MSCI Nov'26: Quarterly Index Review

MSCI KSA Standard Index Constituents

Name	Weight (%)
AL RAJHI BANK	17.49
SAUDI ARABIAN OIL	15.50
THE SAUDI NATIONAL BANK	10.48
SAUDI TELECOM	8.16
SAUDI ARABIAN MINING	6.66
SAUDI BASIC INDUSTRIES	4.10
RIYAD BANK	3.74
ACWA POWER CO	3.43
SAUDI AWWAL BANK	3.13
ALINMA BANK	3.13
SABIC AGRI-NUTRIENTS	2.61
BANQUE SAUDI FRANSI	2.32
ETIHAD ETISALAT	2.12
ALMARAI	1.97
DR SULAIMAN AL HABIB MEDICAL	1.91
ARAB NATIONAL BANK	1.84
BANK ALBILAD	1.53
ELM CO	1.28
SAUDI ENERGY	1.19
BUPA ARABIA	1.05
JARIR MARKETING	0.94
DAR AL ARKAN REAL ESTATE	0.93
JABAL OMAR DEVELOPMENT	0.87
THE COOPERATIVE INSURANCE	0.84
SAUDI INVESTMENT BANK	0.82
YANBU NATIONAL PETROCHEM	0.82
MAKKAH CONSTRUCTION & DEV	0.65
ADES HOLDING CO	0.51

MSCI KSA Sectoral Weights

Sector	Weight (%)
Financials	46.35
Energy	16.01
Materials	14.19
Communication	10.28
Utilities	4.61
Consumer Staples	1.97
Health Care	1.91
Consumer Discretionary	1.81
Real Estate	1.59
Information Technology	1.28

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MCDCO likely to be downgraded from standard cap index; UIHC and BAWAN being high probability exclusion candidates from small cap index

MSCI will announce the results of its Nov'26 index review today, with changes effective from Dec 01'26. MSCI uses market data of any one of the last 10 business days of Oct'26 (Oct 19'26 to Oct 30'26). We test every one of these dates against three sets of size thresholds calibrated to MSCI's actual Aug'26 decisions. Since the Aug'26 review price cutoff, Saudi stocks near the standard index cutoff have fallen by 1% to 7% and small caps near the small cap cutoff by 12% to 18%, which we opine pulls the country's MSCI size cutoffs lower and cushions most existing members. We expect one standard index exit (MCDCO AB, migrating to the small cap index) and two small cap deletions (UIHC AB and BAWAN AB), with SOLUTION AB a medium probability small cap inclusion candidate.

Standard Index Changes

Potential Downgrade

MCDCO AB (High Probability)

Makkah Construction's full market capitalization of USD 3.56bn (as of Oct 29'26) is 13% below the level existing standard index members need to stay in the index (two-thirds of the standard cutoff, which we estimate at USD 4.11bn). It falls short in all 24 scenarios (8 trading days times 3 cutoff points of low, central, high range) by 2% to 17%. As its free-float adjusted market capitalization of USD 1.72bn meets small cap requirements, we expect a migration to the small cap index. We estimate passive outflows of USD 212mn (SAR 796mn) from MSCI EM trackers, partly offset by USD 78mn (SAR 292mn) of inflows from small cap trackers.

ADES AB (Very Low Probability)

ADES clears the size test comfortably (full market capitalization of USD 5.35bn), but its free-float adjusted market capitalization of USD 1.55bn (we estimate that its MSCI foreign inclusion factor is near 0.29) is close to the free-float requirement for existing members, which we estimate at USD 1.38bn (range of USD 1.22bn to USD 1.60bn). The margin ranges from -15% to +24% across 24 different scenarios and ADES fails in 10 of 24, mainly where MSCI's requirement sits at the top of our range and on Oct 22'26 and Oct 26'26, when its share price was weakest. Its downgrade decision is thus highly dependent on the date for data selection chosen by MSCI. A downgrade would trigger outflows of USD 191mn (SAR 715mn) from MSCI EM trackers, partly offset by USD 70mn (SAR 263mn) of inflows from small cap trackers.

