

# Dinar Saudi Equity Fund

## Second Quarter Report for the Year 2025

Dinar Investment Company is a closed joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. (1010742917). The company is licensed by the Capital Market Authority under License No. (24281-37).

<b>Fund Objective</b>	The Fund aims to achieve capital growth over the medium to long term by primarily investing in equities listed on the Saudi Stock Exchange (Tadawul).
<b>Fund Inception Date</b>	April 29, 2025
<b>Unit Price at Inception</b>	10 Saudi Riyals per unit
<b>Fund Size (Net Asset Value)</b>	SAR 60,669,257
<b>Fund Type</b>	Open-ended public equity fund compliant with Shariah guidelines.
<b>Fund Currency</b>	Saudi Riyal (SAR)
<b>Risk Level</b>	High Risk
<b>Benchmark Index</b>	S&P Saudi Shariah-Compliant Total Return Index in local currency (Bloomberg Ticker: SPSHDSLTL)
<b>Distribution Frequency</b>	None
<b>Management Fee for Underlying Funds</b>	None
<b>Sub-Investment Manager and Investment Advisor</b>	The Fund is sub-managed by Morgan Stanley Saudi Arabia, a closed joint stock company established under the laws of the Kingdom of Saudi Arabia with Commercial Registration No. 1010224144 issued in Riyadh on 18/09/1427H, and licensed by the Capital Market Authority under License No. 06044-37 dated 21/11/1427H (corresponding to December 12, 2006).
<b>Number of Weighted Average Days</b>	None

## Fund Manager Commentary

### Fund Manager Commentary – Q2 2025

The second quarter of 2025 witnessed notable macroeconomic and capital market volatility in Saudi Arabia, driven by geopolitical tensions and a decline in oil prices. Despite these headwinds, the Saudi equity market demonstrated relative resilience, supported by continued foreign investment momentum and strong activity in non-oil sectors.

#### Macroeconomy: Oil Weakness vs. Non-Oil Growth

The quarter began with a significant drop in Brent crude prices, falling to \$67.6 per barrel from \$74.7 at the end of Q1, following OPEC+'s announcement of a gradual production increase through 2026. Nevertheless, non-oil economic activity remained robust, as evidenced by the PMI rising to 57.2 in June, signaling ongoing expansion in the private sector.

Labor market conditions improved, with overall unemployment declining to 2.8% and Saudi unemployment falling to 6.3%.

Consumer spending rose by 9.6%, bolstering domestic momentum amid stable inflation at 2.2%.

Additionally, awarded government contracts reached SAR 66 billion, reflecting continued fiscal support for development projects, while foreign reserves at the central bank remained stable at \$435.5 billion.

#### Saudi Equity Market: Broad Decline with Pockets of Strength

The Tadawul All Share Index (TASI) declined by 6% during the quarter, primarily impacted by geopolitical risks and lower oil prices. However, certain sectors such as transport and healthcare posted positive returns, benefiting from rising local demand. In contrast, sectors like consumer durables and media & entertainment experienced significant pullbacks.

Foreign inflows remained positive, with a net buying of SAR 4.9 billion, reflecting sustained international investor confidence.

The IPO market continued to show strength, with 8 companies raising over SAR 13 billion in H1 2025.

#### Fund Strategy and Outlook: Cautious and Selective

Given the ongoing global uncertainties, particularly geopolitical instability and oil price volatility—the Fund Manager maintains a cautious stance while selectively focusing on sectors with compelling fundamentals.

The banking sector is expected to lead growth in 2025, supported by strong corporate lending activity. Meanwhile, the healthcare sector is approached with caution after recent price surges. The petrochemical sector continues to face challenges from falling prices and rising Chinese supply.

Should oil revenue pressures lead to reduced government spending, debt financing may play a greater role in bridging fiscal gaps—making Vision 2030 and diversification initiatives key growth drivers moving forward.

