SNB Capital Fund Manager Survey

Q2 2026

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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 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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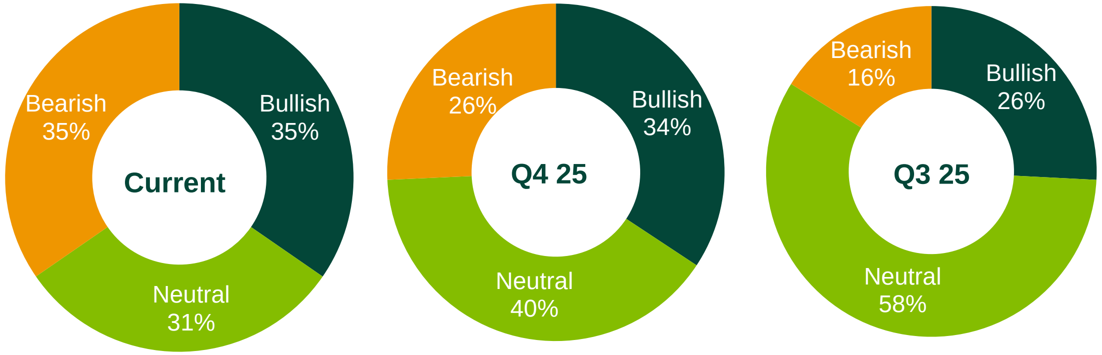
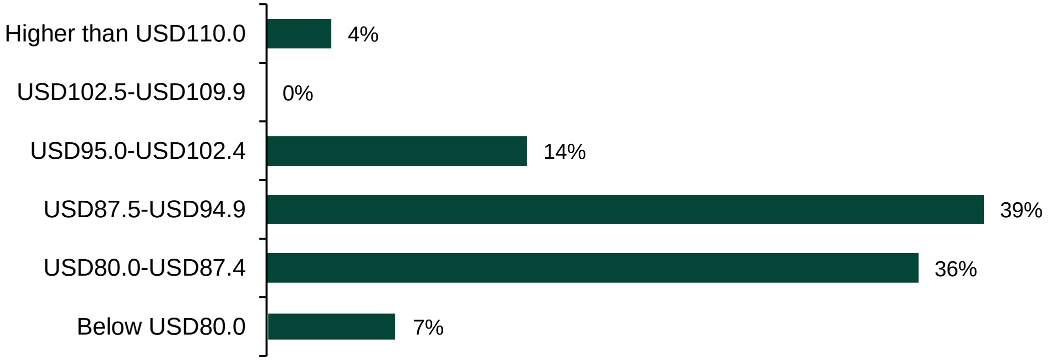
What is the outlook for the market in the remainder of 2026f?

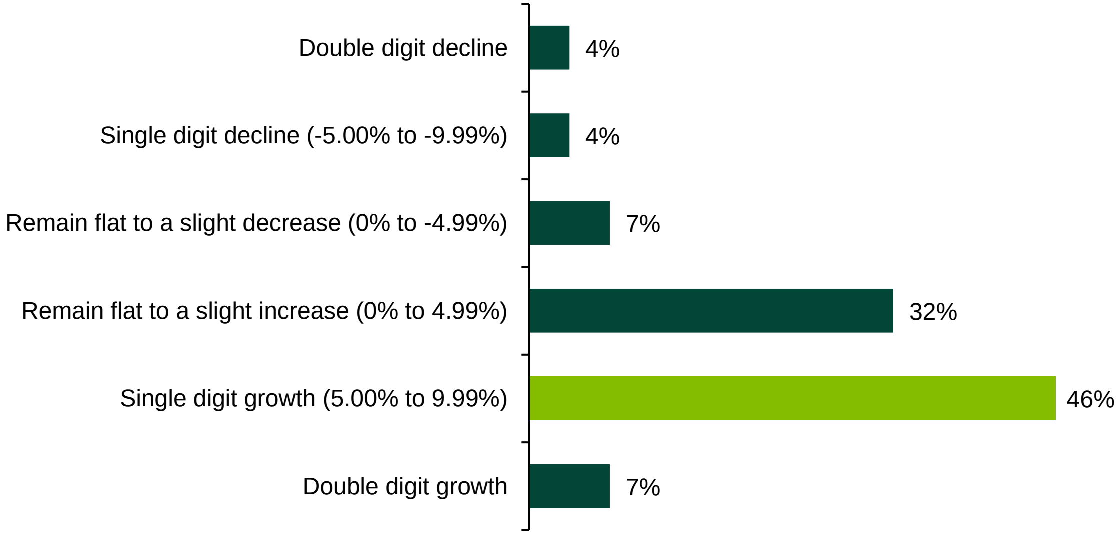
The views are broadly equally split between Bullish (35%), Bearish (35%) and Neutral (30%) which we believe reflects high level of uncertainty among managers



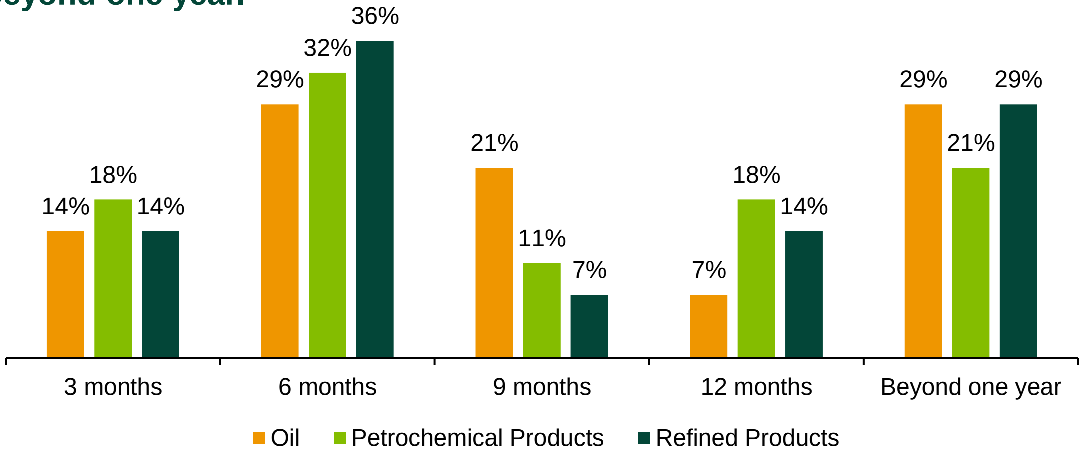
Average oil price expectation for 2026f show a concentrated view toward the **USD80-USD94.9** levels.



