

Market Data

| Asset Class | Currency | 1-wk | 1-mth | YTD | 2024 |
|-----------------------------------|----------|-------|-------|-------|-------|
| Equities | | | | | |
| MSCI World | USD | -0.3% | -0.1% | 18.9% | 17.0% |
| S&P 500 | USD | -0.6% | -0.3% | 16.1% | 23.3% |
| Nasdaq | USD | -1.9% | -1.2% | 19.9% | 24.9% |
| Russell 2000 | USD | 1.2% | 4.2% | 14.4% | 10.0% |
| Stoxx 600-Europe | EUR | -0.1% | -1.0% | 14.0% | 6.0% |
| Nikkei 225 | JPY | 0.7% | -0.4% | 27.3% | 19.1% |
| KOSPI | KRW | 1.6% | 0.4% | 72.9% | -9.9% |
| MSCI Asia Pacex-Japan | USD | 0.1% | -1.6% | 25.6% | 7.6% |
| ASEAN | USD | 0.3% | 0.1% | 10.8% | 7.7% |
| Shanghai Shenzhen CSI 300 | CNY | -0.1% | -1.5% | 16.4% | 14.7% |
| Han g Seng | HKD | -0.5% | -3.4% | 29.9% | 17.5% |
| Shanghai Stock Exchange Composite | CNY | -0.3% | -2.8% | 16.0% | 12.7% |
| FBM Em as Shariah | MYR | 1.1% | -1.5% | -5.4% | 14.6% |
| FBMKLCI | MYR | 1.5% | 0.5% | -0.2% | 12.8% |
| Fixed Income | | | | | |
| Bberg Bardays Global Agg | USD | 0.0% | -0.1% | 7.7% | -1.7% |
| JPM Asia Credit Index-Core | USD | 0.0% | 0.0% | 8.6% | 6.0% |
| Asia Dollar Index | USD | 0.1% | 0.2% | 2.4% | -4.1% |

Top Performing Principal Funds

| | (30 Nov 2025) | (30 Nov 2025) |
|---|---------------|---------------|
| Equities | | |
| Principal Biotechnology Discovery USD | 10.20 | 52.55 |
| Principal Singapore Equity JPY H | 1.80 | 18.63 |
| Principal Commodity USD | 1.76 | 17.42 |
| Balanced | | |
| Principal World Selection Conservative USD | 0.06 | 6.93 |
| Principal World Selection Moderate Conserv USD | 0.01 | 10.11 |
| Principal World Selection Moderate Aggressive USD | -0.06 | 15.98 |
| Fixed Income | | |
| Principal Lifetime Enhanced Bond | 0.61 | 5.27 |
| Principal Conservative Bond C | 0.27 | 4.59 |
| Principal Lifetime Bond MYR | 0.26 | 4.89 |

Source: Bloomberg, market data is as of 12 December 2025.

*As we emphasise a long-term focus, the top performing funds were selected based on monthly performance.

*The numbers may show as negative if there is no positive return for the period under review.

The fund performance was referenced from the daily performance report, data was extracted from Lipper.

The performance figures are based on the fund's respective currency class.

*Past performance is not an indication of future performance.

Market Review ¹

1. This week, global financial markets exhibited mixed to largely positive performances. In developed markets, the United States and Japan led the gains, while European indices finished lower.
2. Across Asia, markets showed mixed performance. India had the largest gain, while Thailand saw the largest decline. Meanwhile, in Malaysia, the FBMKLCI ended the week with a slight gain overall.
3. In the bond market, the yield on the 10-year US Treasury rose slightly to the 4.18% range (as of December 12th) as investors reacted to the Fed's cautious tone on further cuts in 2026. (It's worth noting that bond prices move inversely to bond yields)

