

ACTIVE FUND INTELLIGENCE · GEM UNIVERSE

The GCC: Rotation, Not Retreat

GEM managers hold firm as Saudi Arabia gains ground

September 17, 2026

The GCC: Rotation, Not Retreat

GCC exposure among active GEM funds stands at 2.12%, down from a peak of 3.3% in early 2025 and close to the bottom of its five-year range. Yet the decline in weight has not been accompanied by a retreat in ownership. Fund participation has continued to rise, with 75% of managers now holding at least one GCC position—close to the highest level on record. The result is a market that is more widely owned than ever, but through more modest allocations.

Relative underperformance has reduced the GCC’s weight in the benchmark, helping the average active underweight narrow from almost -6% in 2023 to -2.55% today. Even so, just 9.2% of funds are overweight. The GCC remains the sixth-largest sub-regional allocation, behind Eastern Europe at 3.48% and Africa at 3.06%. It has become increasingly difficult for GEM managers to ignore, but broad participation has yet to translate into core portfolio exposure.

Chart 1: GEM Funds Active Fund Sub-Regional Exposures
Absolute and Relative Ownership Metrics

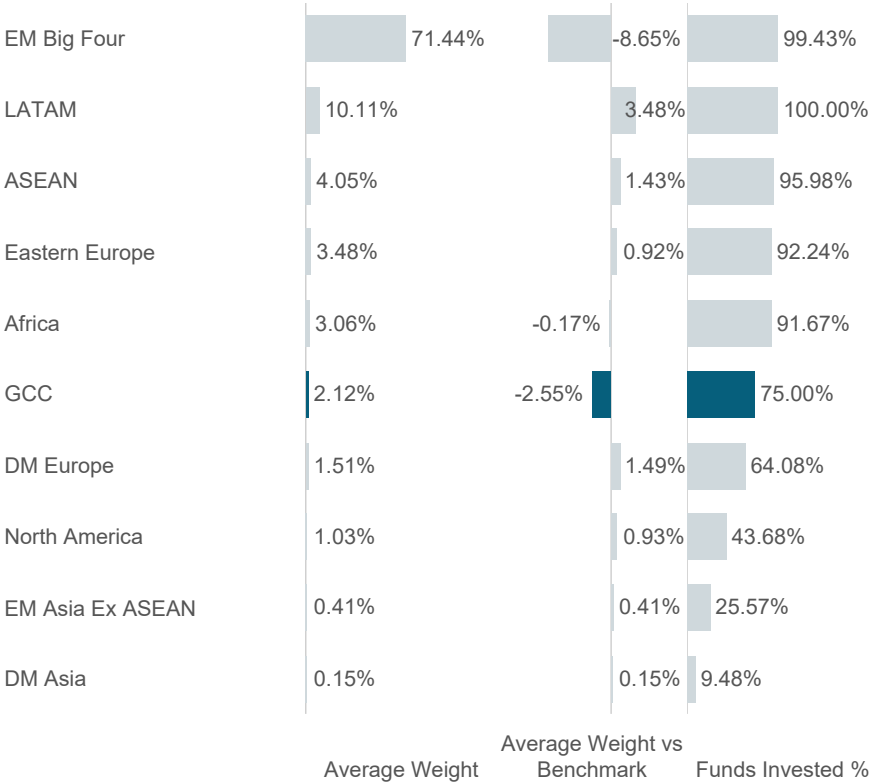


Chart 2a: GCC
Average fund weight



Chart 2b: GCC
Average fund weight vs Benchmark

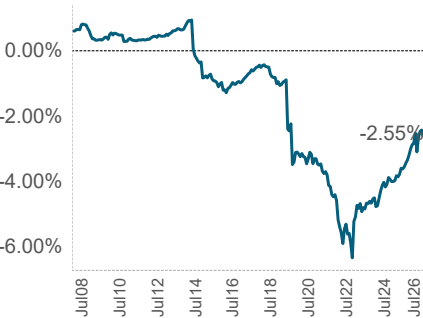


Chart 2c: GCC
Percentage of Funds Invested

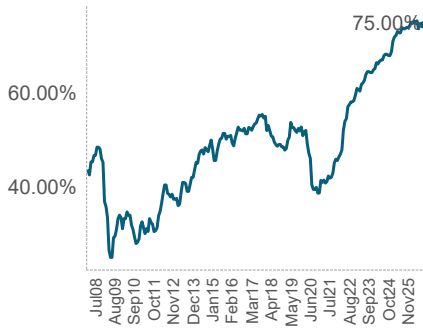


Chart 2d: GCC
Percentage of Funds Overweight



The GCC: Rotation, Not Retreat

That broad-but-shallow ownership profile is clear in the distribution of fund weights. Most allocations sit below 4%, with relatively few funds matching or exceeding the 4.66% benchmark weight, although a small group of managers maintain much higher-conviction positions. The underweight is also consistent across investment styles: Yield and GARP funds hold more than their Growth counterparts, but every style group remains underweight on average. Over the longer term, style positioning has moved broadly in unison, with Aggressive Growth funds consistently maintaining the largest underweight.

