

Market Data

Asset Class	Currency	1-wk	1-mth	YTD	2024
Equities					
MSCI World	USD	-2.3%	-2.3%	14.5%	17.0%
S&P 500	USD	-1.9%	-1.9%	12.3%	23.3%
Nasdaq	USD	-3.0%	-3.5%	15.4%	24.9%
Russell 2000	USD	-0.8%	-4.7%	6.2%	10.0%
Stoxx 600-Europe	EU R	-2.2%	-1.9%	10.8%	6.0%
Nikkei 225	JPY	-3.5%	-2.1%	21.7%	19.1%
MSCI Asia Pac ex-Japan	USD	-4.0%	-4.8%	20.3%	7.6%
ASEAN	USD	-1.4%	-1.0%	8.5%	7.7%
Shanghai Shenzhen CSI 300 Index	CNY	-3.8%	-3.3%	13.2%	14.7%
Hang Seng Index	HKD	-5.1%	-3.0%	25.9%	17.5%
Shanghai Stock Exchange Composite Index	CNY	-3.9%	-2.0%	14.4%	12.7%
FBMKLCI	MYR	-0.5%	-0.4%	-1.6%	12.8%
Fixed Income					
Berg Barclays Global Agg Index	USD	-0.3%	-1.1%	7.2%	-1.7%
JPM Asia Credit Index-Core	USD	0.1%	0.0%	8.5%	6.0%
Asia Dollar Index	USD	-0.5%	-0.7%	1.9%	-4.1%

Top Performing Principal Funds	1-mth as of (30 October 2025)	YTD as of (30 October 2025)
Equities		
Principal Biotechnology Discovery USD	12.53	37.62
Principal Islamic Asia Pacific Dynamic Equity MYR	9.87	17.97
Principal DALI Global Equity MYR	9.60	20.56
Balanced		
Principal Asia Pacific Dynamic Mixed Asset MYR	4.20	12.30
Principal Heritage Balanced MYR Hedged	3.56	13.24
Principal Emerging Markets Multi Asset USD	3.43	21.93
Fixed Income		
Principal Islamic Global Sukuk USD	0.50	5.34
Principal Lifetime Bond	0.33	4.62
Principal Deposit	0.27	2.94

Source: Bloomberg, market data is as of 21 November 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 Review¹

1. This week, global financial markets were largely in the red. In developed markets, Nikkei led the decline, followed by Japan and the United States.
2. Across Asia, markets exhibited mixed performances. The Philippine led the gains, while both onshore and offshore markets in China experienced the biggest decline. In Malaysia, the FBMKLCI ended the week with a marginal decline.
3. In the bond market, the yield on the 10-year US Treasury declined to around 4.01% range after New York Federal Reserve President John Williams offered some hope to investors that the Fed may lower its key interest rate at its final meeting of 2025 next month. (It's worth noting that bond prices move inversely to bond yields)

Macro Factors

1. In the United States, market sentiment remains fragile amid expectations that the Federal Reserve will refrain from cutting interest rates in December, with a mixed US jobs report having little impact on the outlook. The delayed nonfarm payrolls report, released Thursday, showed employment growth accelerated in September, but the unemployment rate rose to 4.4%, the highest in four years. This will be the final labor market data ahead of the December FOMC meeting, reinforcing bets that the Fed will maintain its current policy as it navigates economic uncertainty exacerbated by the US government shutdown.²
2. In Europe, consumer confidence stood at -14.2 in November 2025, the highest in 8 months, unchanged from October but falling short of forecasts of -14, flash estimates showed. Consumer sentiment continues to score well below its long-term average, suggesting households are still cautious even though inflation is easing and the economy is proving resilient to Trump's tariffs..³
3. In China, Beijing is weighing a fresh round of stimulus to shore up a struggling housing market, Bloomberg News reported. Proposed measures include nationwide mortgage subsidies for first-time buyers, increased income-tax rebates for mortgage holders, and lower home transaction costs. The PBOC kept key lending rates unchanged as expected, signalling no immediate policy easing. The PBOC held its one- and five-year loan prime rates at 3% and 3.5%, respectively, keeping them at record lows for the sixth straight meeting. Investors also weighed the impact of a deepening diplomatic spat between Beijing and Tokyo following Japanese Prime Minister Sanae Takaichi's comments on Taiwan.⁴
4. In Malaysia, annual inflation eased to 1.3% in October 2025, down from September's seven-month high and market expectations of 1.5%. Malaysia's trade surplus soared to MYR 19.0 billion in October 2025, up from MYR 12.0 billion in the same month last year and exceeding expectations of MYR 16.4 billion, as exports outpaced imports. Malaysia's current account surplus also widened sharply to MYR 12.2 billion in the third quarter of 2025 from MYR 1.8 billion in the same period last year, as the goods account surplus rose to MYR 33.3 billion from MYR 22.4 billion in the third quarter 2024.⁵

Investment Strategy⁶

With the US government now reopened, markets may respond to the return of official data releases and reassess the Fed's future rate decisions. We continue to expect the US central bank to cut rates twice more between now and early 2026, providing a favourable backdrop for equities and quality bonds.

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.

Sources:

- ¹ Bloomberg, 21 November 2025
- ² Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 21 November 2025
- ³ S&P Global, ECB, Factset, Bank of England (BoE), 21 November 2025
- ⁴ Bloomberg, National Bureau of Statistic China, CEWC, 21 November 2025
- ⁵ Department of Statistic Malaysia, S&P Global, 21 November 2025
- ⁶ Principal view, 21 November 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
- * 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.

Disclaimer:
We have based this document on information obtained from sources we believe to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness, or correctness. Expressions of opinion contained herein are those of Principal Asset Management Berhad only and are subject to change without notice. This document should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell Principal Asset Management Berhad's investment products. The data presented is for information purposes only and is not a recommendation to buy or sell any securities or adopt any investment strategy. This material is not intended to be relied upon as a forecast, research, or investment advice regarding a particular investment or the markets in general, nor is it intended to predict or depict performance of any investment. We recommend that investors read and understand the contents of the funds' prospectus and product highlights sheet available on the Principal website, which have been duly registered with the Securities Commission Malaysia (SC). Registration of these documents does not amount to nor indicate that the SC has recommended or endorsed the product or service. There are risks, fees and charges involved in investing in the funds. You should understand the risks involved, compare, and consider the fees, charges and costs involved, make your own risk assessment, and seek professional advice, where necessary. This article has not been reviewed by the SC.