

Market Data

Asset Class	Currency	1-wk	1-mth	YTD	2024
<b>Equities</b>					
MSCI World	USD	-0.4%	2.3%	15.3%	17.0%
S&P 500	USD	-0.3%	2.7%	13.0%	23.3%
Nasdaq	USD	-0.5%	4.2%	16.6%	24.9%
Russell 2000	USD	-0.6%	3.2%	9.1%	10.0%
Stoxx 600-Europe	EUR	0.1%	-0.1%	9.3%	6.0%
Nikkei 225	JPY	0.7%	7.0%	13.6%	19.1%
MSCI Asia Pac ex-Japan	USD	-1.6%	2.8%	21.0%	7.6%
ASEAN	USD	-2.1%	-1.1%	9.2%	7.7%
Shanghai Shenzhen CSI 300 Index	CNY	1.0%	2.2%	15.7%	14.7%
Hang Seng Index	HKD	-1.6%	2.8%	30.9%	17.5%
Shanghai Stock Exchange Composite Index	CNY	0.2%	-1.0%	14.3%	12.7%
FBMKLCI	MYR	0.7%	3.0%	-0.8%	12.8%
<b>Fixed Income</b>					
Bberg Barclays Global Agg Index	USD	-0.5%	0.5%	7.4%	-1.7%
JPM Asia Credit Index-Core	USD	-0.1%	1.3%	7.4%	6.0%
Asia Dollar Index	USD	-0.6%	-0.3%	2.8%	-4.1%

Top Performing Principal Funds	1-mth as of (31 August 2025)	YTD as of (31 August 2025)
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<b>Equities</b>		
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

<b>Balanced</b>		
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

<b>Fixed Income</b>		
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 26 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 mixed performance. Europe and Japan experienced positive gains, whereas the United States concluded in the negative.
2. Across Asia, most markets exhibited mixed performances. The onshore market in China led the way with the largest gains, while Philippine delivered the largest negative return. In Malaysia, the FBMKLCI ended the week with a modest gain.
3. In the bond market, the yield on the 10-year US Treasury hovered in the 4.10% range as investors analysed the latest inflation data and what it could mean for the U.S. economy. (It’s worth noting that bond prices move inversely to bond yields)

Macro Factors

1. In the United States, the August’s PCE index, the Fed’s preferred inflation gauge, showed core inflation at 2.9% year-over-year, supporting expectations for two quarter-point rate cuts in upcoming meetings. Data showed weekly jobless claims dropped by 14K to 218K, well below forecasts, suggesting firms remain hesitant to cut staff. Revised GDP figures also pointed to 3.8% annualized growth in Q2, the fastest in nearly two years, driven by strong consumer spending. Markets still anticipate a quarter-point Fed cut in October, though expectations for total easing this year eased to 39 basis points from about 43 earlier in the week.<sup>2</sup>
2. In Europe, the European Commission is set to impose tariffs of 25% to 50% on Chinese steel and related products in the coming weeks. Commission President Ursula von der Leyen said earlier this month that the EU would propose a new approach to curb steel imports in order to protect domestic producers, as global overcapacity continues to pressure profit margins and hinder investment in decarbonisation within Europe’s steel industry.<sup>3</sup>
3. In China, sentiment was lifted by China’s continued push into artificial intelligence, as Alibaba announced plans to open its first data centres in Brazil, France and the Netherlands to accelerate global AI expansion. Hopes of easing US-China trade tensions also provided support, though trading remained light ahead of the National Day holiday. The People’s Bank of China left key lending rates unchanged for the fourth straight month, as authorities remain reluctant to deploy major stimulus. The PBOC is also expected to introduce a series of measures to boost the development of yuan-denominated bonds in Hong Kong. The central bank will support foreign institutions in conducting repo transactions to improve yuan bond utilisation. Plans also include expanding the pool of Swap Connect market makers, raising the daily net trading limit, and accelerating the launch of yuan-denominated government bond futures.<sup>4</sup>
4. In Malaysia, the annual inflation rate edged up to 1.3% in August 2025 from 1.2% in the previous month, marking the highest reading since April and aligning with market forecasts. Food prices rose by 2.0% yoy, inching higher from the softest pace in ten months of 1.9% in July. Core inflation, which excludes volatile fresh food and administered prices, rose 2.0% yoy, after rising by 1.8% in the prior three months. Monthly, consumer prices ticked up 0.1%, matching rises in the preceding four months.<sup>5</sup>

Investment Strategy <sup>6</sup>

With the Fed now resuming rate cuts and cash returns are 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 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.

26 September 2025

# Weekly Market Recap

## Sources:

- <sup>1</sup> Bloomberg, 26 September 2025
- <sup>2</sup> Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 26 September 2025
- <sup>3</sup> S&P Global, ECB, Factset, Bank of England (BoE), 26 September 2025
- <sup>4</sup> Bloomberg, National Bureau of Statistic China, CEWC, 26 September 2025
- <sup>5</sup> Department of Statistic Malaysia, S&P Global, 26 September 2025
- <sup>6</sup> Principal view, 26 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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