

Fan's on the road...

Riyadh, Saudi Arabia – Q2 2024

I had low expectations visiting Saudi Arabia:

- Valuations were high to begin with, I viewed the visit as an opportunity to find a future winner when prices were more attractive.
- Saudi Arabia benefited from an era of heightened oil prices, geopolitical risks have been escalated which provides the underlying support of the Saudi economy.
- In touching down Sunday, I saw a huge new shopping mall that sat rather empty; it immediately felt like a white elephant project.

In spending a few more days there were positive surprises:

- Sunday was actually Monday for the rest of the world and the mall and streets bustled with energy as the night came and temperatures cooled.
- Saudi had phenomenal demographics are great, more than 70% of the population is at prime working age (Figure 1), and after a few years of lockdowns people were ready to spend.
- Policy direction is clear that they can't rely on oil forever, a lot of infrastructure spending is ongoing to support their 2030 vision.
- Priority is given to localize their supply chain, from product design to manufacturing

Opportunities and misunderstanding:

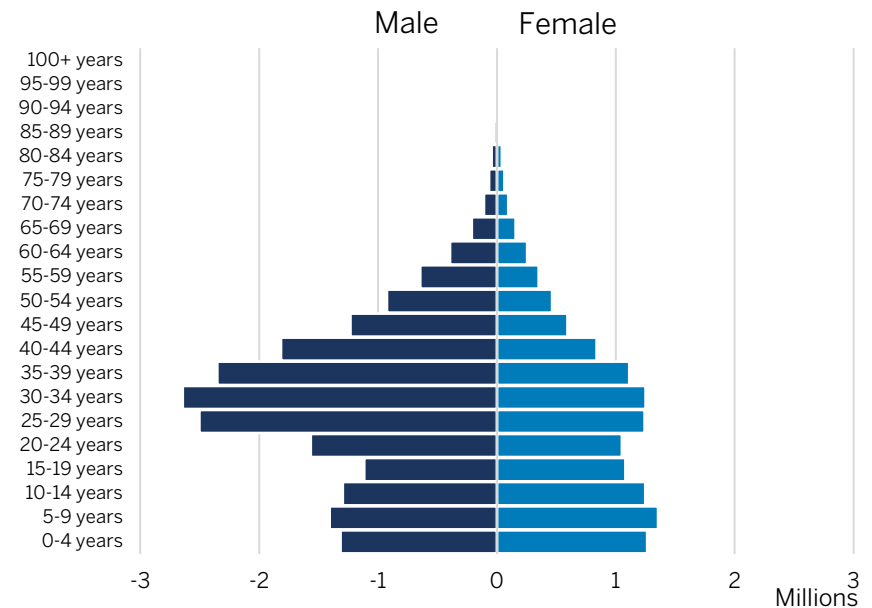
- The young crown prince has tremendous local support, so there's relatively limited track record and expectations on him achieve his vision.
- Corporate governance has been seen as a weakness but management for many companies I met with has shown discipline and a healthy growth mindset.
- An interesting opportunity included unusually a physical advertising business where travel and consumption normalization has resulted in a rotation on advertising spend from online to offline.

BOTTOM-LINE – I'M ADDING EXPOSURE HERE, HAPPY TO DISCUSS FURTHER



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KFC unsurprisingly sells chicken in Riyadh, and is still finger lickin' good

Figure 1: Saudi Arabia has a population of over 32m with an average age of only 29 years old



Source: Census 2022. The General Authority of Statistics of the Kingdom of Saudi Arabia.

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USD 1T+

Asset under management

>900

Investment professionals

~2,500

Number of clients

60+

Client locations (by market)

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