

Market Data

| Asset Class                             | Currency | 1-wk | 1-mth | YTD   | 2024  |
|---|----------|------|-------|-------|-------|
| Equities                                |          |      |       |       |       |
| MSCI World                              | USD      | 1.5% | 2.4%  | 14.8% | 17.0% |
| S&P 500                                 | USD      | 1.6% | 2.2%  | 12.0% | 23.3% |
| Nasdaq                                  | USD      | 1.9% | 1.1%  | 14.7% | 24.9% |
| Russell 2000                            | USD      | 0.2% | 5.1%  | 7.5%  | 10.0% |
| Stoxx 600-Europe                        | EUR      | 1.0% | 1.3%  | 9.4%  | 6.0%  |
| Nikkei 225                              | JPY      | 4.1% | 4.9%  | 12.2% | 19.1% |
| MSCI Asia Pac ex-Japan                  | USD      | 3.9% | 5.7%  | 22.6% | 7.6%  |
| ASEAN                                   | USD      | 1.5% | 2.6%  | 12.5% | 7.7%  |
| Shanghai Shenzhen CSI 300 Index         | CNY      | 1.4% | 8.8%  | 15.0% | 14.7% |
| Hang Seng Index                         | HKD      | 4.0% | 6.3%  | 32.3% | 17.5% |
| Shanghai Stock Exchange Composite Index | CNY      | 1.5% | 5.3%  | 15.5% | 12.7% |
| FBMKLCI                                 | MYR      | 2.3% | 3.0%  | -1.7% | 12.8% |
| Fixed Income                            |          |      |       |       |       |
| Bberg Barclays Global Agg Index         | USD      | 0.2% | 1.2%  | 8.0%  | -1.7% |
| JPM Asia Credit Index-Core              | USD      | 0.8% | 2.0%  | 7.5%  | 6.0%  |
| Asia Dollar Index                       | USD      | 0.2% | 0.3%  | 3.4%  | -4.1% |

| Top Performing Principal Funds | 1-mth as of<br>(31 August 2025) | YTD as of<br>(31 August 2025) |
|--------------------------------|---------------------------------|-------------------------------|
|--------------------------------|---------------------------------|-------------------------------|

|  |       |       |
|--|-------|-------|
| Equities                                 |       |       |
| Principal China Direct Opportunities USD | 12.12 | 30.34 |
| Principal US High Conviction Equity USD  | 8.98  | 8.31  |
| Principal Greater Bay USD                | 7.43  | 22.38 |

|  |      |       |
|--|------|-------|
| Balanced                                   |      |       |
| Principal Emerging Markets Multi Asset USD | 2.59 | 13.69 |
| Principal Lifetime Balanced                | 2.45 | -4.50 |
| Principal Islamic Lifetime Balanced Growth | 2.08 | -2.97 |

|                                  |      |      |
|----------------------------------|------|------|
| Fixed Income                     |      |      |
| Principal Islamic Lifetime Sukuk | 0.47 | 4.02 |
| Principal Lifetime Bond          | 0.46 | 4.23 |
| Principal Conservative Bond      | 0.44 | 4.07 |

Source: Bloomberg, market data is as of 12 September 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 <sup>1</sup>

1. This week, the global financial markets showed positive performance. Japan experienced largest positive gains, followed by the United States and Europe.
2. Across Asia, majority of the markets showed positive performances. South Korea led the way with the largest gains, followed by both onshore and offshore markets in China. In Malaysia, the FBMKLCI ended the week with a positive gain.
3. In the bond market, the yield on the 10-year US Treasury edged lower to the 4.05% range, as investors took signs of weakening jobs and tame inflation as indicators that the Federal Reserve may lower interest rates next week. (It’s worth noting that bond prices move inversely to bond yields)

Macro Factors

1. In the United States, the August CPI report showed consumer prices rose 0.4% on the month, above expectations, but the annual rate held at 2.9%, in line with forecasts. Jobless claims added to signs of a slowing labor market, rising by 27K to 263K, the highest since 2021. traders priced in a near-certain quarter-point cut at the Fed’s September 17 meeting, with odds of a larger half-point move ticking up. <sup>2</sup>
2. In Europe, the ECB left rates unchanged for a second straight meeting, with President Christine Lagarde noting that growth risks are now more balanced and declaring the disinflationary process “over”—a signal that the rate-cutting cycle has likely concluded. Updated projections showed eurozone GDP growth of 1.2% in 2025 (up from 0.9% in June), slowing to 1.0% in 2026, with 2027 unchanged at 1.3%. Inflation forecasts were nudged slightly higher, to 2.1% in 2025 (vs. 2.0%),<sup>3</sup>
3. In China, Consumer prices fell 0.4% year-on-year in August, the sharpest decline in six months, while producer prices dropped 2.9%, moderating from July’s 3.6% fall. Trade surplus came in at USD 102.33 billion in August 2025, higher than the USD 91.29 billion recorded in the same month a year earlier, as exports continued to outpace imports. Exports grew 4.4% yoy, falling short of forecasts and easing from a 7.2% rise in July, as a temporary boost from Beijing's tariff truce faded. Meanwhile, imports rose by 1.3%, below expectations and slowing from a 4.1% gain in July, as a persistent property sector downturn, rising job insecurity, and the tapering of consumer-focused stimulus kept domestic demand subdued. <sup>4</sup>
4. In Malaysia, industrial production expanded by 4.2% year-on-year in July 2025, accelerating from a downwardly revised 2.9% growth in June and beating market expectations of a 1.7% increase. Unemployment rate held steady at 3.0% in July 2025, unchanged from the previous month. The number of unemployed persons edged up by 0.6% from June to 521.6 thousand, while employment rose by 0.2% to 16.95 million, driven mainly by gains in services, manufacturing, construction, agriculture, and mining.<sup>5</sup>

Investment Strategy <sup>6</sup>

With the Fed set to resume rate cuts imminently and cash returns set to fall further, we believe it remains a good time to put cash to work. We maintain the rational for investing in both Equity and Fixed Income remains strong, and we still foresee additional growth in the coming years. Our base case remains that the US Central Bank will cut rates, and rate cuts have typically been supportive for stock markets during non-recession periods, as well as further benefits for fixed income.

Investors are advised to keep sight of longer-term investing principles that can boost risk-adjusted rates of return **through portfolio diversification** and a phased- in strategy. This can help to manage the risk of poor timing, reduce the influence of emotion, and provide more opportunities to benefit from market dips and rebounds. Our strategy emphasized focusing on companies that demonstrate the attributes of **quality growth, with earnings that are more domestically focused**. Additionally, **quality bonds have historically offered portfolio stability**, especially in times of uncertainty.

12 September 2025

# Weekly Market Recap

## Sources:

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

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