Chart 3: Clustering and Extremes in GCC Exposures

Histogram of fund weights - colour represents fund style

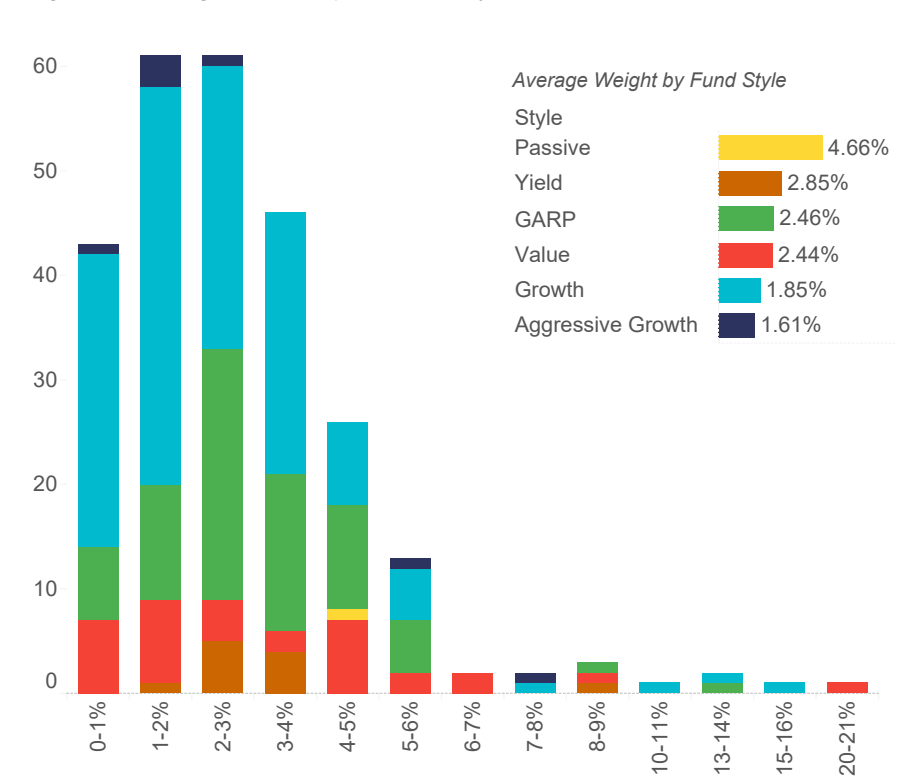
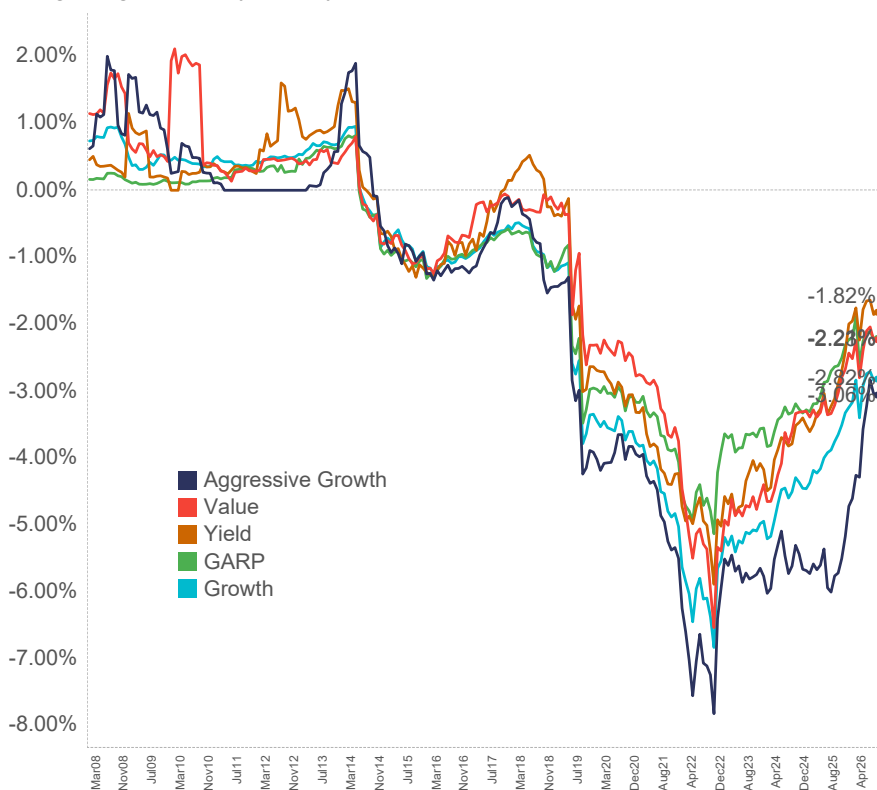


Chart 4: GCC Style Evolution Over Time

Average Weight vs EEM by Fund Style, Time-Series

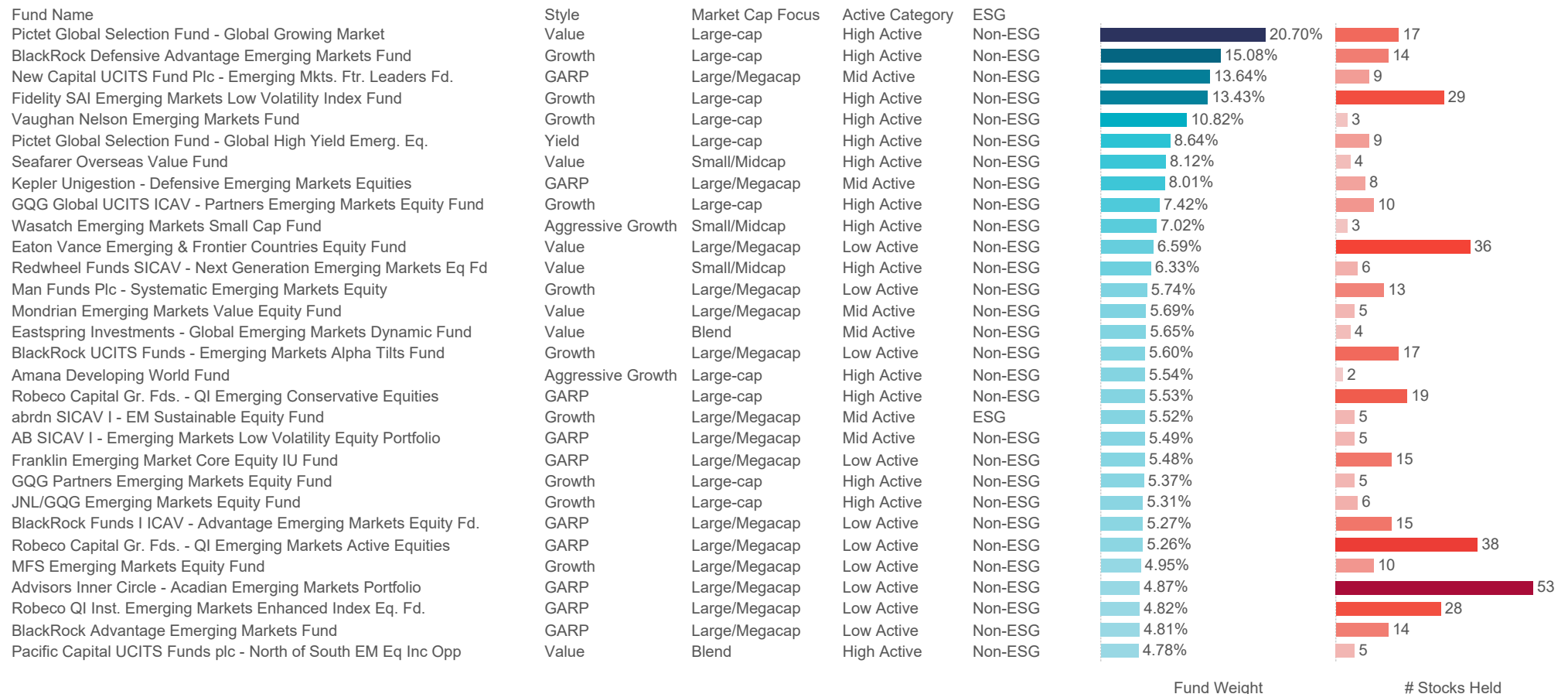


The GCC: Rotation, Not Retreat

At the individual fund level, Pictet Global Growing Markets carries the largest MENA allocation at 20.70%, ahead of BlackRock Defensive Advantage at 15.08% and New Capital Future Leaders at 13.64%. The list includes a notable cluster of defensive, low-volatility and conservative strategies, suggesting the region is increasingly being used for its defensive and income characteristics as well as for growth. Allocations vary from concentrated positions in just a handful of stocks to broad exposure across more than 50 holdings.

