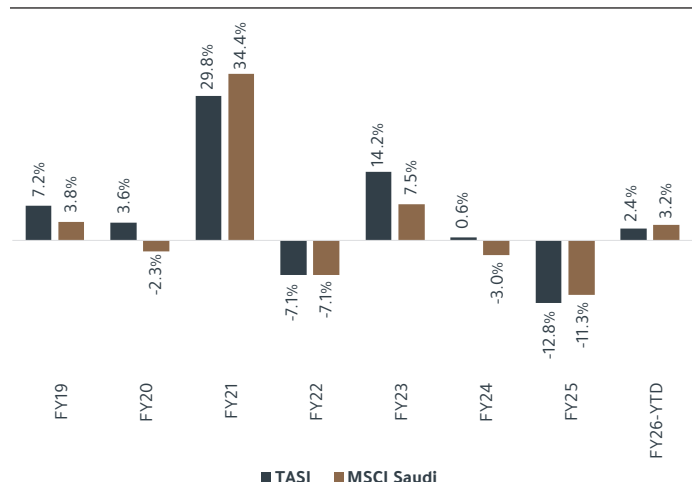


Source: MSCI, AlJazeera Capital research, as of June 30, 2026

MSCI Index Review Report

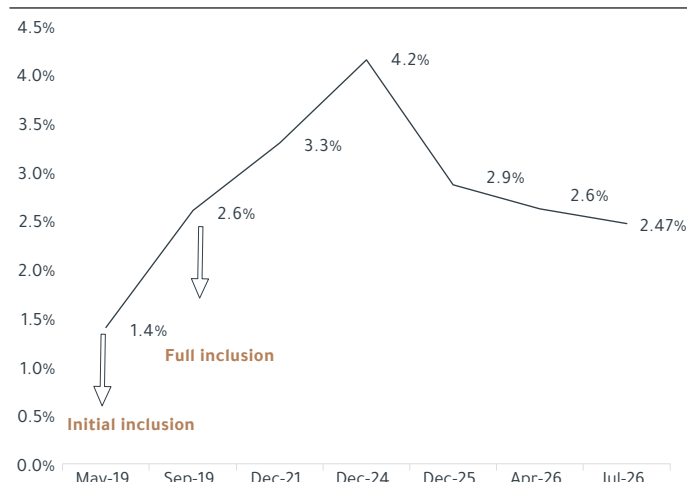
Saudi Stock Market | Special Report | August 2026

TASI vs. MSCI Saudi returns



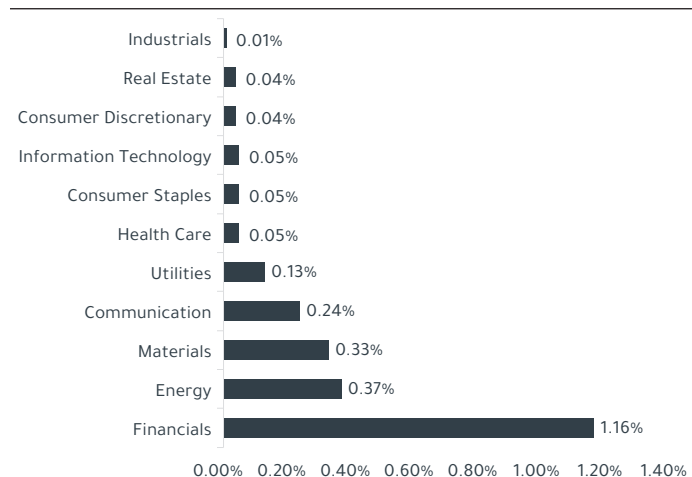
Source: MSCI, Tadawul, Aljazira Capital research

KSA weight* evolution in MSCI EM Index



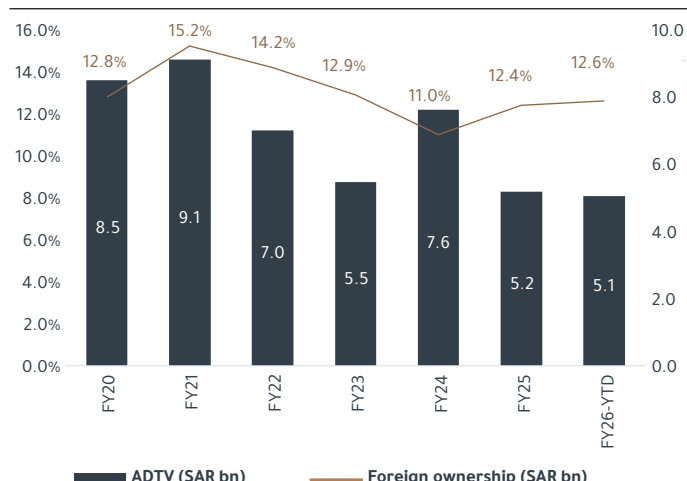
Source: Aljazira Capital research, *latest weight based on iShares MSCI EM ETF

KSA sectoral diversification in MSCI EM



Source: MSCI EM ETF, Aljazira Capital research, as of June 30, 2026

Foreign ownership (% of free float) and ADTV in Saudi markets



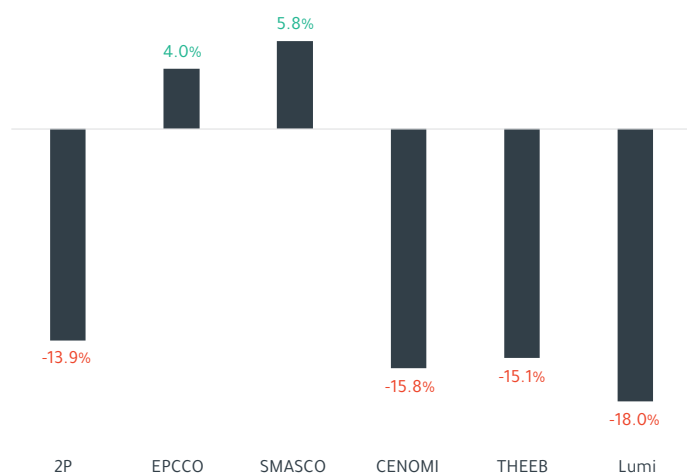
Source: Tadawul, Aljazira Capital research, as of June 30, 2026

Performance since last review - Inclusions



Source: Tadawul, Aljazira Capital research; *since November 2025 review, as there was no inclusion in February and May 2026 review

Performance since last review - Exclusions



Source: Tadawul, Aljazira Capital Research, performance since date of announcement

RESEARCH DIVISION

Director - Head of Sell-Side Research
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

RESEARCH
DIVISION

Aljazira Capital, the investment arm of Bank Aljazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. Aljazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. Aljazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, Aljazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING
TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, this report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal/tax position and other concerns before getting into such investments or liquidate them partially or fully. The market of securities, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by Al-Jazira Capital from sources believed to be reliable, but Al-Jazira Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. Al-Jazira Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. Some securities maybe, by nature, of low volume/trades, or may become so, unexpectedly in special circumstances, and this might increase the risk on the investor. Some fees might be levied on some investments in securities. Aljazira Capital, its employees, one or more of its board members, its affiliates, or its clients may have investments in the securities or assets referred to in this report. This report has been produced independently and separately by the Research Division at Al-Jazira Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with Al-Jazira Capital. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Al-Jazira Capital. Persons who receive this report should make themselves aware, of and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.