Middle East – Prosperity beyond oil
Longer Term Investments (LTI)

The Middle East benefits from an attractive long-term growth potential. The region is gradually reducing its dependence on energy exports by accelerating its economic diversification, promoting privatization, job creation and structural reforms. This provides many interesting investment opportunities into still underpenetrated sectors (financial services, infrastructure, tourism, healthcare, leisure).

Projections and opportunities

Oil
Oil is still a major force accounting for about 43% of GDP, 75% of exports and 63% of fiscal revenues in Saudi Arabia.

<table>
<thead>
<tr>
<th>Oil in Saudi Arabia</th>
<th>GDP</th>
<th>Exports</th>
<th>Fiscal revenues</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>43%</td>
<td>75%</td>
<td>63%</td>
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Source: UBS AG, as of July 2018

GDP
The Middle East has a high and growing GDP per capita with a high urbanization rate.

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<tr>
<th>USD 25,000</th>
<th>Average GDP per capita</th>
<th>80% of population lives in urban areas</th>
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Source: UBS, IMF, Fitch, IF, as of July 2018

Saudi Arabia
Saudi Arabia is the largest and most liquid equity market of the GCC countries. It will be included in the MSCI Emerging Markets (EM) Index this year.

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<th>Saudi Arabia</th>
<th>Largest and most liquid equity market of GCC countries</th>
<th>2.6% MSCI EM Index</th>
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Source: UBS AG, as of August 2018

Young generations
The region has one of the youngest and fastest-growing populations globally: 50% of the overall population is aged 30 or below, with 20% growth every five years.

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<thead>
<tr>
<th>Middle East population</th>
<th>50% 30 years old</th>
<th>20% 5 year growth</th>
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Source: IMF, UBS as of July 2018

Unemployment reduction
Job creation in the private sectors and further structural reforms are key to reduce the elevated 25% youth unemployment.

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<th>25% Youth unemployment reduction</th>
<th>Private sector job creation</th>
<th>Structural reforms</th>
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Source: World bank, IMF, UBS as of July 2018

Tourism and leisure
Saudi Arabia wants to develop tourism and leisure in its Vision 2030 program. The UAE is already a popular tourist destination. Qatar is hosting the FIFA World Cup in 2022.

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<tr>
<th>Vision 2030</th>
<th>Develop tourism and leisure</th>
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Source: UBS AG, as of August 2018

Near-term drivers
- Economic diversification beyond oil
- Higher oil prices
- EM benchmark inclusion of Saudi Arabia in 2019

Sustainable investing impact
- Improving quality of life
- Enabling people to work
- Higher productivity
- Better education and healthcare

Impact investing (UN SDGs)
- SDG 3: Good health and well-being
- SDG 11: Sustainable cities and communities

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