Chart 5: Funds with the Largest GCC Portfolio Weight

Latest fund weights and number of holdings per fund.

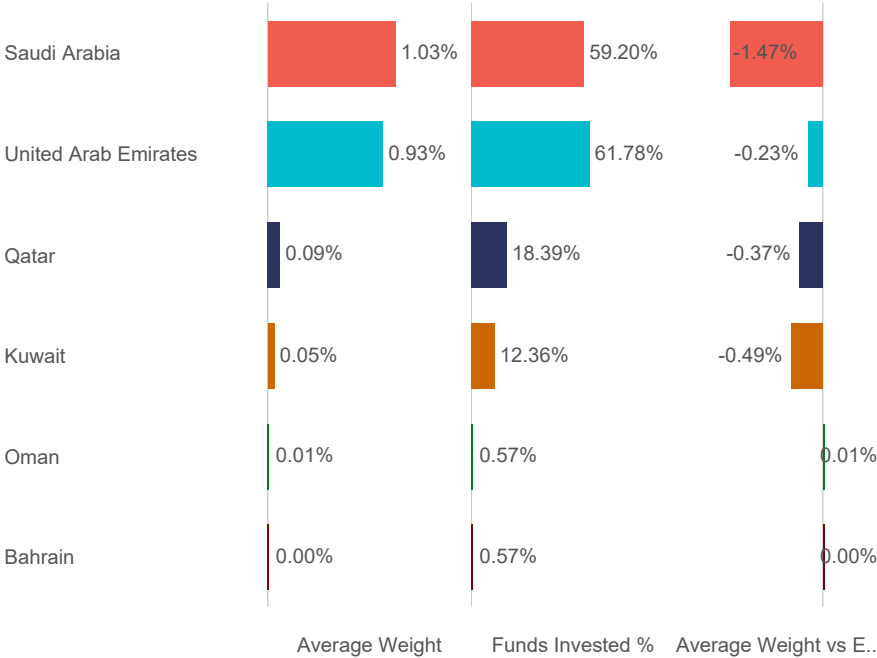


The GCC: Rotation, Not Retreat

Beneath the regional headline, the GCC remains firmly a two-market story. Saudi Arabia commands the larger average weight at 1.03%, while the UAE is more widely held, featuring in 61.8% of funds compared with 59.2% for Saudi Arabia. Participation in both markets is close to record highs. The regional underweight is concentrated in Saudi Arabia, which accounts for -1.47% of the GCC's overall -2.55% shortfall against the benchmark, compared with just -0.23% for the UAE. Qatar and Kuwait remain marginal exposures, although Kuwait is beginning to attract broader interest, with fund participation reaching a record 12.36%.

Chart 6: Largest Country Exposures

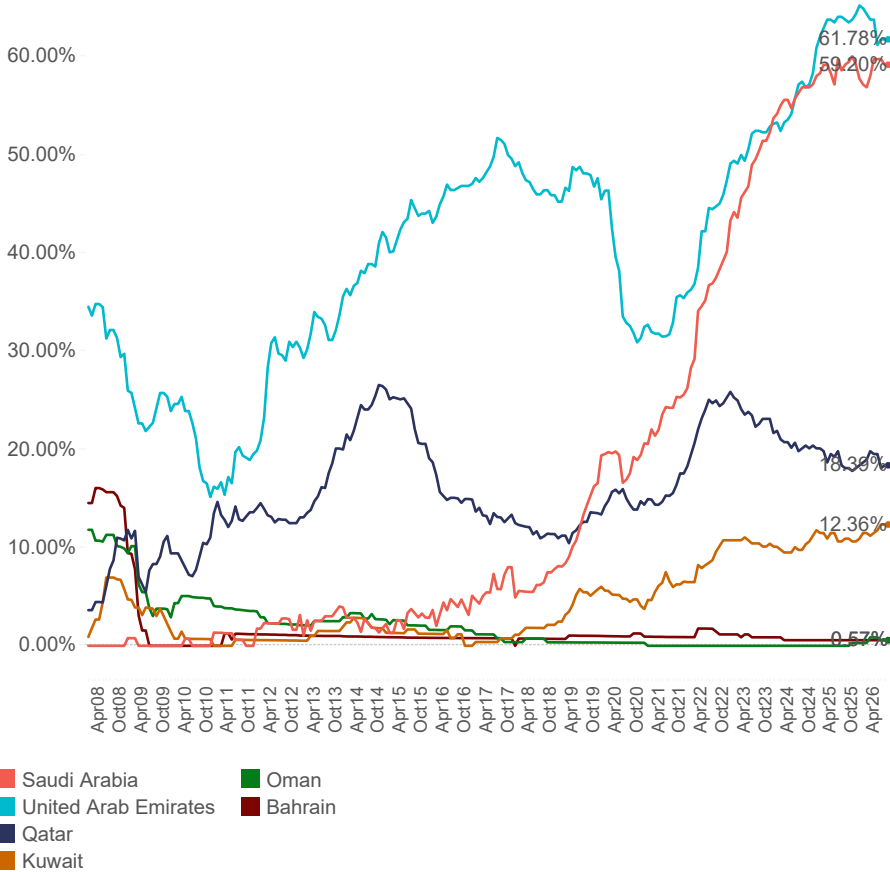
GCC Countries: Average fund weights / Funds Invested / Average Weight vs EEM



