



Global Markets

The long-anticipated month finally arrived, bringing significant developments. November was marked by the U.S. elections and the Federal Reserve's decision to cut the benchmark interest rate by a quarter percentage point, creating a boost to economic activity. Equities experienced a turbulent month, starting strong as major U.S. stock indexes recorded their best week in 12 months, with gains of nearly 5% to 6%, reaching new record highs early in the month, but stocks dipped mid-November before ultimately ending the month on a positive note. Additionally, as nearly all Q3 2024 earnings reports were published, S&P 500 companies are projected to post an average year-over-year earnings growth rate of 5.8%. Flash PMIs for November highlighted uneven global growth trends: the U.S. composite PMI signaled accelerating expansion, while the euro area PMI reflected shrinking activity, reaching a 10-month low. Meanwhile, U.S. 10-year Treasury yields remained steady at 4.41%, hovering near their six-month peak. Finally, oil prices saw notable fluctuations. After dropping nearly 5%, U.S. crude rebounded more than 6% the following week due to escalating geopolitical tensions.

SEDCO Capital maintains an overweight position in U.S. equities, quality companies, and technology sectors to capitalize on pro-business policies and expected deregulation. The firm has adopted a negative outlook on European equities due to weak growth and structural challenges, while tactically upgrading Sukuk to neutral for their attractive yields in a low-rate environment. A neutral stance on Emerging Markets reflects caution over U.S. tariffs, balanced by Chinese stimulus and appealing valuations. Despite market rebounds, the firm remains cautious of over-optimism.



Large cap to small cap

Small caps continued to surge in the wake of the elections, as the Russell 2000 posted a strong 4.5% weekly gain in the last week of the month, recovering from its mid-month losses and ending the month at nearly 10% MTD return.



Understanding China in the Age of Trump

Trump's re-election is widely expected to deepen political divisions and escalate social unrest, significantly heightening market uncertainty. He has consistently advocated for imposing broad-based tariffs of 10% or 20% on all U.S. imports and up to 60% on Chinese imports, aiming to strengthen American manufacturing. Meanwhile, attention has shifted to China's National People's Congress Standing Committee as it considers measures to stabilize the economy. Key proposals include raising the local government debt limit to restructure hidden debts and issuing special national bonds to support critical sectors like technology and real estate. While the market awaits further details from upcoming meetings in December and beyond, recent fiscal initiatives provide a temporary buffer against current market volatility, offering some stability until new policies are unveiled. To effectively navigate the risks of a global recession and industry impacts stemming from Trump's potential policies, companies must remain strategically agile and leverage China's strengths within the global supply chain to ensure sustainable growth.



Regional Markets

Saudi Arabia's Economic Surge and Credit Upgrade

Saudi Arabia's real GDP grew by 2.8% in Q3 2024, marking its first positive growth in over a year, according to GASTAT. This rebound was driven by a 0.3% expansion in the oil sector, as the effects of previous production cuts normalized. Non-oil GDP remained robust, growing 4.2%, slightly slower than the 4.9% recorded in the previous quarter, while government activities saw solid growth of 3.1%. The consistent +4% growth in non-oil sectors over two consecutive quarters highlights their resilience. In parallel, Moody's upgraded Saudi Arabia's credit rating to Aa3 for both local and foreign currencies, with a stable outlook. This upgrade reflects the Kingdom's successful economic diversification and strong growth in its non-oil sectors, which reduce reliance on oil and mitigate risks associated with the global transition away from carbon.

From Global to Local: PIF's New Strategy

Saudi Arabia's Public Investment Fund (PIF) plans to reduce its foreign portfolio investments from 30% to 18-20%, shifting focus to domestic markets. Despite this proportional decrease, the fund's foreign investments will grow in absolute value alongside its expanding assets under management. Meanwhile, Saudi Arabia has surpassed its Vision 2030 target for regional headquarters, attracting 540 companies, ahead of its 500-company goal. These efforts reflect the Kingdom's strategy to drive domestic growth, diversify its economy, and solidify its role as a regional business hub.