Conclusion:

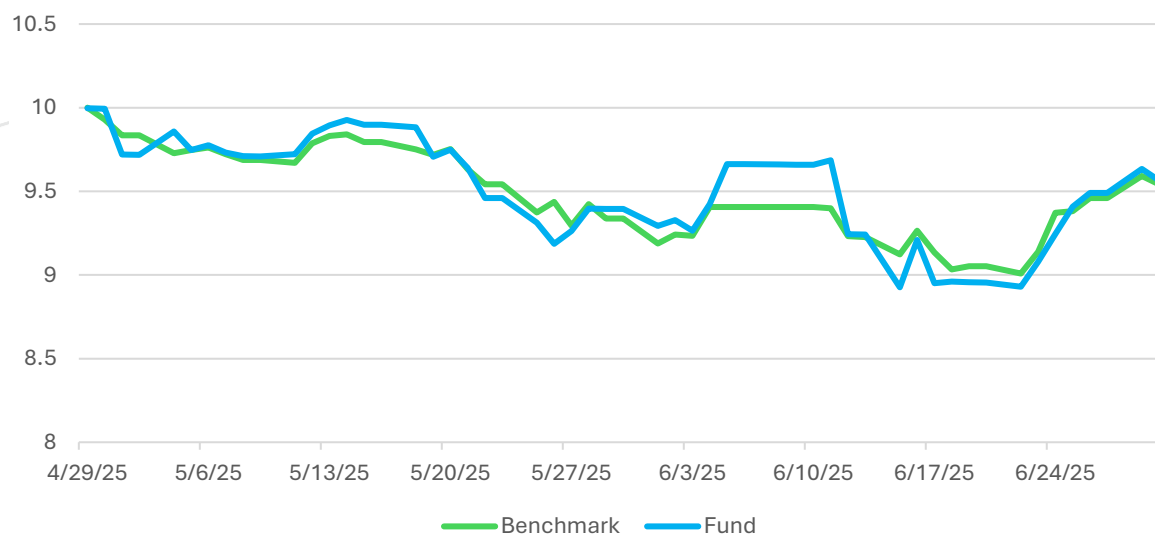
Despite the challenges facing the global economy, the Saudi economy and its capital market continue to demonstrate resilience, supported by structural reforms and Vision 2030. Promising investment opportunities remain in select sectors; however, realizing these opportunities requires a high level of selectivity and active risk management

<p><b>Price Information as of the End of Q2 2025</b></p>	<ul style="list-style-type: none"> <li>- Unit Price as of Q2 2025: SAR 9.5651</li> <li>- Change in Unit Price (Compared to Previous Quarter): Not Applicable</li> <li>- Total Fund Units: 6,342,777 units</li> <li>- Total Net Asset Value (NAV): SAR 60,669,257</li> <li>- Fund Price-to-Earnings Ratio (P/E): Not Available</li> <li>- Market P/E Ratio (TASI): Not Available</li> <li>- Total Expense Ratio (TER): Amount: SAR 231,428 Percentage of Total Fund Assets: 0.369%</li> <li>- Leverage Ratio: None</li> <li>- Transaction Costs: Amount: SAR 51,904 Percentage of Total Fund Assets: 0.085%</li> <li>- Fund Manager's Investment: None</li> <li>- Distributed Dividends: None</li> </ul>
<p><b>Fund Investment Ownership Data</b></p>	<p>Full Ownership: 100% Usufruct Right: 0%</p>

### Fund Returns

Variance	Benchmark	Fund	
??	??	??	3 Months
??	??	??	Year-to-Date
??	??	??	1 Year
??	??	??	3 Years
??	??	??	5 Years
Variance	Benchmark	Fund	
??	??	??	January (2025)
??	??	??	February (2025)
??	??	??	March (2025)
0.65%	-0.71%	-0.07%	April (2025)
1.75%	-5.96%	-4.21%	May (2025)
-0.74%	2.19%	1.45%	June (2025)
??	??	??	July (2025)
??	??	??	August (2025)
??	??	??	September (2025)
??	??	??	October (2025)
??	??	??	November (2025)

A chart showing the performance since the fund's inception.