Potential Inclusion

PETROR AB (Very Low Probability)

Rabigh Refining and Petrochemical was deleted from the small cap index in Aug'26 as it was too large for small cap but lacked the free float required for the standard index. With its share price up 8% since Jul 20'26, its free-float adjusted market capitalization of USD 1.98bn (at the 0.17 estimated inclusion factor) is now 5% below our estimate of the requirement for new standard index entrants (USD 2.07bn). It qualifies mainly where MSCI's requirement is near the lower end of our range. An inclusion would attract passive inflows of around USD 243mn (SAR 913mn).

Potential Exclusion and Upgrade

We do not expect any outright deletion from the standard index as the smallest members in index, YANSAB AB and JOMAR AB remain comfortably above the lower size buffer. Similarly, we don't expect any stock upgrading from small cap index to standard index as no member is close to the upgrade level of 1.5x the standard cutoff (USD 9.24bn).

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Expected changes to MSCI Saudi Arabia indices

Company	Ticker	Expected change	Probability	Full mcap (USD bn)	FF mcap (USD bn)	Net passive flow (USD mn)
Makkah Construction & Development Company	MCDCO AB	Standard to Small Cap	High	3.56	1.72	(134)
ADES Holding	ADES AB	Standard to Small Cap	Very Low	5.35	1.55	(121)
Rabigh Refining & Petrochemical Co	PETROR AB	Addition to Standard	Very Low	11.72	1.98	243
United International Holding Company	UIHC AB	Small Cap deletion	High	0.41	0.20	(9)
Bawan	BAWAN AB	Small Cap deletion	High	0.43	0.21	(9)
Arabian Cement Company	ARCCO AB	Small Cap deletion	Low	0.48	0.23	(11)
Arabian Internet and Communications Services Co	SOLUTION AB	Addition to Small Cap	Medium	5.86	1.10	50

Sources: Bloomberg, LSEG, iShares, MSCI

Small Cap Index Changes

We estimate the country's small cap (IMI) cutoff at USD 0.74bn as of Oct 29'26, down from USD 0.86bn implied by the Aug'26 review, as small caps near the cutoff have lost 12% to 18% since last review. The cutoff ranges from USD 0.70bn to USD 0.76bn across low, central and high scenarios. Existing members need a full market capitalization above USD 0.49bn to stay, while new entrants need USD 1.11bn.

Potential Exclusion

UIHC AB and BAWAN AB (High Probability), ARCCO AB (Low Probability)

United International Holding (Tasheel) at USD 0.41bn and Bawan at USD 0.43bn are 17% and 13% below the level existing members need to stay in the index. Arabian Cement (USD 0.48bn) slipped below this level on the last few dates of the data selection window and fails in around one third of scenarios. We estimate that passive outflows are modest at USD 9mn-11mn per company. Apart from these, the stock that came closest to size threshold is SPM AB with its market capitalization falling to within 1% of estimated exclusion threshold on Oct 22'26. However, it still remained above threshold and we don't see it being excluded from the index.

Potential Inclusion

SOLUTION AB (Medium Probability) and MCDCO AB (Downgrade from Standard)

Solutions was deleted from the standard index in Aug'26 as its free float was too small for a company of its size. Its full market capitalization has since fallen to USD 5.86bn, below our estimated standard cutoff of USD 6.16bn in majority of scenarios. That would make it eligible for the small cap index, where its free-float adjusted market capitalization of USD 1.10bn clears the size requirement. We estimate that an inclusion would attract close to USD 50mn (SAR 187mn) from small cap trackers. Makkah Construction would likely join the small cap index through its migration from standard index.

If all high and medium probability changes take place, we estimate net passive outflows of USD 103mn (SAR 386mn).

Estimated MSCI thresholds for Saudi Arabia, central case (USD mn)

Threshold	19-Oct	20-Oct	21-Oct	22-Oct	26-Oct	27-Oct	28-Oct	29-Oct
Standard cutoff	6,300	6,112	6,064	5,905	5,937	6,112	6,149	6,159
Standard members stay above	4,200	4,074	4,043	3,936	3,958	4,074	4,099	4,106
Standard FF requirement	1,353	1,362	1,370	1,365	1,364	1,370	1,370	1,382
Small cap (IMI) cutoff	753	744	736	715	706	727	746	737
Small cap members stay above	502	496	491	477	471	484	497	491
New small cap entrants need	1,130	1,116	1,104	1,073	1,059	1,090	1,118	1,106

Source: BSF Capital estimates

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