Global Market Indices

Global Data: As
End Of: 4-Dec-24

Saudi Market
Data: As End Of: 4-Dec-24

Region/sector	Index	Quote	MTD (%)	YTD (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	10Y (%)	2021 (%)	2022 (%)	2023 (%)
World	DJIM World TR	11,267.52	1.9	21.8	27.9	20.9	7.0	13.5	11.1	19.7	(24.2)	27.0
Developed	DJIDEV TR	6,515.39	1.8	22.5	28.8	22.1	7.9	14.4	11.8	23.0	(24.2)	29.4
Emerging Markets	DJIEMG TR	5,340.02	2.6	14.9	19.2	9.1	(2.1)	5.1	5.2	(4.7)	(24.2)	6.4
Saudi	TASI	11,886.86	2.1	(0.7)	6.2	5.3	3.0	8.6	3.1	27.9	(6.4)	14.2
NAREIT	All REITS (EM Inc) TR	3,151.89	(1.4)	7.2	14.3	7.1	(1.8)	0.5	3.4	23.0	(23.6)	9.8
GSCI	All Commodities	535.17	(0.1)	(0.1)	(1.5)	(6.5)	0.6	5.0	1.1	37.1	8.7	(12.2)
Currencies	Euro	1.05	(0.6)	(4.8)	(3.0)	(0.1)	(2.4)	(1.0)	(1.6)	(6.9)	(5.8)	3.1
	Yen	150.59	(0.5)	(6.3)	(2.2)	(5.6)	(9.2)	(6.3)	(2.3)	(10.3)	(12.2)	(7.0)
	GBP	1.27	(0.3)	(0.2)	0.5	1.7	(1.4)	2.3	0.9	(1.0)	(10.7)	5.4

IMPORTANT INFORMATION

You should read this

This document is only intended for the persons to whom SEDCO Capital or one of its affiliates ("SEDCO Capital"), or its designated representatives, has given it directly. This document is not to be distributed, published, copied, transmitted or otherwise given in whole or in part to other parties without the express written consent of SEDCO Capital. These materials are not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use is contrary to local law or regulation. Persons into whose possession this document comes are required by SEDCO Capital to inform themselves about and to observe any restrictions as to the offer or sale of the interests described herein under the laws and regulations of any territory in connection with any applications for such interests, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by SEDCO Capital that would permit a placing of the relevant interests in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document.

The information and opinions in this document were prepared by SEDCO Capital. The information herein is believed by SEDCO Capital to be reliable and/or has been obtained from public sources believed to be reliable. SEDCO Capital makes no representation or warranty as to the accuracy or completeness of any of the information contained herein. This document is not exclusive to any recipient and SEDCO Capital may undertake business in respect of any of the concepts represented by this document with other parties other than a particular recipient. SEDCO Capital may also undertake business which is inconsistent with the trading suggestions made in this document. This material has been prepared solely for purposes of illustration and discussion. Under no circumstances should the information contained herein be used or considered as an offer to sell, or solicitation of an offer to buy any security. Any security offering is subject to certain investor eligibility criteria as detailed in the applicable offering documents. The information contained herein is confidential and may not be reproduced or circulated in whole or in part.

Opinions, estimates and projections in this document constitute the current judgment of SEDCO Capital and are subject to change without notice. SEDCO Capital has no obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Prices and availability of financial instruments also are subject to change without notice.

This document is provided for informational purposes only. It is not to be construed as an offer to buy or the solicitation of an offer to sell any security or to participate in any particular investment strategy in any jurisdiction. Any such investment activity must only be made on the basis of final form offering materials which will only be made available to those who demonstrate the capacity to evaluate the risks and merits of this investment. Under no circumstances should the delivery of this document, irrespective of when it is made, create an implication that there has been no change in the affairs of SEDCO Capital or any of its products since the date of this document. Prospective investors should not treat the contents of this document as advice relating to legal, Shari'ah, taxation, investment or any other matters.

Any financial instruments discussed in this document may not be suitable for all investors and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. An investment in certain financial products may only be suitable for certain sophisticated investors who have no need for immediate liquidity in their investment. Income from an investment may fluctuate and the price or value of financial instruments described in this document, either directly or indirectly, may rise or fall and an investor may lose all moneys invested. Furthermore, past performance is not necessarily indicative of future results.

The accompanying documents are produced solely for the specified recipient. By accepting this information, you agree: (i) not to transmit, reproduce or make available to any other person all or any part of the accompanying documents; and (ii) to all of the terms of the foregoing

24C103