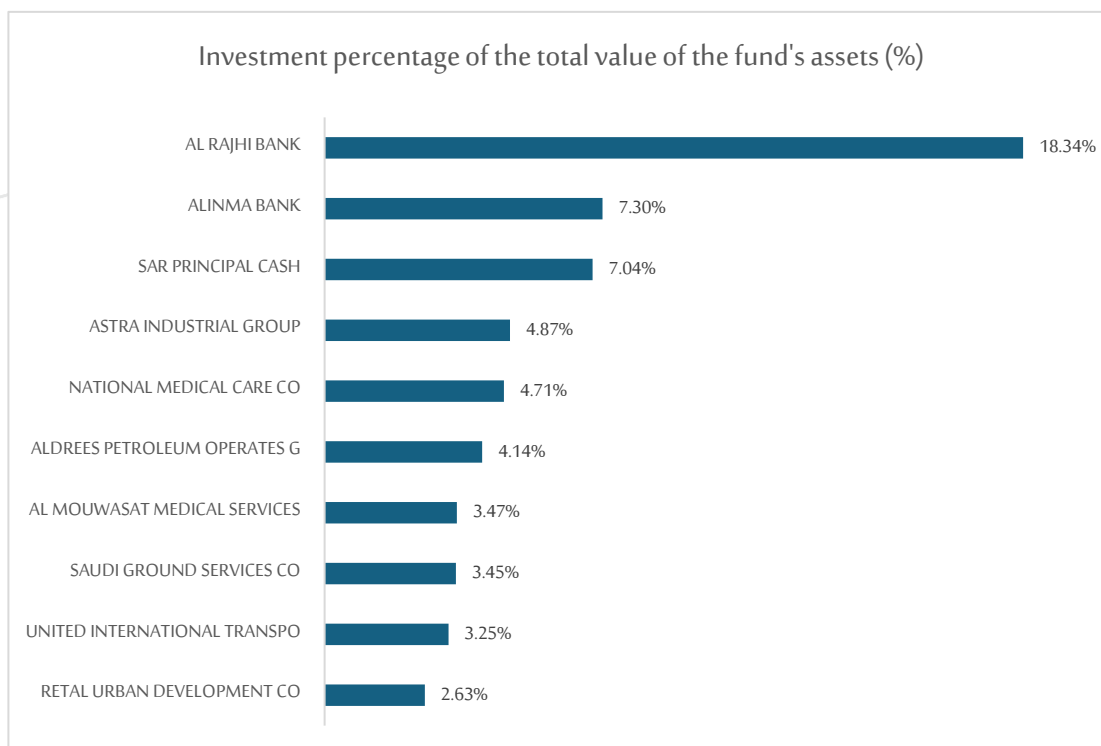
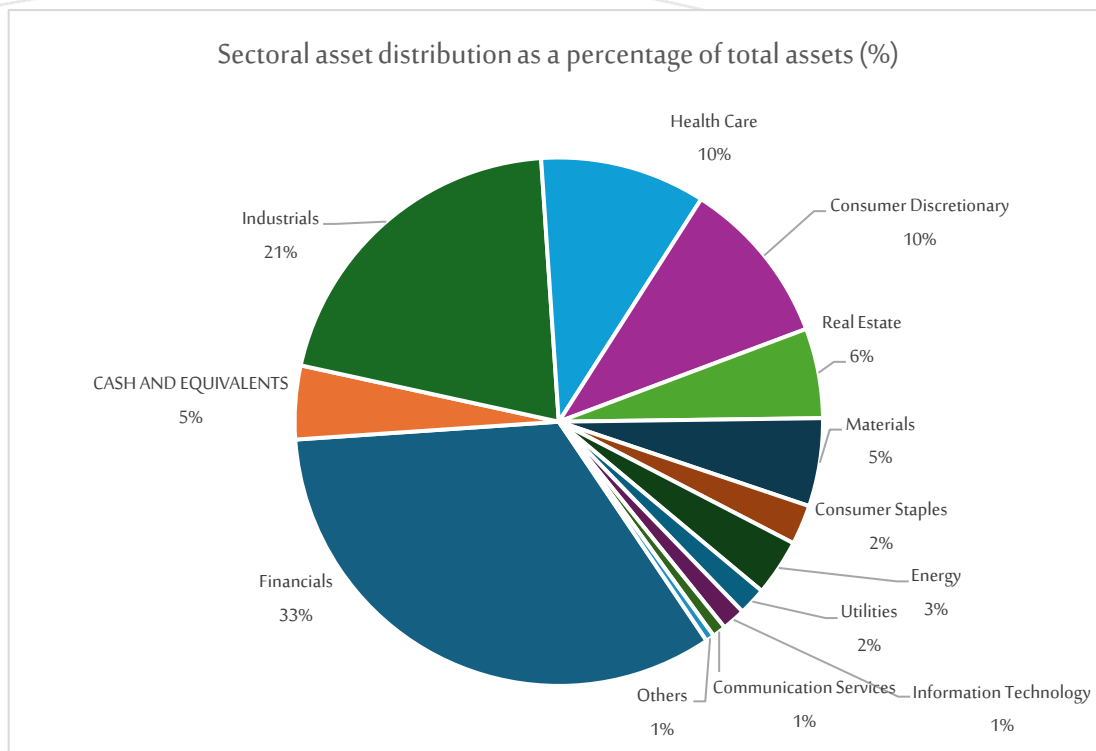