*Between 2/28/2026 and 8/31/2026

Chart 7: GCC Country Ownership Evolution

Funds Invested per GCC Country

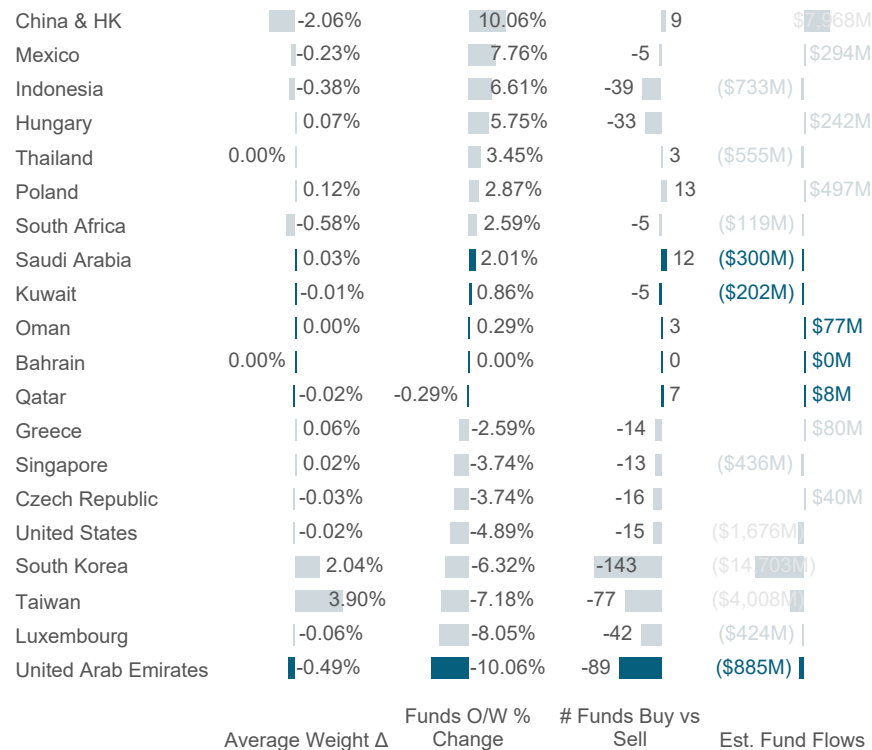


The GCC: Rotation, Not Retreat

Positioning over the past six months has shifted decisively in Saudi Arabia's favour. Around 2% of GEM funds moved from underweight to overweight Saudi Arabia, while 10% switched from overweight to underweight the UAE - the largest such rotation across the EM universe. The divergence may partly reflect the conflict-driven rise in oil prices, which has supported sentiment towards Saudi stocks, while the UAE has remained more exposed to the broader deterioration in regional risk appetite. At the fund level, seven of the ten largest GCC allocation increases were in Saudi Arabia, while all ten of the largest reductions were in the UAE.

Chart 8: Largest Changes in GCC Country Positioning

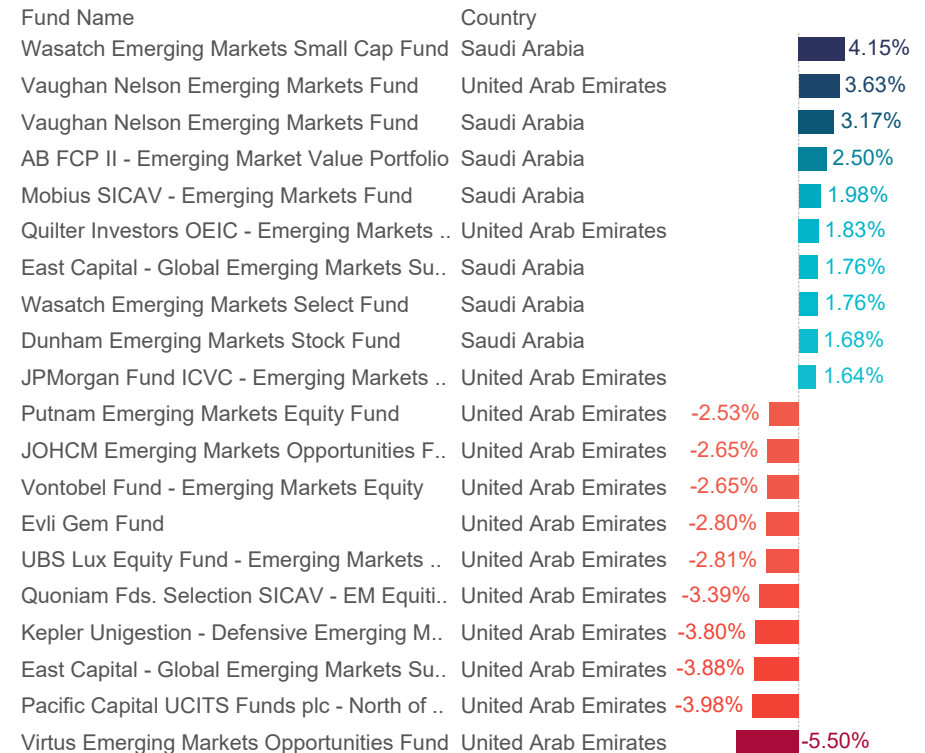
Change in funds O/W, average weight, net buy/sell and est. fund flows*



*Between 2/28/2026 and 8/31/2026

Chart 9: Largest Fund Rotations

Change in GCC Country Fund Weight *



*Between 2/28/2026 and 8/31/2026

The GCC: Rotation, Not Retreat

At the company level, Emaar Properties is the GCC's most widely held stock, owned by 33.9% of GEM funds, followed by Al Rajhi Bank at 27.3% and Saudi National Bank at 26.2%. Recent activity, however, shows a clear rotation away from UAE banks and property companies and towards Saudi stocks. Jarir Marketing, Rasan Information Technology and Riyadh Bank recorded the largest increases in fund ownership, while Dubai Islamic Bank, Emaar Properties, Aldar Properties and Abu Dhabi Islamic Bank saw the sharpest declines. Saudi Aramco also attracted an estimated \$176m of inflows, reinforcing the broader shift towards Saudi Arabia.

Chart 10: GCC Popular Stock Holdings

Aggregate Stock Ownership Data [ranked by most widely held]