In 2026f, managers expectations for TASI earnings remains at **high single digit growth (5.00% to 9.99%)**



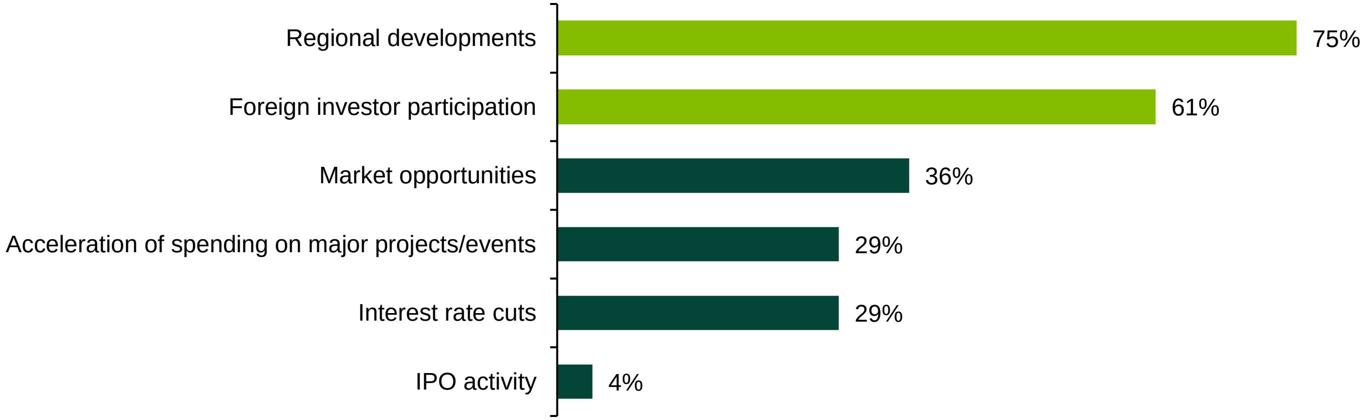
Most of the managers expect **Oil, Petrochemical and Refined product** prices to normalize **within 6 months**. However, almost **one third** of the managers expect prices to remain high, especially for oil and refined products, **beyond one year.**



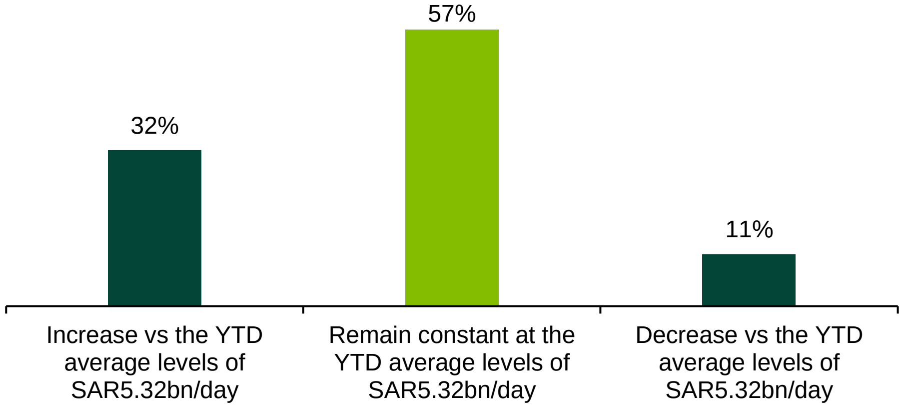
Source: SNB Capital Research.

Saudi Market Outlook

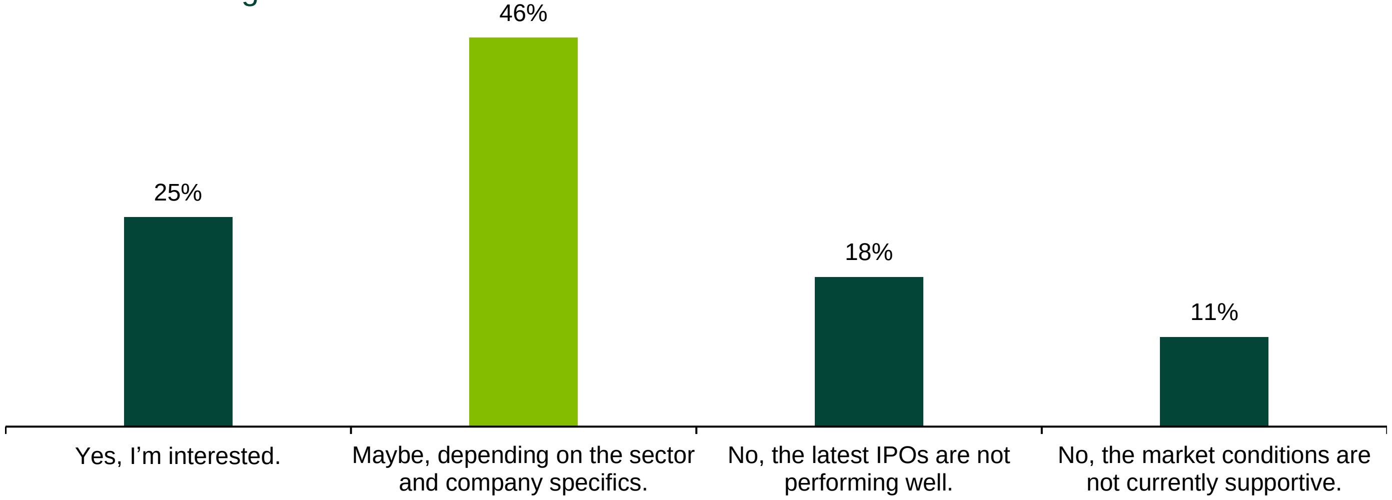
The managers believe that **regional developments** will be the main liquidity driver in 2026f followed by **foreign investor participation.**