Risk Metrics:

Sharp ratio (مؤشر شارب)	Information ratio (نسبة المعلومات)	Alpha (ألفا)	Beta (بيتا)	(تعقب الاداء) Tracking error	Annualized standard deviation (الانحراف المعياري)	
??	??	??	??	??	??	3 Months
??	??	??	??	??	??	Year-to-Date
??	??	??	??	??	??	1 Year
??	??	??	??	??	??	3 Years
??	??	??	??	??	??	5 Years

.Performance statistics cannot be applied for a period less than one year due to limited data period\*

**Fund allocation :**



\*All funds investment are Saudi Arabia

<b>Definitions</b>	<p><b>Sharpe Ratio:</b> The Sharpe Ratio is expressed as a numerical value and indicates the level of return or decline that an investor can expect compared to the risk-free rate (such as government bonds) for each unit of risk (volatility). Note that the risk-free rate varies by currency. The higher the Sharpe Ratio, the greater the investor's return for the level of risk taken. It can be used to compare the performance of multiple funds.</p> <p><b>Tracking Error:</b> Tracking Error is expressed as a percentage and measures the deviation of a fund's return from that of the benchmark index over a specific period. The more passively the fund is managed, the lower the tracking error tends to be.</p> <p><b>Beta:</b> Beta is a numerical value and a statistical tool used to measure the risk that reflects how sensitive an investment is to market movements, based on the relevant benchmark index. For example, a beta of 1.20 means the investment is expected to move 20% more than the market, while a beta of 0.80 means it is expected to move 20% less than the market.</p> <p><b>Alpha:</b> Alpha is expressed as a percentage and represents the difference between the risk-adjusted return of an investment and its benchmark index. It measures the portion of performance that cannot be explained by market movements or market risk, and is often derived from regression testing against the market. For instance, an alpha of 1% means the investment outperformed the market by 1% over a specific period, whereas an alpha of -1% means it underperformed by 1%.</p> <p><b>Information Ratio:</b> The Information Ratio is expressed as a percentage and measures the difference between the fund's average annual return and that of the related benchmark index. A high information ratio indicates that the fund manager has outperformed other funds and achieved positive returns over a given period.</p>
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