MSCI Quarterly Index Review Report

Saudi Stock Market | Special Report | August 2026

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MSCI Index Review Report

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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, AlJazira 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~

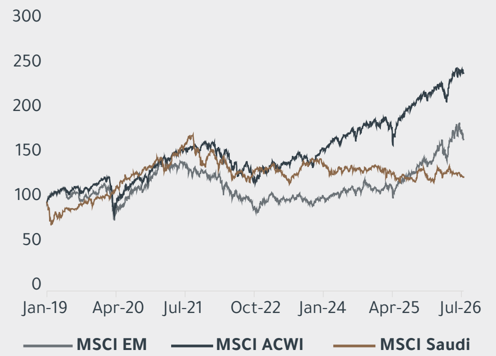
Source: AlJazira Capital Research

- **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*

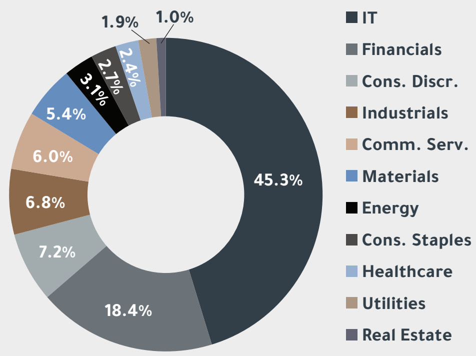
* HCR - high conviction recommendation based on AlJazira Capital Research

MSCI EM vs MSCI ACWI vs MSCI Saudi



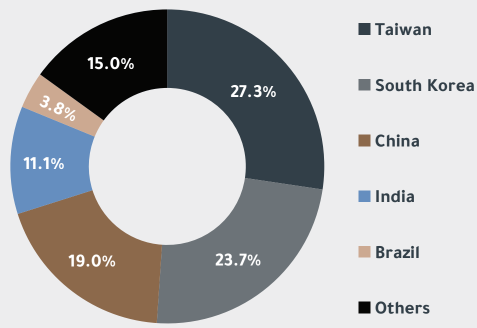
Source: MSCI, AlJazira Capital Research

MSCI EM sector weights



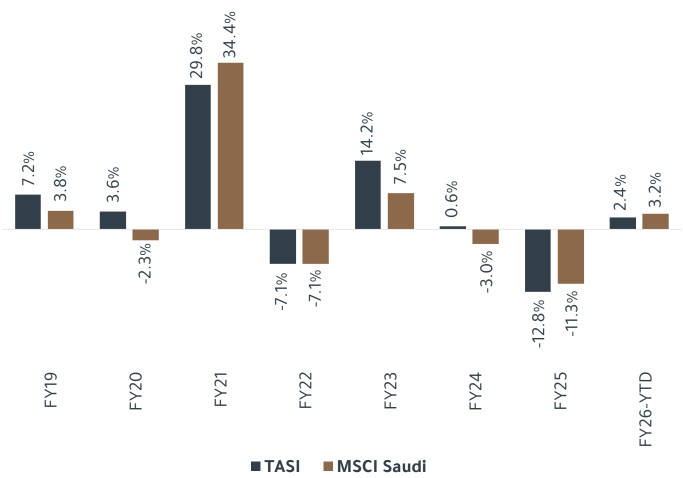
Source: MSCI, AlJazira Capital research, as of June 30, 2026

MSCI EM country weights



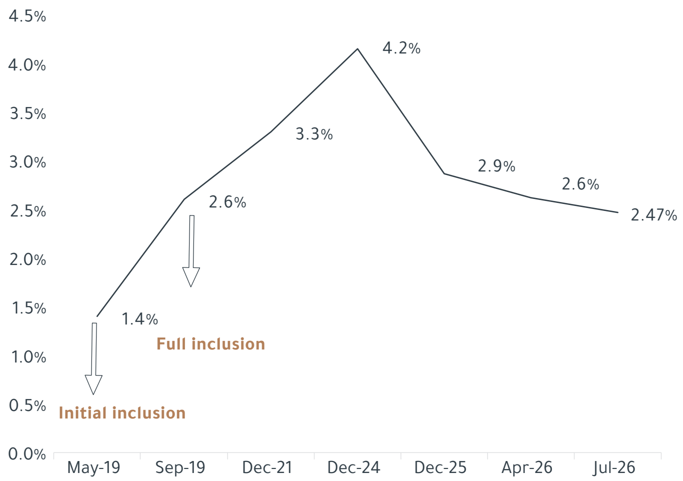
Source: MSCI, AlJazira Capital research, as of June 30, 2026