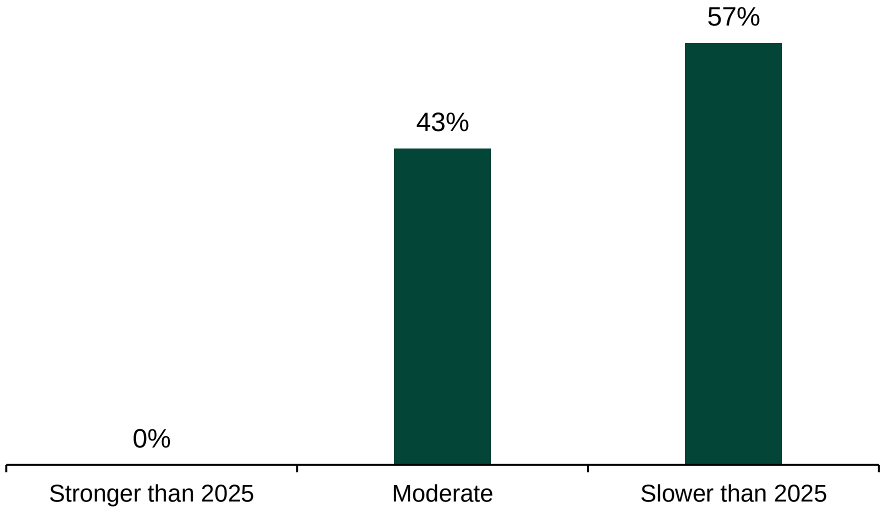
57% of managers expect market liquidity to **remain constant vs YTD average levels of SAR5.32bn/day**



46% of the managers said their interest to participate in **new IPOs** depend on sector/company specifics. Meanwhile, **28% were not interested** in any new IPOs due to recent performance and market timing.



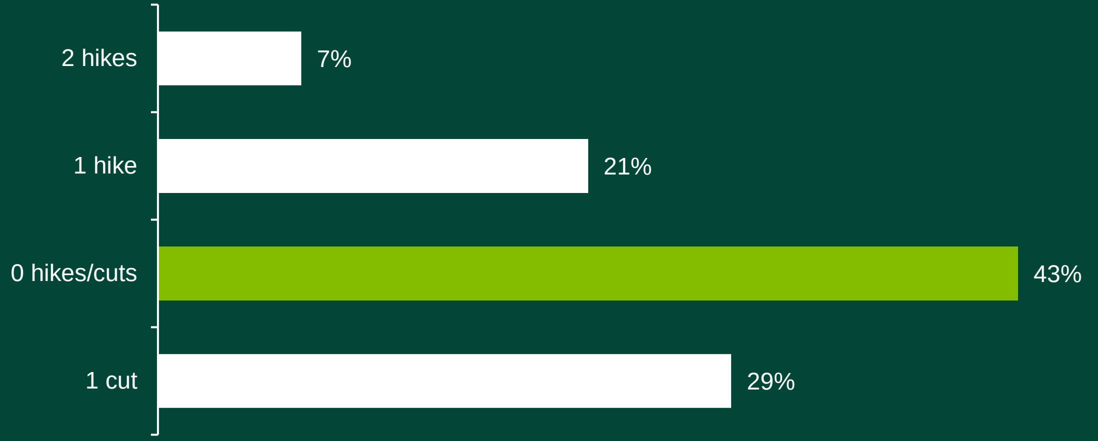
IPO pipeline expectations for the remainder of 2026 show an IPO level **slower than 2025**



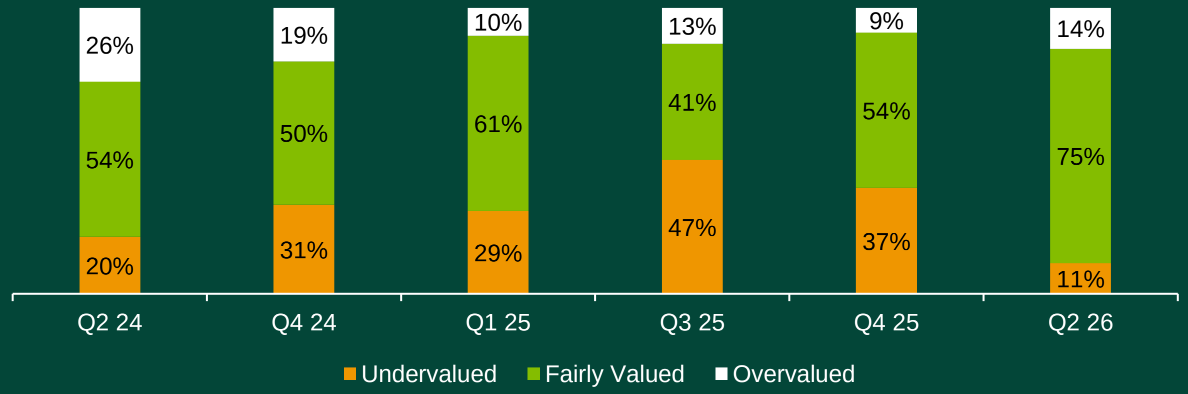
Source: SNB Capital Research.

Saudi Market Outlook

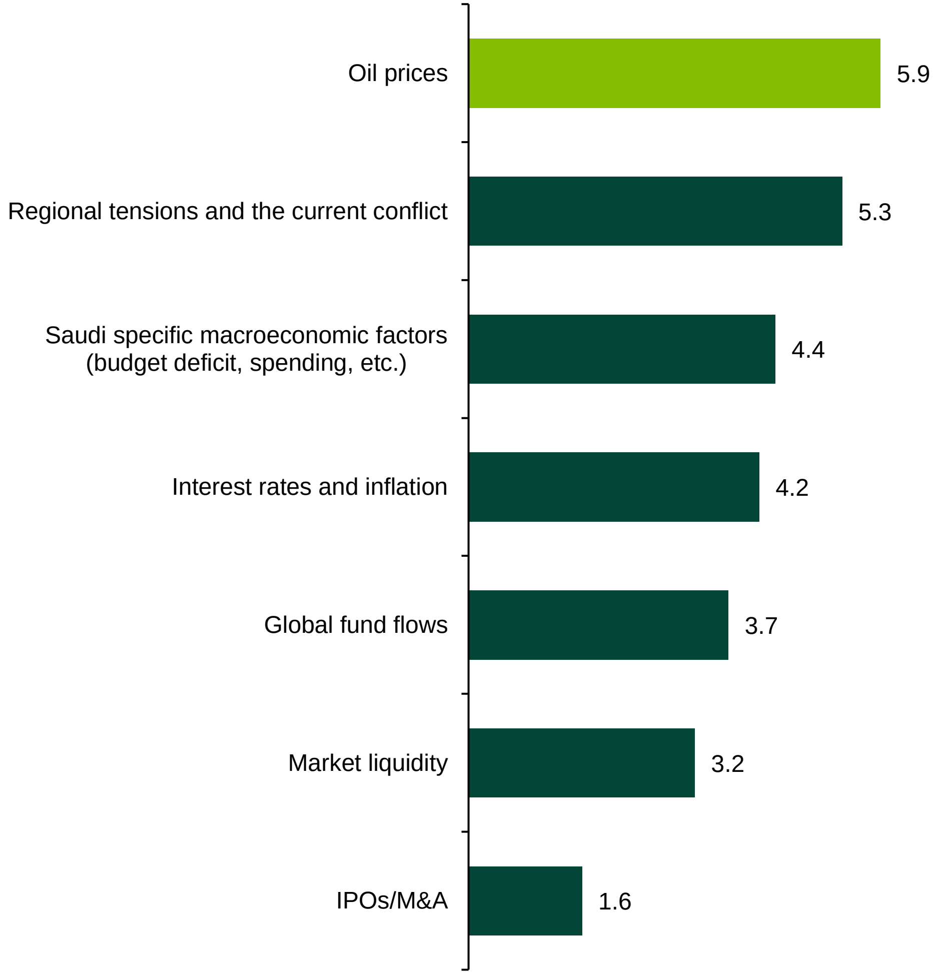
Interest rate expectations suggest **no hikes/cuts in 2026f** (constant qoq). Interestingly, 28% are expecting at least 1 hike.