Ticker	Stock Name	Funds Invested %	Average Weight %	Holder Ave. Wgt	Ave Wgt vs Bmark	Fund AUM \$
EMAAR-AE	Emaar Properties (P.J.S.C)	33.91%	0.17%	0.83%	0.02%	\$1,062M
1120-SA	Al Rajhi Bank	27.30%	0.20%	0.94%	-0.23%	\$1,431M
1180-SA	Saudi National Bank	26.15%	0.22%	0.76%	-0.06%	\$1,943M
ALDAR-AE	Aldar Properties - P J S C	21.55%	0.09%	0.55%	0.03%	\$664M
EMIRATES..	Emirates NBD Bank (P.J.S.C)	19.54%	0.09%	0.58%	-0.04%	\$629M
2222-SA	Saudi Arabian Oil Company (..	17.82%	0.10%	0.62%	-0.24%	\$1,063M
ADIB-AE	Abu Dhabi Islamic Bank	17.53%	0.09%	0.41%	0.01%	\$1,064M
ADCB-AE	Abu Dhabi Commercial Bank	17.24%	0.07%	0.51%	-0.03%	\$915M
7020-SA	Etihad Etisalat Co.	16.95%	0.07%	0.42%	0.02%	\$299M
EMAARDEV..	Emaar Development PJSC	15.80%	0.05%	0.55%	0.02%	\$141M
FAB-AE	First Abu Dhabi Bank P.J.S.C.	15.52%	0.07%	0.47%	-0.12%	\$528M
QNBK-QA	Qatar National Bank QPSC	12.07%	0.04%	0.49%	-0.12%	\$231M
ADNOCDRI..	ADNOC Drilling Company PJ..	11.49%	0.06%	0.58%	0.02%	\$792M
1010-SA	Riyad Bank	11.21%	0.03%	0.29%	-0.06%	\$158M
ORDS-QA	Ooredoo Q.P.S.C	10.63%	0.02%	0.22%	0.00%	\$75M
1060-SA	Saudi British Bank	10.63%	0.04%	0.40%	-0.04%	\$397M
4190-SA	Jarir Marketing Co.	9.77%	0.03%	0.28%	0.01%	\$92M
ADNOCGAS..	Adnoc Gas Plc	8.62%	0.05%	0.54%	0.00%	\$753M
1050-SA	Banque Saudi Fransi	8.33%	0.02%	0.14%	-0.04%	\$125M
2020-SA	SABIC Agri-Nutrients Co.	8.05%	0.02%	0.29%	-0.05%	\$102M
7010-SA	Saudi Telecom Co.	7.18%	0.04%	0.58%	-0.15%	\$127M
8313-SA	Rasan Information Technolo..	6.90%	0.06%	0.67%	0.06%	\$173M
2010-SA	Saudi Basic Industries Corp.	6.90%	0.02%	0.51%	-0.07%	\$151M
KFH-KW	Kuwait Finance House K.S.C.	6.61%	0.02%	0.33%	-0.21%	\$132M
EAND-AE	Emirates Telecommunication..	6.32%	0.02%	0.42%	-0.14%	\$66M
DIB-AE	Dubai Islamic Bank PJSC	6.32%	0.01%	0.34%	-0.04%	\$69M
5110-SA	Saudi Electricity Co.	6.32%	0.01%	0.21%	-0.02%	\$38M
ZAIN-KW	Mobile Telecommunications ..	5.75%	0.01%	0.25%	-0.02%	\$51M
ADNOCDIS..	Abu Dhabi National Oil Com..	5.46%	0.01%	0.36%	-0.01%	\$40M
NBK-KW	National Bank of Kuwait K.S...	5.17%	0.01%	0.49%	-0.18%	\$127M

Chart 11: GCC Stock Rotation

Largest changes in fund ownership*

Ticker	Stock Name	Funds Invested % Δ	Ave Wgt % Δ	Fund Flows, \$
4190-SA	Jarir Marketing Co.	3.45%	0.02%	\$32M
8313-SA	Rasan Information Technology Co.	2.30%	0.03%	\$99M
1010-SA	Riyad Bank	2.30%	0.00%	\$27M
5110-SA	Saudi Electricity Co.	2.01%	0.01%	\$6M
2010-SA	Saudi Basic Industries Corp.	2.01%	0.01%	(\$1M)
BOROUGE-AE	Borouge Plc	1.72%	0.00%	\$5M
1321-SA	East Pipes Integrated Company for..	1.72%	0.01%	\$53M
ZAIN-KW	Mobile Telecommunications Co. K..	1.15%	0.00%	\$9M
2050-SA	Savola Group	1.15%	0.01%	\$6M
2020-SA	SABIC Agri-Nutrients Co.	1.15%	0.00%	(\$48M)
2222-SA	Saudi Arabian Oil Company (Saudi..	0.86%	0.00%	\$176M
FERTIGLB-AE	Fertiglobe Plc	0.86%	0.00%	\$11M
ADNOCLS-AE	ADNOC Logistics & Services Plc	0.86%	0.00%	\$2M
ORDS-QA	Ooredoo Q.P.S.C	0.86%	0.00%	\$18M
2320-SA	Al-Babtain Power & Telecommunic..	0.57%	0.00%	\$3M
8010-SA	Company for Cooperative Insurance	-1.44%	0.00%	(\$54M)
4200-SA	Aldrees Petroleum & Transport Ser..	-1.44%	0.00%	(\$16M)
4164-SA	Nahdi Medical Company	-1.72%	0.00%	(\$8M)
1211-SA	Saudi Arabian Mining Co.	-1.72%	-0.01%	(\$17M)
4321-SA	Arabian Centres Co.	-1.72%	0.00%	(\$8M)
7020-SA	Etihad Etisalat Co.	-1.72%	-0.01%	(\$29M)
1080-SA	Arab National Bank	-2.01%	0.00%	(\$24M)
FAB-AE	First Abu Dhabi Bank P.J.S.C.	-2.30%	-0.01%	(\$31M)
AIRARABIA-AE	Air Arabia PJSC	-2.30%	-0.01%	(\$29M)
ADCB-AE	Abu Dhabi Commercial Bank	-2.59%	-0.02%	\$129M
SALIK-AE	Salik Company PJSC	-2.59%	-0.01%	(\$30M)
ADIB-AE	Abu Dhabi Islamic Bank	-4.89%	-0.04%	\$49M
ALDAR-AE	Aldar Properties - P J S C	-5.46%	-0.11%	(\$371M)
EMAAR-AE	Emaar Properties (P.J.S.C)	-6.61%	-0.18%	(\$213M)
DIB-AE	Dubai Islamic Bank PJSC	-6.90%	-0.02%	(\$106M)

*Between 2/28/2026 and 8/31/2026

The GCC: Rotation, Not Retreat

At the portfolio level, Vaughan Nelson holds the largest individual GCC stock position, with 4.64% in Saudi National Bank, followed by Wasatch Emerging Markets Small Cap's 3.78% allocation to Rasan Information Technology and Vaughan Nelson's 3.63% position in Emaar Properties. New positions have been concentrated largely in Saudi stocks, including Saudi National Bank, Electrical Industries, SABIC and Rasan. On the sell side, closures have centred on UAE property and banking names, with Emaar Properties and Aldar Properties appearing repeatedly among the largest reductions.

