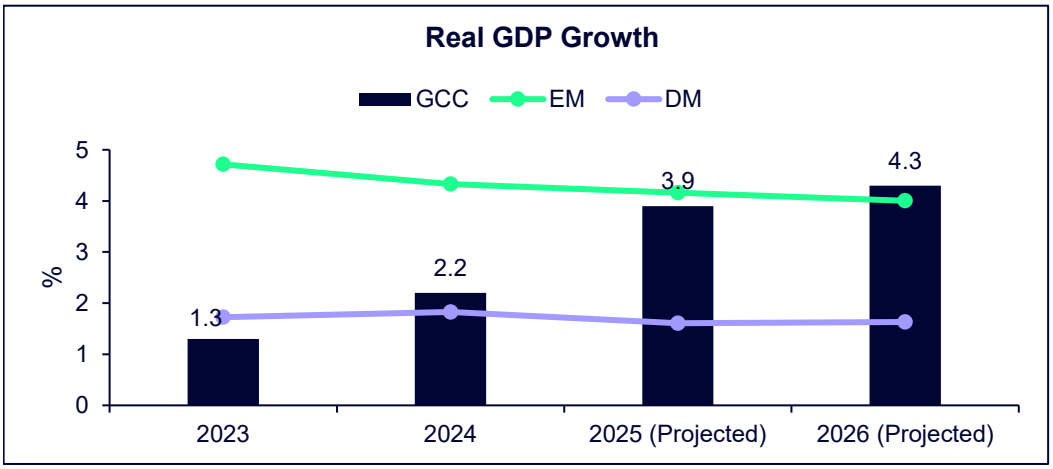
STATE STREET INVESTMENT MANAGEMENT

COMMENTARY
November 6, 2025

Mind on the Market

Chart of the Week



Source: IMF WEO October 2025, IMF Middle East and Central Asia – Regional Economic Outlook Statistical Appendix, October 2025, State Street Investment Management.

The Gulf Cooperation Council (GCC)— Saudi Arabia, the UAE, Qatar, Kuwait, Bahrain, and Oman—continues to post resilient growth, supported by National Vision Plans that are reshaping the region's growth model. Economic diversification, private-sector expansion and fiscal discipline have strengthened resilience despite softer energy prices. GDP is projected to grow about 4% in 2025—more than twice the pace of advanced economies—driven by investment and easing oil cuts. Accelerating adoption of AI, data centers, and green energy signals a shift toward productivity-led growth, with GCC equities offering unique exposure to reform and innovation.

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Weekly Highlights

2025 Real Non-Oil GDP Growth Projection

3.8%

Data as of 10/14/2025.

2025 Real Oil GDP Growth Projection

4.2%

Data as of 10/14/2025.

GCC IPO Global Share by Deal Size in USD for 2025 YTD

5.2%

Data as of 10/06/2025.

GCC Weight in MSCI EM Index

6.0%

Data as of 10/31/2025.

GCC Market Cap (Float-Adjusted) to GDP Ratio

28.1%

Data as of 10/31/2025.

GCC Equity Correlation versus Crude Oil

0.45

From 6/1/2019 to 10/31/25.

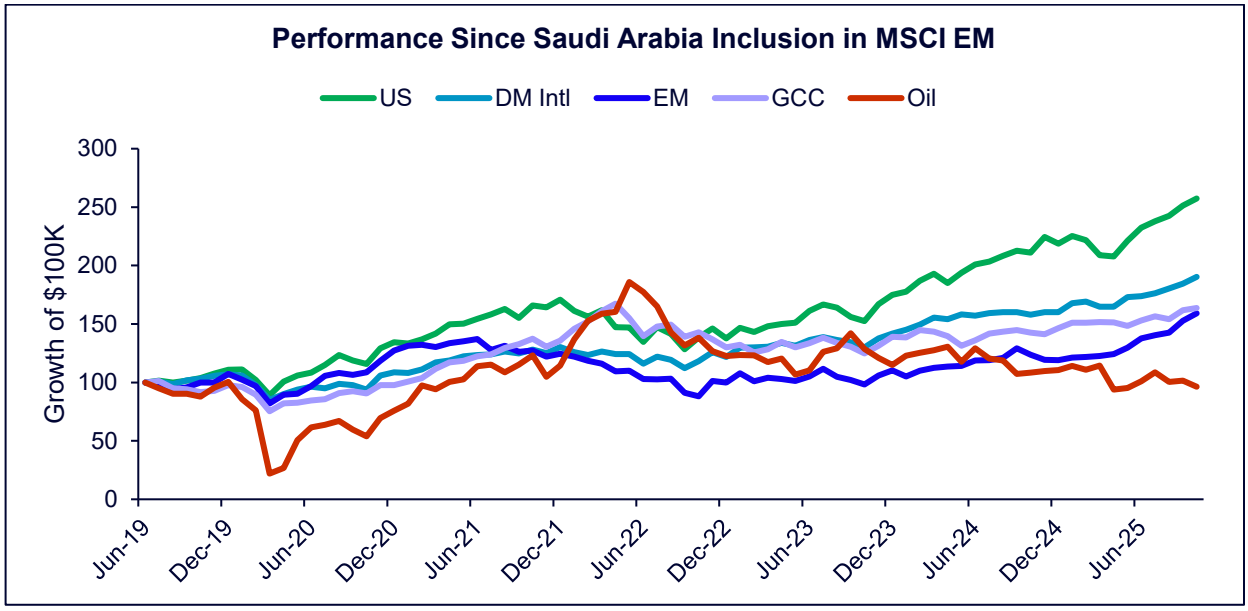
How GCC Economic Vision Plans are Reshaping Equity Markets