75% of the managers believe the market is currently **fairly valued**, a significant increase from previous quarters (highest since Q2 23). Moreover, only **11%** of the managers see the market as **undervalued**, the lowest since Q1 24.



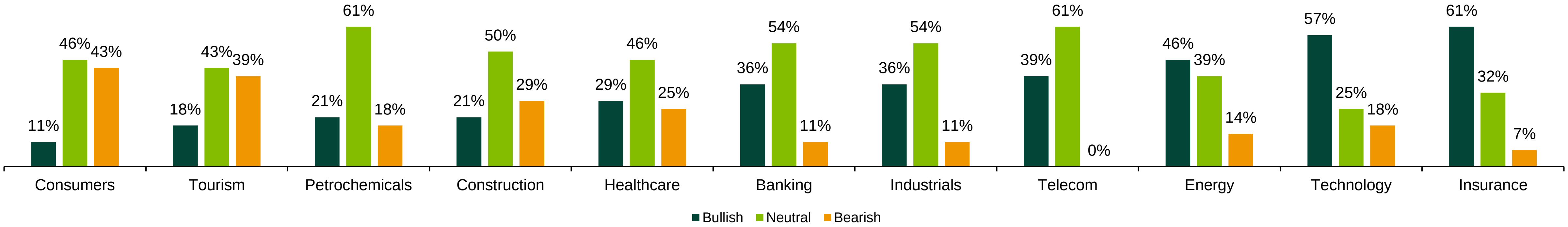
The fund managers expect **oil prices** and **Regional tensions and the current conflict specific factors** to be the key market drivers in the next 12-months*



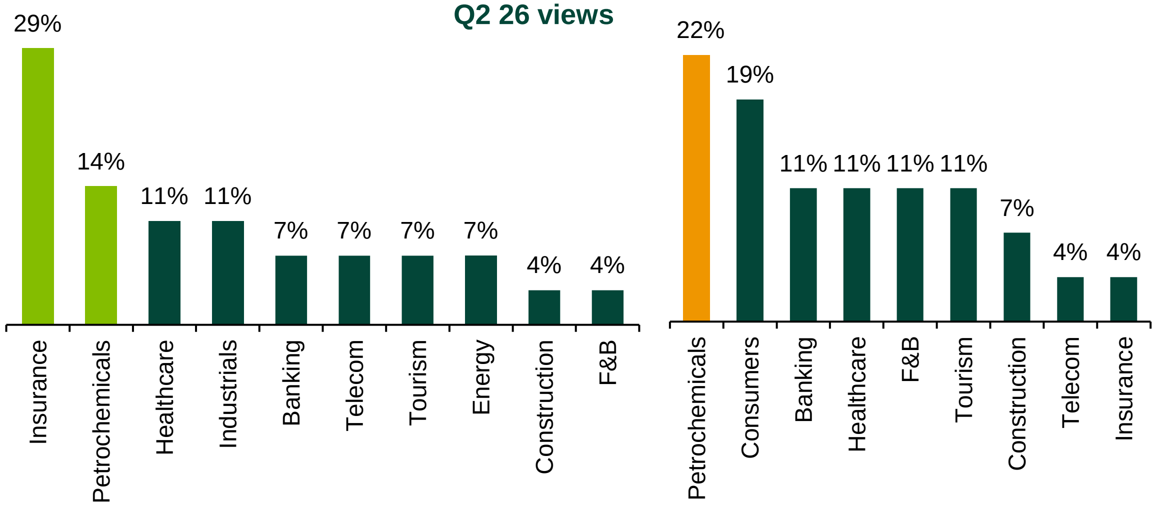
Source: SNB Capital Research. *Weighted average score (maximum score = 7)