Chart 12: Funds with the Largest GCC Stock Positions

Largest stock-level fund weights

Fund Name	Stock Name	Fund Weight, %
Vaughan Nelson Emerging Markets Fund	Saudi National Bank	4.64%
Wasatch Emerging Markets Small Cap Fund	Rasan Information Technology Co.	3.78%
Vaughan Nelson Emerging Markets Fund	Emaar Properties (P.J.S.C)	3.63%
Pictet Global Selection Fund - Global Growin..	Saudi National Bank	3.30%
Amana Developing World Fund	Saudi Telecom Co.	2.91%
Wasatch Emerging Markets Small Cap Fund	Electrical Industries Co.	2.78%
Amana Developing World Fund	Alinma Bank	2.63%
Barrow Hanley Concentrated Emerging Mark..	Saudi National Bank	2.59%
Vaughan Nelson Emerging Markets Fund	Saudi Basic Industries Corp.	2.55%
AXA IM Equity Trust - Global EM Equity QI	Invesco MSCI Saudi Arabia UCITS ETF	2.29%
Pictet Global Selection Fund - Global Growin..	First Abu Dhabi Bank P.J.S.C.	2.27%
Seafarer Overseas Value Fund	Adnoc Gas Plc	2.25%
Pictet Global Selection Fund - Global Growin..	Emirates NBD Bank (P.J.S.C)	2.22%
Seafarer Overseas Value Fund	National Central Cooling Co. (P.S.C.) (..	2.21%
Pictet Global Selection Fund - Global Growin..	Air Arabia PJSC	2.20%
ClearBridge Smash Series EM Fund	Al Rajhi Bank	2.17%
Barrow Hanley Concentrated Emerging Mark..	First Abu Dhabi Bank P.J.S.C.	2.16%
Thornburg Developing World Fund	ADNOC Drilling Company PJSC	2.13%
T. Rowe Price Emerging Markets Discovery S..	Saudi National Bank	2.12%
Seafarer Overseas Value Fund	Fertiglobe Plc	2.07%
PUTM Bothwell Emerging Markets Equity Fu..	Al Rajhi Bank	2.01%
Mobius SICAV - Emerging Markets Fund	Rasan Information Technology Co.	1.98%
Man Funds Plc - Systematic Emerging Marke..	Saudi Arabian Oil Company (Saudi Ar..	1.95%
New Capital UCITS Fund Plc - Emerging Mkt..	Saudi National Bank	1.94%
Northwestern Mutual - Emerging Markets Equ..	Al Rajhi Bank	1.92%
Mondrian Emerging Markets Value Equity Fu..	Saudi National Bank	1.91%
Fidelity Advisor Focused Emerging Markets F..	Saudi Arabian Oil Company (Saudi Ar..	1.89%
Pictet Global Selection Fund - Global High Yi..	Saudi National Bank	1.88%
Omnis Portfolio Investments ICVC - Global E..	Burjeel Holdings Plc	1.86%
New Capital UCITS Fund Plc - Emerging Mkt..	Al Rajhi Bank	1.86%

Fund Weight, %

Chart 13: GCC Fund-Level Stock Rotation

Largest changes in fund-level stock weight*

Fund Name	Stock Name	New or Closed	Fund Weight Change
Vaughan Nelson Emerging Markets Fund	Saudi National Bank	New	1.64%
Vaughan Nelson Emerging Markets Fund	Emaar Properties (P.J.S.C)	New	3.63%
Wasatch Emerging Markets Small Cap Fund	Electrical Industries Co.	New	2.78%
Vaughan Nelson Emerging Markets Fund	Saudi Basic Industries Corp.	New	2.55%
Wasatch Emerging Markets Small Cap Fund	Rasan Information Technology ..		2.19%
Mobius SICAV - Emerging Markets Fund	Rasan Information Technology ..	New	1.98%
East Capital - Global Emerging Markets Sustai..	Saudi National Bank	New	1.76%
Wasatch Emerging Markets Select Fund	Rasan Information Technology ..	New	1.76%
Brandes Emerging Markets Value Fund	Saudi National Bank	New	1.57%
Man Funds Plc - Systematic Emerging Markets..	Saudi Arabian Oil Company (S..		1.54%
JOHCM Emerging Markets Discovery Fund	Space42 PLC	New	1.30%
Pacific Capital UCITS Funds plc - North of Sou..	East Pipes Integrated Company..	New	1.22%
AB FCP II - Emerging Market Value Portfolio	Saudi British Bank	New	1.22%
BlackRock Emerging Markets Fund, Inc.	Rabigh Refining & Petrochemic..		1.21%
Omnis Portfolio Investments ICVC - Global EM..	Burjeel Holdings Plc		1.19%
BNP Paribas Funds - Emerging Equity	Abu Dhabi Commercial Bank	Close	-1.61%
Kepler Unigestion - Defensive Emerging Marke..	Aldar Properties - P J S C	Close	-1.64%
East Capital - Global Emerging Markets Sustai..	Emaar Properties (P.J.S.C)	Close	-1.78%
UBS Global Emerging Markets Opportunity Fu..	Aldar Properties - P J S C	Close	-1.79%
Pacific Capital UCITS Funds plc - North of Sou..	Emaar Properties (P.J.S.C)	Close	-1.79%
Vontobel Fund - Emerging Markets Equity	Emaar Properties (P.J.S.C)		-1.80%
JOHCM Emerging Markets Opportunities Fund	Emaar Properties (P.J.S.C)		-1.82%
Danske Invest Emerging Markets Equity Fund ..	Saudi Telecom Co.	Close	-1.86%
Virtus Emerging Markets Opportunities Fund	Emaar Development PJSC		-1.88%
Virtus Emerging Markets Opportunities Fund	Emirates NBD Bank (P.J.S.C)	Close	-2.03%
Alger Emerging Markets Fund	Aldar Properties - P J S C	Close	-2.30%
UBS Investment Funds ICVC - Global Emergin..	Aldar Properties - P J S C	Close	-2.35%
Seafarer Overseas Value Fund	Emaar Properties (P.J.S.C)	Close	-2.78%
UBS Lux Equity Fund - Emerging Markets Sust..	Aldar Properties - P J S C	Close	-2.81%
Vaughan Nelson Emerging Markets Fund	Saudi Arabian Oil Company (S..	Close	-4.02%