GCC markets have entered a new phase of maturity. A decade of steady reform, improved market access, and growing institutional participation has transformed them from niche, energy-linked exchanges into increasingly mainstream investment destinations. Market capitalization across the six member states now exceeds $600 billion, with the region's weight in the MSCI Emerging market Index rising to over 6% as of October 2025 – up fourfold from a decade ago.

This expansion reflects both steady reform momentum and capital-market development. Liquidity has improved, disclosure standards have strengthened, and primary issuance has broadened. IPO activity remains strong, with the GCC accounting for more than 5% of global deal value in 2025. Yet with an aggregate market capitalization-to-GDP ratio of 28.1% - well below the 122.9% for developed markets – there remains substantial room for expansion, privatizations and new listings to continue.

Historically, GCC equity performance has moved in tandem with energy prices, consistent with the region's role as a major oil and gas producer. Over the past decade, that linkage has moderated. The GCC Countries Combined Index, which captures the top 85% of free float-adjusted market capitalization across the six member states, points to a pattern of steady returns and resilience despite volatile energy

markets. Since Saudi Arabia's inclusion in the MSCI EM index in May 2019, the GCC index has generated annualized USD returns of 8.1%, outperforming the broader EM Index at 7.6%, with lower volatility (15.5% vs 17.4%).



Source: FactSet, State Street Investment Management as from 30 June 2019 to 31 Oct 2025. Saudi Arabia was inclusion in broader MSCI indices began in May 2019.

Beyond relative performance, regional stability has been reinforced by deliberate policy design. Currency pegs to developed-market currencies—primarily the U.S. dollar—backed by strong fiscal buffers and sizable reserve holdings have helped mitigate exchange-rate risk, setting the GCC apart from many other emerging markets. Coupled with sovereign balance-sheet strength, including projected government gross debt of just 32.5% of GDP by end-2025, this policy mix supports a low-risk profile for investors seeking emerging-market growth with developed-market-like stability.

Decoupling from Oil and the Path Forward

While energy remains a critical anchor of fiscal strength, GCC equities are showing signs of decoupling from oil. Over the past six years, the correlation between the GCC equity index and oil prices has averaged 0.45 – comparable to that of international developed markets at 0.47. This indicates a more diversified set of return drivers and reflects the long-term influence of National Vision Plans, which aim to expand and modernize economic growth engines.

Return Correlations from June 2019 to October 2025					
	GCC	US	Intl DM	EM	Oil
GCC	1				
US	0.59	1			
Intl DM	0.63	0.86	1		
EM	0.51	0.68	0.66	1	
Oil	0.45	0.38	0.47	0.34	1

Source: FactSet, State Street Investment Management. Correlation is calculated using monthly total USD returns for the period of June 2019 to October 2025.

Investment Implications

GCC equity markets offer economic diversification, robust fiscal discipline, and ongoing reforms. National Vision Plans are expanding growth beyond energy sectors and improving market access has increased institutional participation, while IPO activity remains strong, accounting for over 5% of global deal value (PwC Middle East). Valuations remain reasonable at just over 13x forward earnings, supported by strong balance sheets and a visible pipeline of growth. The region offers diversification benefits, and as reforms advance, GCC equities are an attractive allocation for portfolios seeking exposure to artificial intelligence, healthcare, renewable energy and green infrastructure.

Sources: State Street Investment Management, FactSet, MSCI, IMF WEO.

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* This figure is presented as of September 30, 2025 and includes ETF AUM of $1,848.02 billion USD of which approximately $144.95 billion USD in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Investment Management are affiliated. Please note all AUM is unaudited.

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Marketing Communication

Important Risk Discussion

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Equity securities may fluctuate in value and can decline significantly in response to the activities of individual companies and general market and economic conditions.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates raise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

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Generally, among asset classes, stocks are more volatile than bonds or short-term instruments. Government bonds and corporate bonds generally have more moderate short-term price

fluctuations than stocks, but provide lower potential long-term returns. U.S. Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.

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