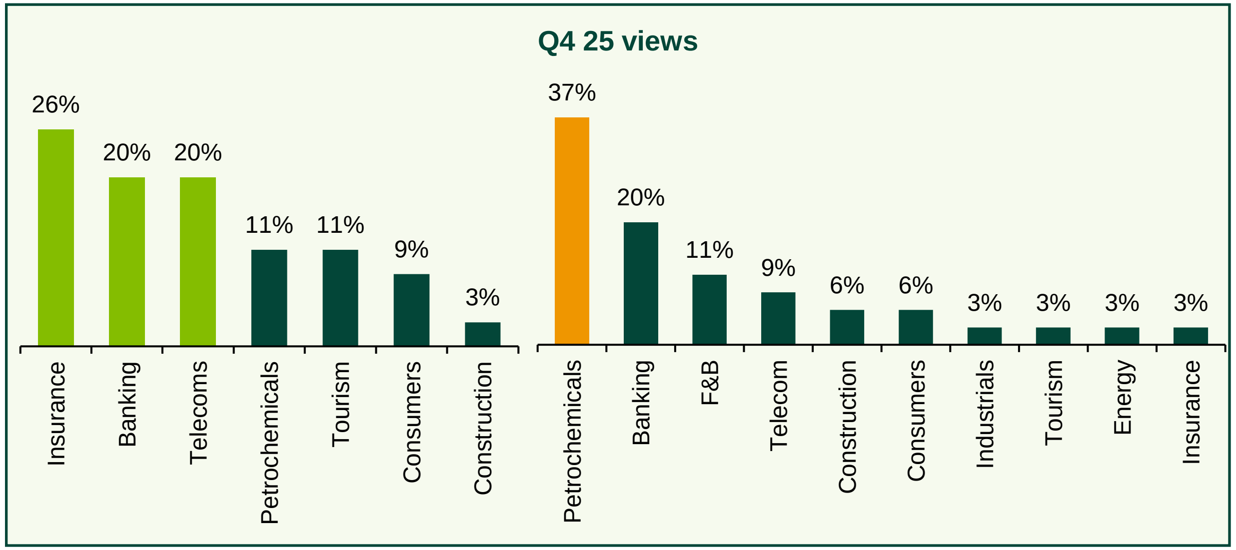
Sector Outlook and Picks

In Q2 26, the managers are mainly bullish on **Insurance, Technology** and **Energy**, bearish on **Consumers** and **Tourism**, and Neutral about **Petrochemicals** and **Telecom**



The managers expect **Insurance** to **outperform** in the remainder of 2026 (unchanged from Q4 25) while **Petrochemicals** is expected to the **worst performer** (unchanged from Q4 25).