Macro Factors

1. In the United States, markets sentiment rebounded as the Federal Reserve cut interest rates as expected and delivered a less hawkish outlook than markets anticipated. Chair Jerome Powell indicated that further rate hikes are unlikely, with Fed projections pointing to a single reduction next year. The Fed also announced plans to buy short-dated Treasury bills to support market liquidity, pushing yields lower and adding pressure on the dollar. Meanwhile, initial jobless claims rose by the most in nearly four and a half years last week, reinforcing a dovish rate outlook. ²
2. In Europe, attention now turns to next week's European Central Bank meeting, where policymakers are widely expected to hold rates at 2% and maintain that stance through 2026 as inflation and growth remain broadly aligned with forecasts. ³
3. In China, the annual Central Economic Work Conference convened in Beijing from Wednesday to Thursday, setting China's priorities for 2026. Policymakers pledged more proactive, well-coordinated macro policies to boost demand, optimize supply, and cultivate new, quality productive forces. Fiscal policy will remain proactive with necessary deficits, while monetary policy stays moderately loose to ensure liquidity and support demand, innovation, and smaller enterprises. On macro, the PBOC withdrew a net CNY 62.2 billion in liquidity Thursday after conducting a CNY 118.6 billion reverse repo while CNY 180.8 billion matured. Meanwhile, the Ministry of Finance will roll over CNY 750 billion in maturing special treasury bonds Friday to repay the principal without expanding the fiscal deficit. ⁴
4. In Malaysia, the unemployment rate held steady for the sixth consecutive month at 3.0% in October 2025, remaining its lowest level since April 2015. The number of unemployed persons inched up 0.1% month-on-month to 518.9 thousand, with 64.5% unemployed for less than three months and 5% jobless for over a year. ⁵

Investment Strategy ⁶

The market in 2026 is projected to continue its strong performance, driven by optimism in abundant liquidity, stable macroeconomics, and the ongoing growth in digital transformation. However, the forces shaping investment returns are evolving. Investors should note a crucial shift in focus:

- From Liquidity/Momentum Toward Fundamentals: The market is increasingly valuing intrinsic business health and core fundamentals over broad, liquidity-driven rallies.
- Emphasis on Earnings Visibility: Companies with clear, predictable future earnings will be prioritized.
- Adaptation to Policy Normalization: The market is adjusting to potential changes in economic and monetary policies.

Following a substantial market rally in 2025, maintaining discipline and awareness of these shifting dynamics is crucial for effectively positioning portfolios for the year ahead. Investors are advised to adhere to long-term principles—using diversification and a phased-in strategy—to manage timing risk, reduce emotion, and benefit from market fluctuations. Our strategy focuses on quality growth companies with domestic earnings, supplemented by quality bonds for portfolio stability during uncertainty.

12 December 2025

Weekly Market Recap



Sources:

- ¹ Bloomberg, 12 December 2025
- ² Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 12 December 2025
- ³ S&P Global, ECB, Factset, Bank of England (BoE), 12 December 2025
- ⁴ Bloomberg, National Bureau of Statistic China, CEWC, 12 December 2025
- ⁵ Department of Statistic Malaysia, S&P Global, 12 December 2025
- ⁶ Principal view, 12 December 2025

*SEZ refers to Special Economic Zone

*PMI refers to Purchasing Manufacturing Index

*HCOB refers to Hamburg Commercial Bank

*NBS PMI refers to official data released by National Bureau of Statistic in China

*Caixin PMI refers to data published by Caixin Media and ISH Markit. It provides alternative gauge focusing on smaller and medium-sized enterprises.

*ECB refers to European Central Bank

*PBOC refers to People's Bank of China

*PCE refers to Personal Consumption Expenditure

*FOMC: Federal Open Market Committee

*y-o-y refers to year on year

*m-o-m refers to month on month

*UST refers to United States Treasury

*BNM refers to Bank Negara Malaysia

* Caixin decided to end its title sponsorship of the S&P Global China Purchasing Managers' Index (PMI) as of July 2025. This decision was part of a "strategic adjustment" for Caixin, aligning with its long-term development needs. Caixin had been the title sponsor since 2015, using it as a way to expand into the data sector and analyze China's economic transformation. Following Caixin's departure, RatingDog (Shenzhen) Information Technology Co., Ltd., a Chinese credit research and bond rating company, successfully acquired the exclusive naming rights for the "S&P Global China PMI". Starting with the August 2025 data release, the index was officially renamed the "RatingDog China PMI". S&P Global continues to be responsible for compiling and releasing the monthly report.

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