Fund Weight Change

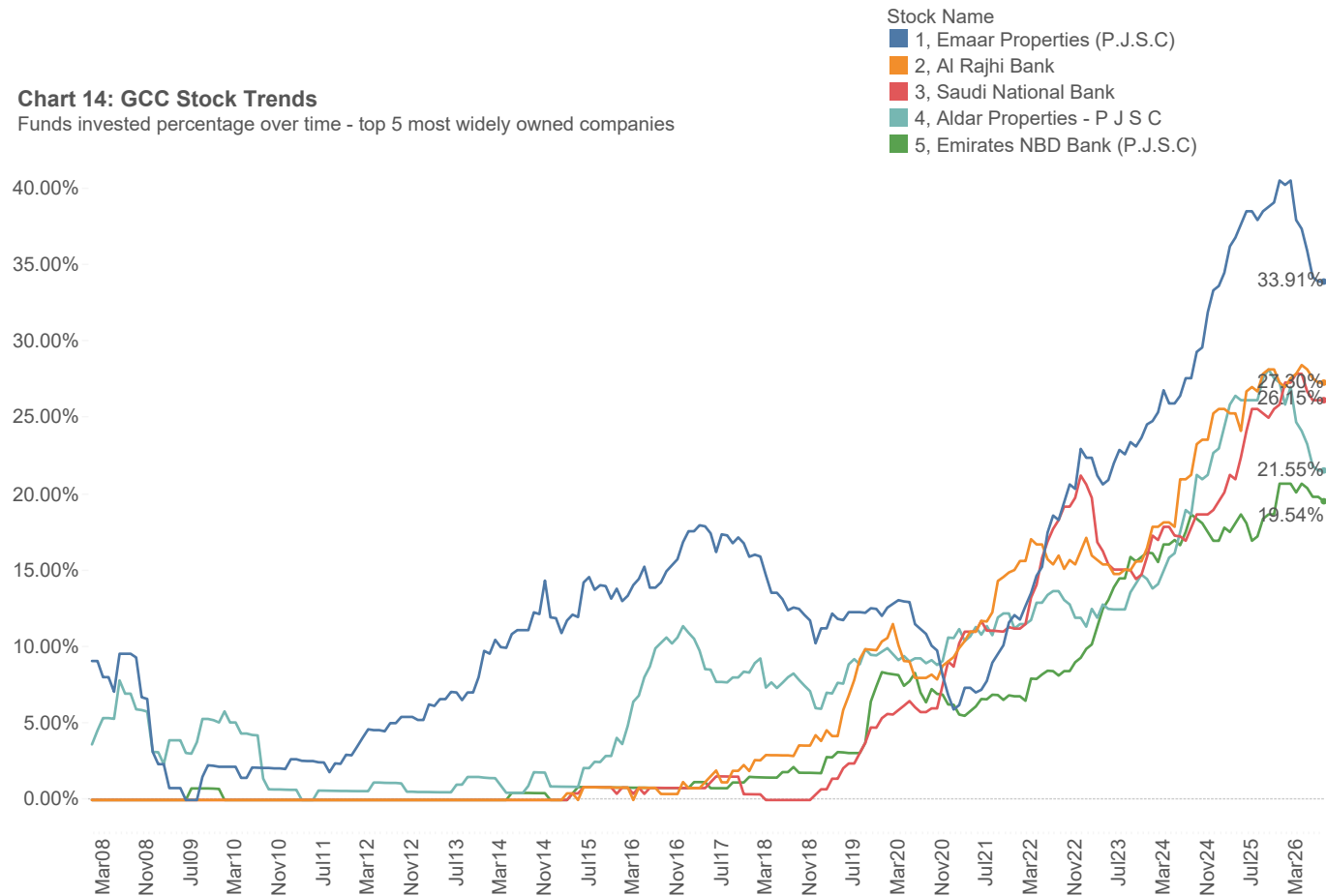
*Between 2/28/2026 and 8/31/2026

The GCC: Rotation, Not Retreat

Ownership of the GCC's leading stocks has seen consistent expansion since 2020, reflecting the region's growing presence in active GEM portfolios. More recently however, that momentum has stalled. Ownership of Al Rajhi Bank, Saudi National Bank and Emirates NBD has broadly levelled off, while the reversal in UAE property has been much sharper: Emaar Properties has fallen from more than 40% of funds to 33.9%, with Aldar Properties dropping from over 26% to 21.6%. Emaar remains the region's most widely held stock, but its earlier lead has narrowed.

Chart 14: GCC Stock Trends

Funds invested percentage over time - top 5 most widely owned companies



The GCC: Rotation, Not Retreat

The positive rotation in Saudi Arabia has come largely from beyond the established bellwethers. Rasan Information Technology is a genuinely new addition to GEM portfolios, while Jarir Marketing, Riyad Bank, Saudi Electricity and SABIC have all attracted renewed interest after previously sitting outside the region's most widely owned names. In the UAE, the reversal extends beyond Emaar and Aldar to Dubai Islamic Bank, Abu Dhabi Islamic Bank and Salik, pointing to a broad-based retreat rather than isolated stock-specific selling.

Chart 15: GCC Stocks With Positive Rotation This Year

Funds Invested Time-Series

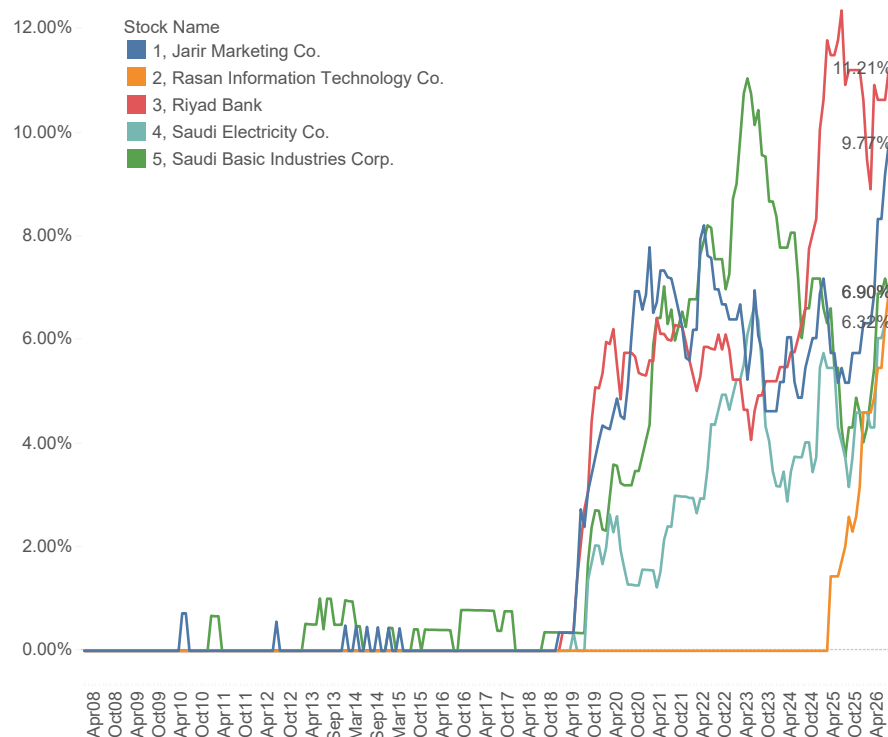
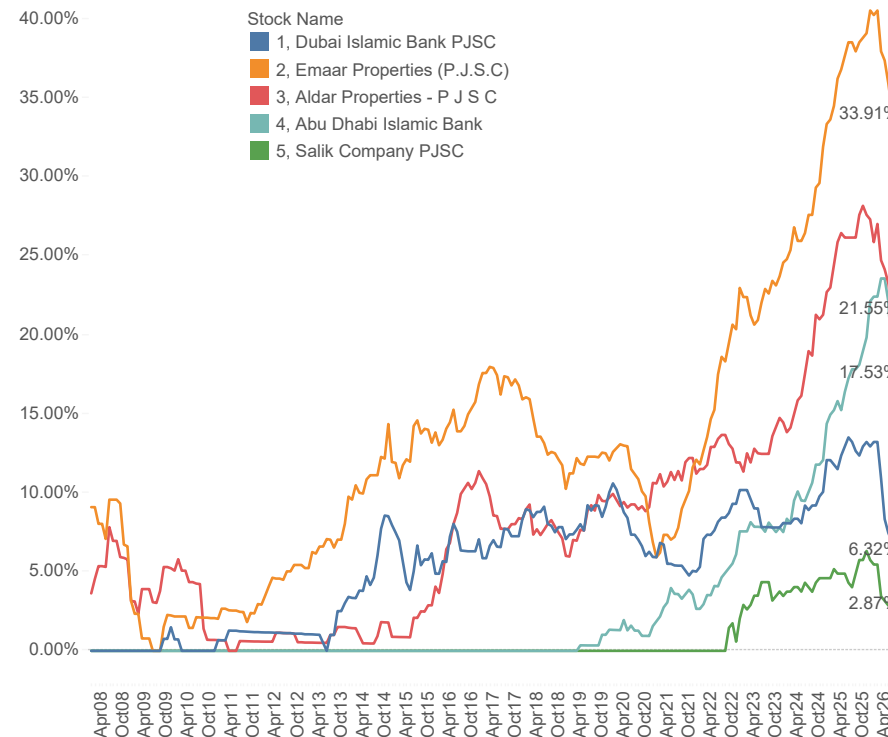