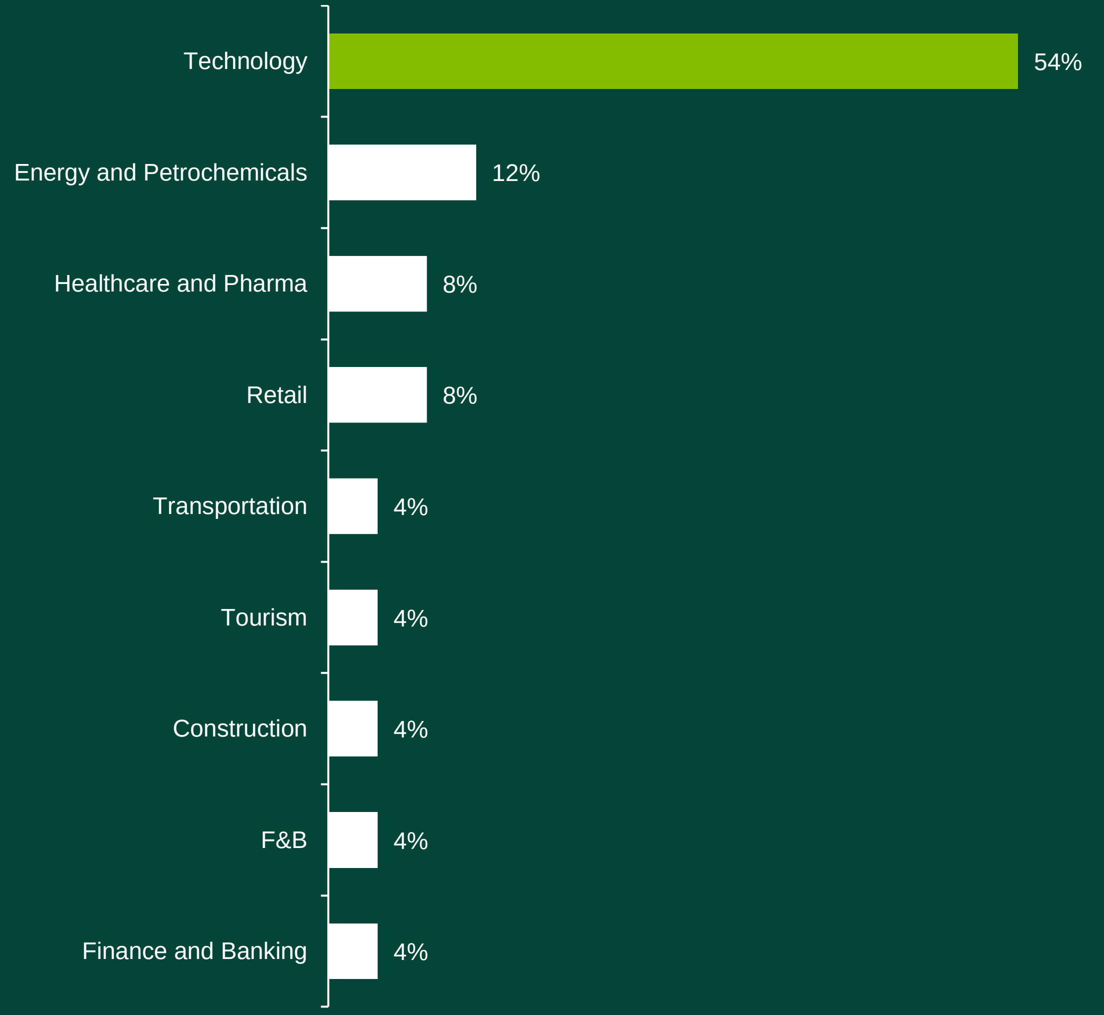




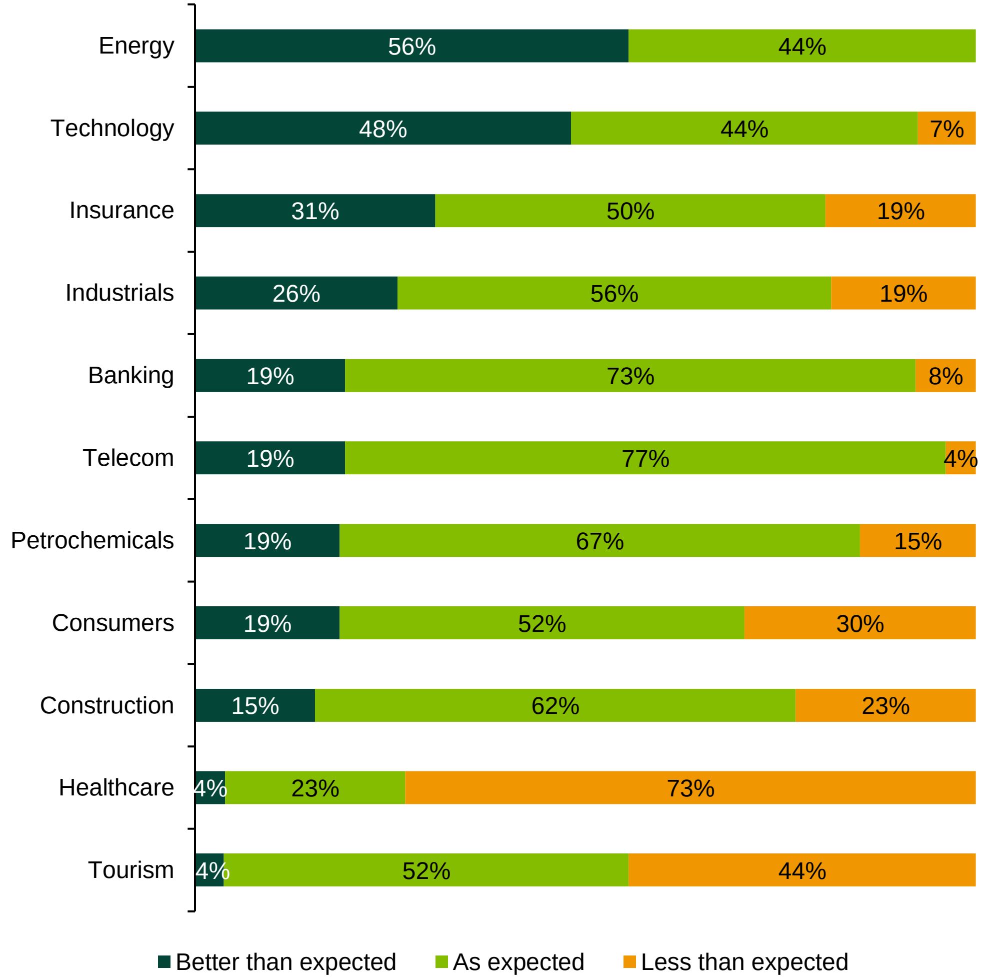
Source: SNB Capital Research

Sector Outlook and Picks

For **IPOs**, managers believe **Technology** is the most attractive sector to participate in



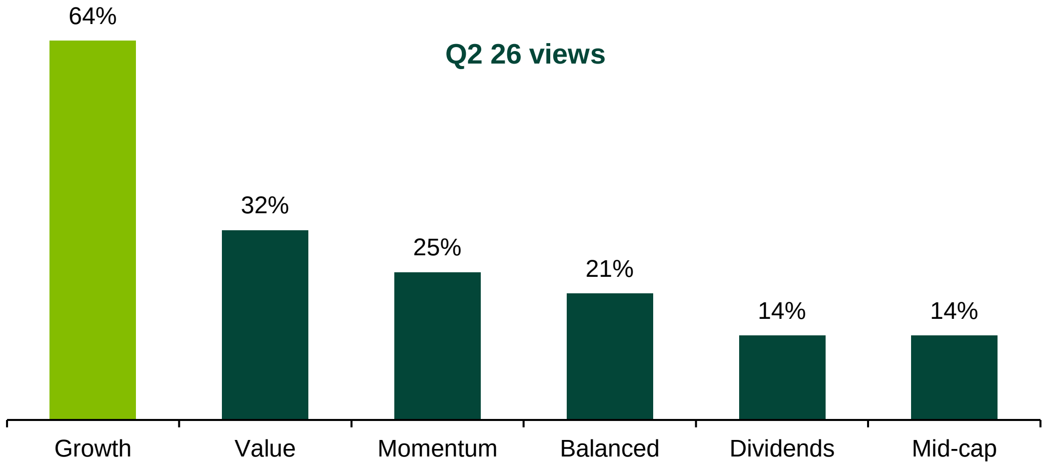
How has the **latest results (Q1 26)** of the following sectors been compared to your estimates?

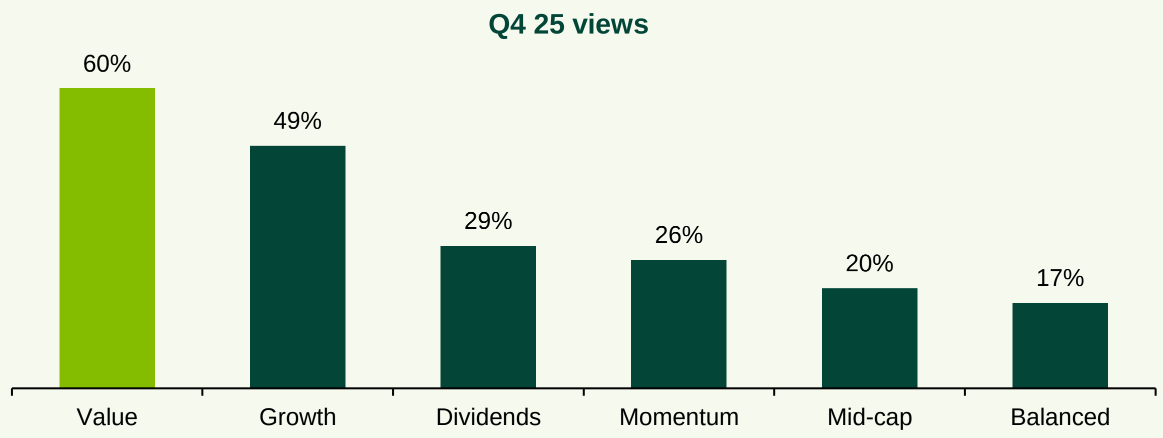


Source: SNB Capital Research

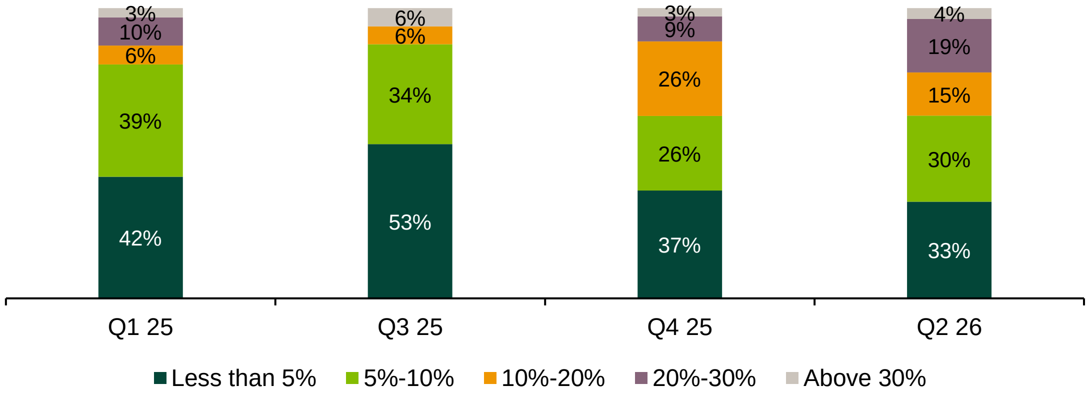
Asset Allocation Trends

The managers' preferred investment strategy shifted from Value strategies in Q4 25 to **Growth** strategies in **Q2 26**