TASI vs. MSCI Saudi returns



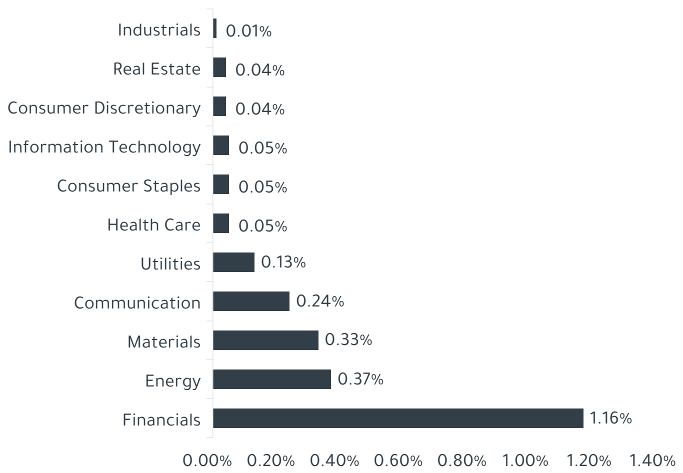
Source: MSCI, Tadawul, AlJazira Capital research

KSA weight* evolution in MSCI EM Index



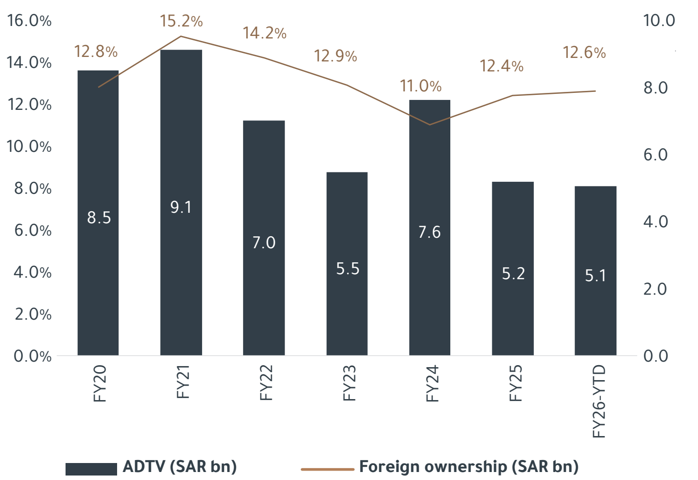
Source: AlJazira Capital research, *latest weight based on iShares MSCI EM ETF

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

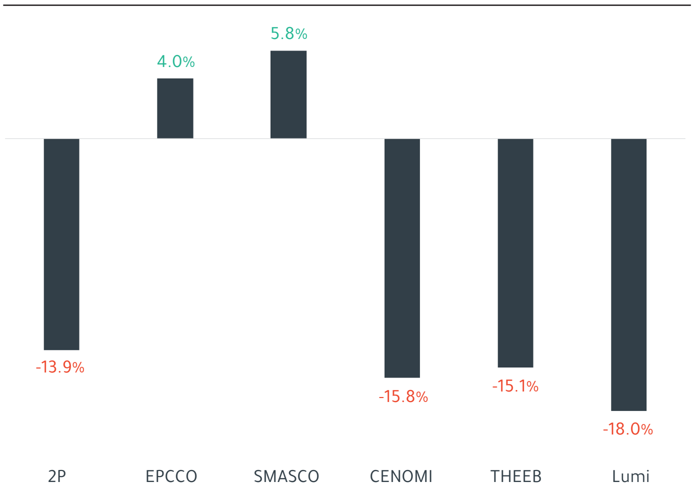


Source: Tadawul, AlJazira Capital research, as of June 30, 2026

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

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RESEARCH DIVISION

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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