Chart 16: GCC Stocks With Negative Rotation This Year

Funds Invested Time-Series



The GCC: Rotation, Not Retreat

Summary & Conclusions

The GCC has held its place in active GEM portfolios through a period of considerable geopolitical stress. Average allocations have fallen from their 2025 peak, but there has been no wholesale withdrawal: three-quarters of funds remain invested, close to the highest level on record. Managers have reduced position sizes rather than abandoned the region, leaving the GCC broadly owned but still firmly underweight the benchmark.

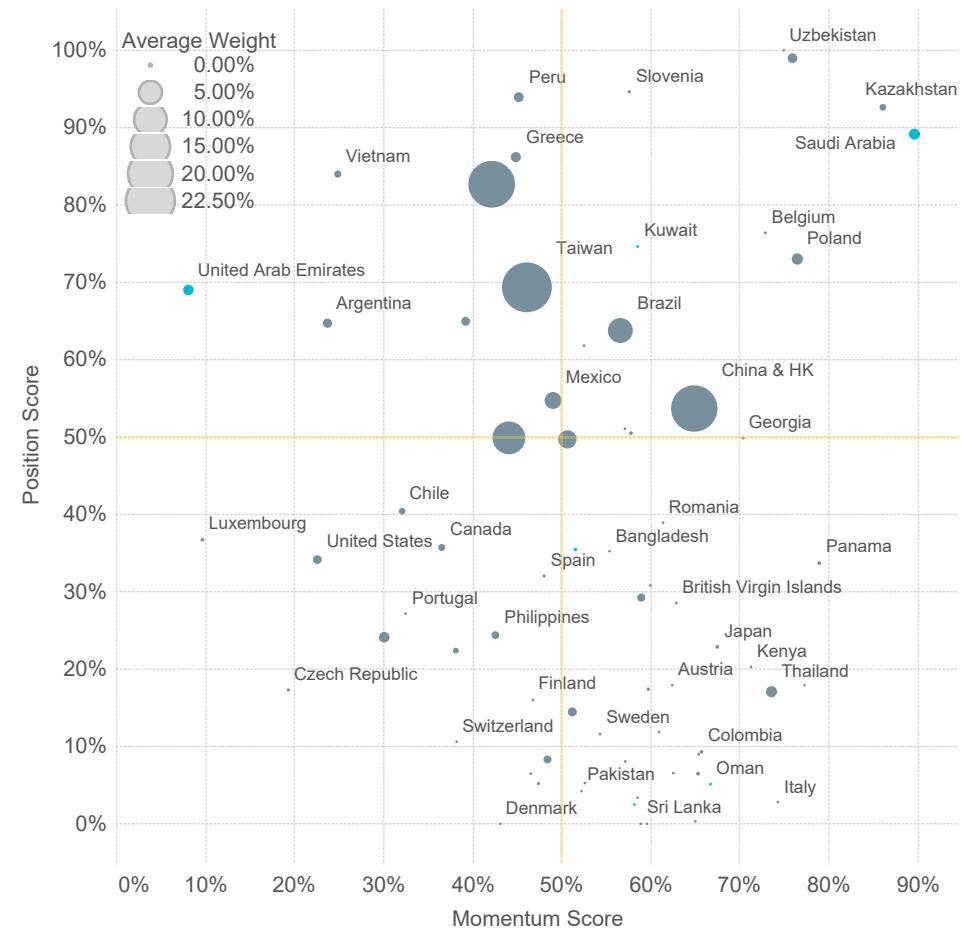
The Ownership Cycle Grid captures the shift beneath that relative stability. The UAE remains historically well owned but has some of the weakest recent momentum, while Saudi Arabia has moved in the opposite direction. Higher oil prices may have provided a more supportive backdrop for Saudi equities, while the UAE appears to have borne more of the portfolio-level risk reduction. The holdings data cannot establish causation, but Saudi Arabia has clearly gained ground in managers' relative preferences.

The UAE has absorbed the larger setback, although this has been a repositioning rather than a mass exodus. Selling has been concentrated in several major positions—most notably Emaar Properties and Aldar Properties—while managers have largely maintained exposure elsewhere. Saudi Arabia, meanwhile, is attracting interest beyond its established bellwethers, with companies such as Rasan Information Technology and Jarir Marketing moving onto the active GEM radar.

For now, the GCC remains a two-market story dominated by Saudi Arabia and the UAE. Kuwait is beginning to show promise, with ownership participation at a record high and a favourable position on the Ownership Cycle Grid, although allocations remain small. The broader picture is therefore one of resilience and internal rotation: managers are not leaving the GCC, but they are becoming more selective about where within it they take risk.

Chart 17: Country Ownership Cycles

Momentum Score between 2/28/2026 and 8/31/2026



The Ownership Cycle Grid plots long-term positioning (Y-axis, as a Z-score against history dating to September 2012) against short-term momentum (X-axis, capturing changes in average weight, funds invested and net buyers-to-sellers between 2/28/2026 and 8/31/2026). Bubble size reflects current average weight. Scores above 50% on either axis indicate above-average positioning or increasing ownership; scores near 100% indicate historical peaks.