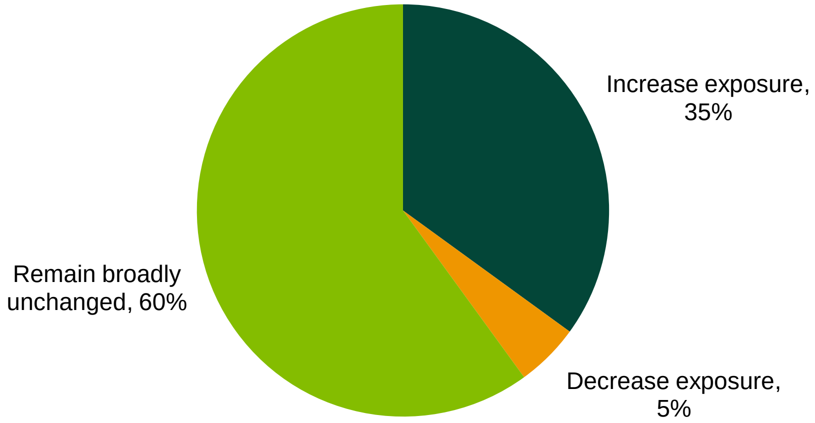




23% of the managers are keeping a **cash level of >20%** in their portfolios (vs 12% in Q4 25), while the managers that keep a **cash level of <5% declined to 33%,** indicating less cash is being deployed in the market which reflects the uncertainty



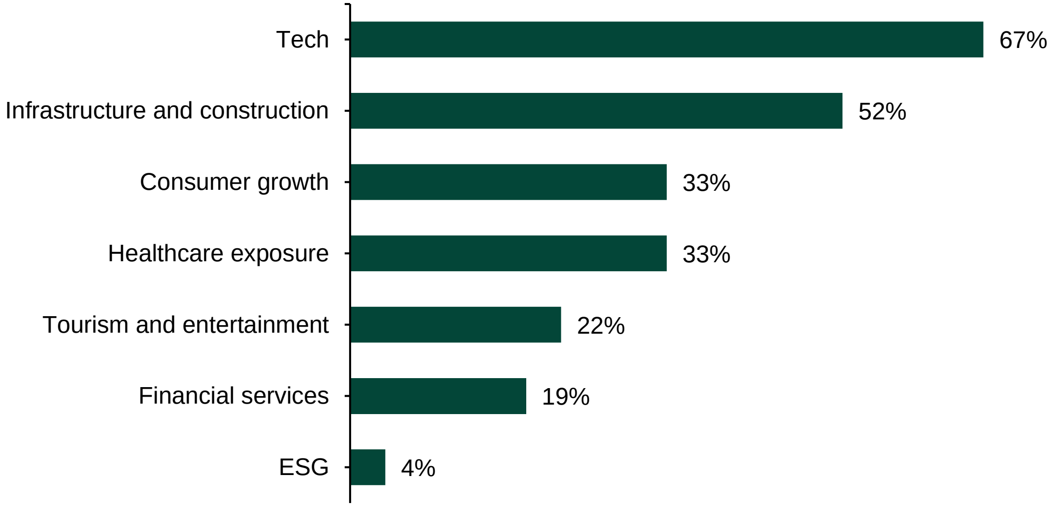
60% of the managers expect their **Saudi market exposure** to **remain broadly unchanged** in the next 12-months, while **35% plan to increase exposure**



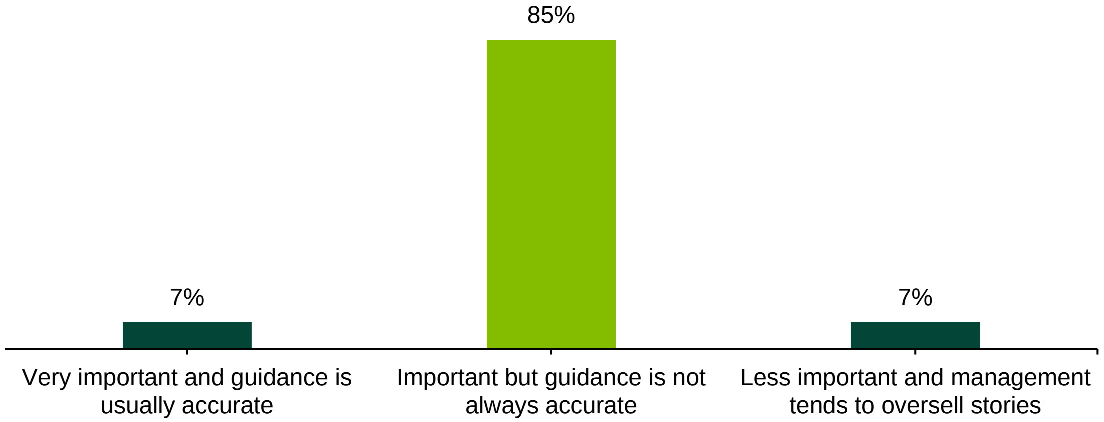
Source: SNB Capital Research

Asset Allocation Trends

What **thematic opportunities** do you mostly consider in your investments?



