

Market Data

Asset Class	Currency	1-wk	1-mth	YTD	2024
Equities					
MSCI World	USD	0.5%	1.5%	19.2%	17.0%
S&P 500	USD	0.3%	1.2%	16.9%	23.3%
Nasdaq	USD	1.0%	0.4%	22.3%	24.9%
Russell 2000	USD	0.9%	2.4%	13.1%	10.0%
Stoxx 600-Europe	EUR	0.4%	1.3%	14.2%	6.0%
Nikkei 225	JPY	0.5%	0.6%	26.4%	19.1%
MSCI Asia Pac ex-Japan	USD	1.5%	-0.2%	25.4%	7.6%
ASEAN	USD	0.2%	0.6%	10.4%	7.7%
Shanghai Shenzhen CSI 300 Index	CNY	1.3%	-1.0%	16.5%	14.7%
Hang Seng Index	HKD	1.2%	0.9%	30.5%	17.5%
Shanghai Stock Exchange Composite Index	CNY	0.4%	-1.7%	16.4%	12.7%
FBMKLCI	MYR	0.8%	-0.4%	-1.6%	12.8%
Fixed Income					
Bberg Barclays Global Agg Index	USD	-0.2%	0.5%	7.6%	-1.7%
JPM Asia Credit Index-Core	USD	-0.1%	0.2%	8.6%	6.0%
Asia Dollar Index	USD	0.0%	0.1%	2.4%	-4.1%
Top Performing Principal Funds					
		1-mth as of		YTD as of	
		(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 5 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<sup>1</sup>

1. This week, global financial markets exhibited mixed to largely positive performances. In developed markets, Europe led the gains, followed by Japan while the United States indices finished mostly higher in choppy trading as investors awaited key data and the upcoming Federal Reserve meeting.
2. Across Asia, markets showed mixed performance. South Korea markets had the largest gain, while the Philippines saw the largest decline. Meanwhile, in Malaysia, the FBMKLCI ended the week with a marginal decline.
3. In the bond market, the yield on the 10-year US Treasury rose slightly to the 4.14% range (as of December 5) as investors look ahead to next week's Federal Reserve interest rate decision. (It's worth noting that bond prices move inversely to bond yields)

Macro Factors

1. In the United States, markets moved to price looser Fed policy, with expectations that the Federal Reserve will cut interest rates in the coming meeting. The ISM Services PMI for the US edged up to 52.6 in November 2025 from 52.4 in October, pointing to the strongest growth in the services sector in nine months, and above forecasts of 52.1.<sup>2</sup>
2. In Europe, consumer price inflation rose to 2.2% in November 2025, up from 2.1% in October and slightly above market expectations of 2.1%, according to a preliminary estimate. Services inflation accelerated, while energy prices declined at a slower pace.<sup>3</sup>
3. In China, market participants are closely awaiting the Central Economic Work Conference later this month, where China is expected to outline policy priorities and growth strategies to support an economy grappling with sluggish domestic demand, a slumping property market, tepid consumer spending, overcapacity in factories, and declining infrastructure-driven investment. Economists largely favor a 2026 GDP growth target of around 5%, with some anticipating a slightly lower range of 4.5% to 5%. While top leaders have signalled a long-term pivot toward boosting household consumption and restructuring the economy over the next five years, such initiatives are expected to take time, keeping the immediate focus on fiscal and monetary stimulus.<sup>4</sup>
4. In Malaysia, the S&P Global Manufacturing PMI rose to 50.1 in November 2025 from 49.5 in October, marking the highest print since May 2024 and signalling the first expansion in factory activity after 17 straight months of decline.<sup>5</sup>

Investment Strategy<sup>6</sup>

The market in 2026 is projected to continue its strong performance, driven by abundant liquidity and the transformative impact of artificial intelligence (AI). 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.

5 December 2025

# Weekly Market Recap

Sources:

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

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