SNB Capital Fund Manager Survey

Q3 26

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Executive Summary

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 turned decisively Neutral on the Saudi market for the remainder of 2026. Neutral views jumped to 60% (from 30% in Q2 26), while Bullish views stood at 29% and Bearish views fell to 11% (from 35%), the lowest levels since Q2 24. On valuation, 66% of the managers believe the market is fairly valued, down from 75% in Q2 26, while those seeing the market as undervalued increased to 29% (from 11% in Q2 26). Its worth highlighting that only 6% consider the market overvalued, the lowest level since Q1 22. We believe the shift reflects easing valuation concerns following the recent muted performance and a relatively strong earnings season. Moreover, 74% of the managers expect oil prices to normalize within 3 to 6 months post the end of the conflict while expecting Refined product prices to normalize within 12 months and beyond (46%). The managers expect the market in 2026f to be mainly driven by the development of the ongoing regional tensions and oil prices, with 56% expecting the geopolitical situation to stop being a driver of market performance within 3 to 6 months. For oil prices in 2026f, 69% expect the average to range between USD75.0-USD84.9, with the largest concentration (46%) in the USD80-USD84.9 range.

- **Sector picks:** In Q3 26, the managers are mostly Bullish on Insurance (74%), Technology (51%), Bearish on Petrochemicals (60%), and Neutral on Telecom (63%) and Energy (54%). Moreover, they kept expectations for the top outperforming sector for the remainder of 2026f to Insurance (37%), followed by Banking (23%), and the worst performer to Petrochemicals (31%). For Q2 26 results, the managers indicated that majority of the recent results were as expected, mostly in Telecom (77%) and Industrials (74%). Overall, Energy had the highest "better than expected results" with 44% of the managers, while Tourism had the highest "less than expected results" at 46%, closely followed by Petrochemicals at 43%.

- **Asset allocation trends:** The level of cash kept in fund managers' portfolios indicates a meaningful re-deployment into the market. In Q3 26, only 9% of the managers are keeping a cash level of >20% in their portfolios (vs 22% in Q2 26), with none holding above 30%, while the managers that keep a cash level of <5% rose to 51% (from 33% in Q2 26). For investment strategies, the strong preference for Growth seen in Q2 26 (64%) has broadened. Large-cap strategy emerged as the most preferred for the 1st time at 35%, followed by Value and Growth at 32% each. For new IPOs, 54% of the managers said their interest to participate in new offerings depends on sector/company specifics, up from 46% in the past survey, while 26% were not interested in any new IPOs. Technology remains by far the most attractive IPO sector at 54%.

- **Nomu market views:** In Q3 26, 46% of the managers believe that Nomu is an attractive market but liquidity is an issue (down from 63% in Q2 26), and 37% are neutral depending on the attractiveness of each company. Moreover, 83% of the managers indicated that they plan to keep their Nomu market exposure broadly unchanged, while only 6% plan to increase their exposure. For sectors, the managers kept preferences for Software and Technology (66%), followed by Healthcare (34%) and Materials and Industrials (31%).

Summary of Historical Views

	Q3 26	Q2 26	Q4 25	Q3 25	Q1 25	Q4 24
Most common market sentiment	Neutral	Split	Neutral	Neutral	Neutral	Neutral
Sectors the managers are mainly bullish on	Insurance, and Technology	Insurance, Technology and Energy	Tourism, Technology and Insurance	Technology, Banking and Healthcare	Banking, Technology and Tourism	Tourism, Banking and Construction
Sectors the managers are mainly bearish on	Petrochemicals	Consumers	Petrochemicals	Petrochemicals	Petrochemicals	Petrochemicals
Most common cash level kept in the fund manager's portfolio	< 5%	< 5%	< 5%	< 5%	< 5%	< 5%
Most common expectation for the main market driver	Oil prices and regional tensions	Oil prices and regional tensions	Oil prices and Saudi macro factors	Oil prices, interest rates and inflation	Oil prices, interest rates and inflation	Oil prices, interest rates and inflation
Preferred investment strategy	Large-cap	Growth	Value	Growth	Growth	Growth

Source: SNB Capital Research

Important information

This report is compiled by SNB Capital based on feedback SNB Capital has received in response to a quarterly survey from local and international portfolio managers who invest in the Saudi stock market("Participants"). The contents of this report do not represent SNB Capital's views.

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