For management feedback, the managers mainly believe it is **important but guidance is not always accurate**

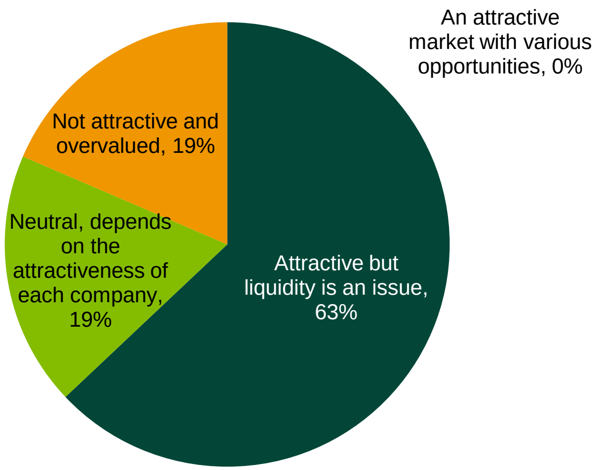


Earnings quality, attractive growth stories followed by **Unique exposure** are the top factors the managers are willing to pay a premium for. Unique exposure is a new characteristic entering the top 3, replacing stability of outlook in Q4 25

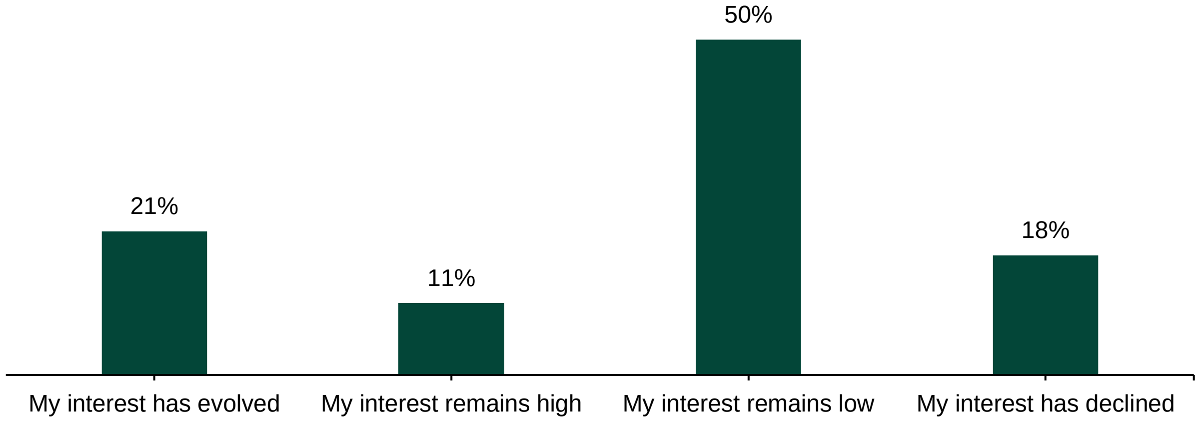
Source: SNB Capital Research

Nomu Market Views

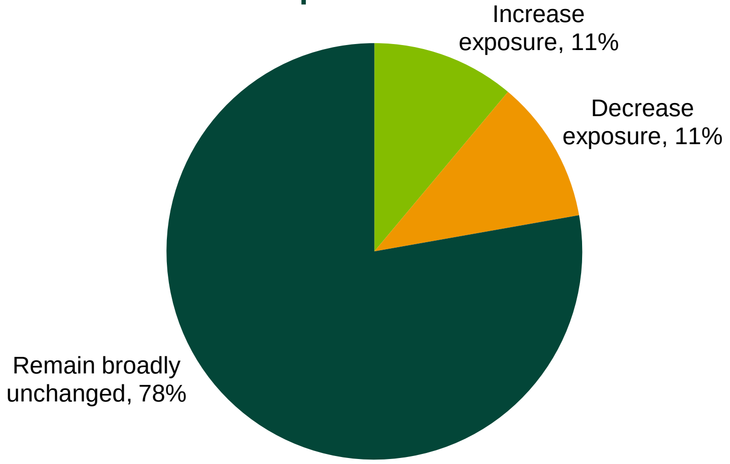
63% of the managers believe that Nomu market is **Attractive** but has liquidity limitations, while 19% have a **Neutral** view.



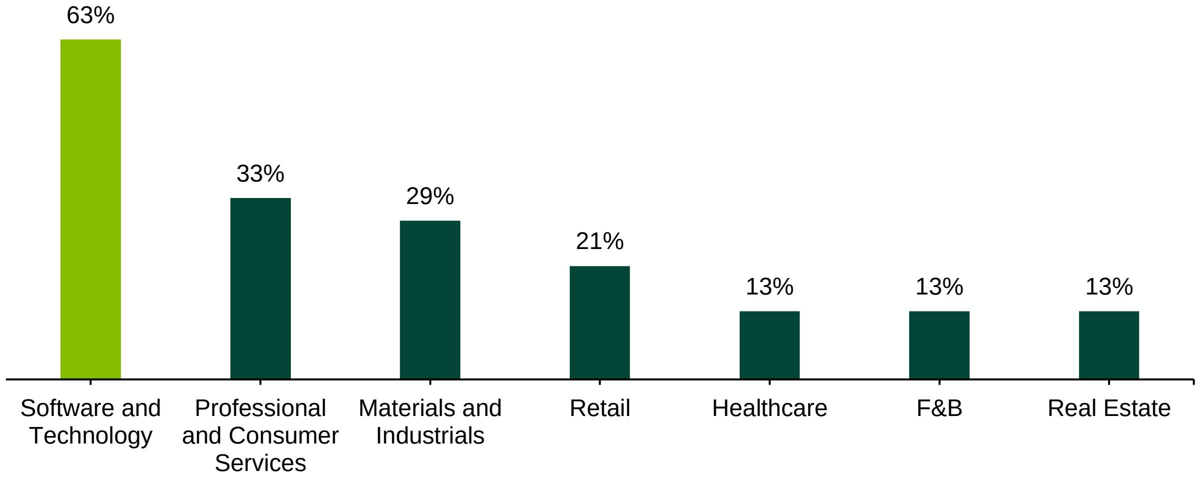
68% of the managers indicated **low/declining interest** towards Nomu market while the remaining indicated **high/evolving interest**



78% of the managers indicated that the plan to keep their **Nomu market exposure broadly unchanged** in the next 12-months, while 11% plan to **increase their exposure**



Software and Technology remains the managers' preferred Nomu Market sector



Source: SNB Capital Research

Summary of Historical Views

	Q2 26	Q4 25	Q3 25	Q1 25	Q4 24	Q2 24
Most common market sentiment	Split	Neutral	Neutral	Neutral	Neutral	Bullish
Sectors the managers are mainly bullish on	Insurance, Technology and Energy	Tourism, Technology and Insurance	Technology, Banking and Healthcare	Banking, Technology and Tourism	Tourism, Banking and Construction	Tourism, Insurance and Banking
Sectors the managers are mainly bearish on	Consumers	Petrochemicals	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 Saudi macro factors	Oil prices, interest rates and inflation	Oil prices, interest rates and inflation	Oil prices, interest rates and inflation	Oil prices, interest rates and inflation
Preferred investment strategy	Growth	Value	Growth	Growth	Growth	Growth

Source: SNB Capital Research

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