

# Marmore Industry Report

## 2015

# Saudi Asset Management

Policy Reforms hold Key

### Research Highlights

Analysing the state of Saudi Arabian Asset Management Industry in terms of market segment, participants, fund performance, regulatory developments and industry challenges.

## Research

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## 1. Executive Summary

KSA Asset Management Industry manages USD 26.6billion<sup>1</sup> in assets in about 188 funds.

Saudi Arabia Asset Management Industry manages USD 26.6billion<sup>1</sup> in assets in about 188 funds as of Sep, 2015. Money market funds have the highest share of AUM at 64.3% followed by equity funds (31%) and specialized funds accounting for the rest of assets. Of the total assets, Islamic funds manage USD 22.9bn (86%) in assets and rest are conventional. In terms of the number of funds, there are 90 equity funds, 30 money market funds and 21 specialized funds. AUM/GDP ratio for Saudi Arabia stands at 68. Saudi Arabia asset management market is concentrated among the top asset management companies, with the top five asset managers (out of a total of 33 managers) accounting for 86% of the total assets being managed. NCB Capital was the leading fund manager (in terms of AUM) with USD 7.03 billion in assets (35% market share), followed by Samba capital with USD 3.83 billion (19% market share) and Al Rajhi Capital with USD 3.31 billion (12% market share).

NCB Capital was the leading fund manager (in terms of AUM) with USD 7.03 billion in assets.

Saudi capital markets are characterized by lack of private institutional players and foreign investors which is expected to improve the coming years following the opening up of Saudi stock market to foreign investors. Currently, the three state institutional investors - General Organization for Social Insurance, Public Pension Authority and Public Investment Fund - form the largest group of institutional investors; private institutional investors such as private pension funds, insurance companies and mutual funds are too small in size to play a substantial role. Interestingly, retail clients form the bulk of market participants in Saudi markets. Debt market is small in size and under developed but given the recent issue of bond by the Saudi government. Allowing foreign institutional investors to invest in the stock market has been largely seen as a positive sign by local wealth managers in the GCC region. Efforts to widen the investor base, introduction of various products to facilitate hedging and enhanced price discovery and increased disclosure norms for listed firms would augur well for the asset management industry.

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<sup>1</sup> Assets under Management (AUM) refer to mutual fund assets. AUM value computed for funds with Saudi Arabia as their geographical focus.

**This is the Executive Summary of the full report  
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