

Market Data

Asset Class	Currency	1-wk	1-mth	YTD	2025
Equities					
MSCI World	USD	1.0%	2.7%	2.8%	19.5%
S&P 500	USD	1.1%	1.7%	0.9%	16.4%
Nasdaq	USD	1.1%	0.1%	-0.9%	20.2%
Russell 2000	USD	0.7%	0.6%	7.3%	11.3%
Stoxx 600-Europe	EUR	2.1%	4.6%	6.5%	16.7%
Nikkei 225	JPY	-0.2%	7.1%	12.8%	26.2%
KOSPI	KRW	5.5%	18.6%	37.5%	75.1%
MSCI Asia Pac ex-Japan	USD	1.1%	6.2%	11.0%	26.9%
ASEAN	USD	1.7%	4.6%	6.8%	12.0%
Shanghai Shenzhen CSI 300	CNY	-0.1%	-1.2%	0.6%	17.7%
Hang Seng	HKD	-0.6%	-0.3%	2.7%	28.2%
Shanghai Stock Exchange Composite	CNY	-0.1%	-0.8%	2.6%	18.6%
FBM Emas Shariah	MYR	1.2%	1.5%	2.1%	-3.9%
FBMKLCI	MYR	0.8%	3.2%	4.2%	2.4%
Fixed Income					
Bberg Barclays Global Agg	USD	-0.2%	1.8%	1.6%	8.2%
JPM Asia Credit Index-Core	USD	0.2%	1.4%	1.2%	9.1%
Asia Dollar Index	USD	-0.1%	1.0%	0.7%	3.3%

Top Performing Principal Funds	1 month (31 Jan 2026)	YTD (31 Jan 2026)
Equities		
Principal Islamic Asia Pacific Dynamic Equity MYR	10.62	10.62
Principal Asia Pacific Dynamic Growth - USD	10.32	10.32
Principal China Direct Opportunities USD	9.91	9.91
Balanced		
Principal Emerging Markets Multi Asset USD	7.48	7.48
Principal Asia Pacific Dynamic Mixed Asset MYR	5.30	5.30
Principal Heritage Balanced MYR Hedged	3.92	3.92
Fixed Income		
Principal Islamic Money Market AI	0.26	0.26
Principal Islamic Deposit	0.26	0.26
Principal Lifetime Bond	0.16	0.16

*Source: Bloomberg, market data is as of 20 February 2026.
 *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 markets experienced a "risk-off" environment initially driven by "higher-for-longer" interest rate concerns and Middle East tensions, followed by a relief rally after the US Supreme Court struck down President Trump's emergency tariffs. Both the US and European markets finished with positive gains.
2. In Asia, markets were mixed this week due to the Lunar New Year holidays. While China was closed, South Korea hit record highs thanks to strong chip sales. Malaysia also did well, reaching its best level in years led by strong GDP data. However, Japan and Hong Kong SAR fell slightly at the end of the week due to worries over tensions in the Middle East.
3. In the bond market, the US 10-year Treasury yield (UST) generally rose, closing near 4.09%–4.10% (as of 20th February). Yields increased as markets reacted to sticky 3% core PCE inflation, a 1.4% Q4 GDP print, and the Supreme Court striking down tariffs, which was offset by new executive actions. (It's worth noting that bond prices move inversely to bond yields)

Macro Factors

1. In the United States, key developments include US Supreme Court struck down President Donald Trump's global tariffs. The court ruled that Trump exceeded his authority under a federal emergency-powers law by imposing broad "reciprocal" duties worldwide, marking a significant legal setback for the White House. Investors also digested a fresh batch of US economic data and its implications for Fed policy. US GDP grew at an annualized 1.4% in Q4, below the 3% forecast, highlighting slower momentum amid tariffs and the government shutdown. December PCE data showed headline and core inflation accelerating more than expected, while the S&P Global US Composite PMI signalled the slowest private-sector expansion in ten months. ²
2. In Europe, the HCOB Eurozone Composite PMI rose to 51.9 in February 2026 from 51.3, beating expectations of 51.5, according to a preliminary estimate. The data signalled the strongest expansion in private sector activity since November, driven by the sharpest rise in manufacturing output since August 2025 and faster growth in services. Markets also reacted to comments from European Central Bank President Christine Lagarde, who told The Wall Street Journal she intends to complete her term, countering earlier reports that she could step down early. ³
3. In China, markets entered the week-long Lunar New Year holiday, shifting price discovery to offshore trading. The International Monetary Fund kept its 2026 growth forecast for China unchanged at 4.5%, while warning that weak domestic demand and a slowing global economy pose downside risks. On the geopolitical front, reports that the US has paused several tech-security measures targeting China ahead of a planned April meeting between Presidents Donald Trump and Xi Jinping have eased near-term tensions, though broader strategic frictions remain. ⁴
4. In Malaysia, the economy expanded 5.2% in 2025, surpassing both the government's 4.0%–4.8% projection and the preliminary 4.9% estimate. Bank Negara Malaysia said growth was underpinned by strong domestic demand and favourable exports. Household spending rose on the back of positive labor market conditions, income-related policy support, and robust consumption. Investment also expanded, supported by machinery and equipment spending, ongoing multi-year projects, and the development of data centres. Exports continued to rise amid steady global demand for E&E goods, while imports remained strong, reflecting investment and intermediate goods the annual inflation held at 1.6% in January 2026, unchanged from the previous month and in line with market expectations. ⁵

Investment Strategy ⁶

We maintain the views that the US central bank has further to go in its easing cycle, and this remains a key pillar to global equities overall. Periods of price consolidation often follow rapid rallies as investors digest new data on corporate spending and interest rate paths. **We believe it is essential to hold a long-term view rather than reacting to short-term volatility.** In this environment, our strategy focuses on **quality growth** companies with **domestic earnings**, supplemented by **quality bonds** for portfolio stability during uncertainty.

20 February 2026

Weekly Market Recap

Sources:

¹ Bloomberg, 20 February 2026

² Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 20 February 2026

³ S&P Global, ECB, Factset, Bank of England (BoE), 20 February 2026

⁴ Bloomberg, National Bureau of Statistic China, CEWC, 20 February 2026

⁵ Department of Statistic Malaysia, S&P Global, 20 February 2026

⁶ Principal view, 20 February 2026

*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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