

Market Data

Asset Class	Currency	1-wk	1-mth	YTD	2024
Equities					
MSCI World	USD	2.6%	2.3%	11.2%	17.0%
S&P 500	USD	2.4%	2.6%	8.6%	23.3%
Nasdaq	USD	3.7%	4.0%	12.3%	24.9%
Russell 2000	USD	2.4%	-0.5%	-0.6%	10.0%
Stoxx 600-Europe	EUR	2.1%	0.2%	7.8%	6.0%
Nikkei 225	JPY	2.5%	5.2%	4.7%	19.1%
MSCI Asia Pac ex-Japan	USD	1.9%	1.6%	15.5%	7.6%
ASEAN	USD	2.1%	3.7%	7.1%	7.7%
Shanghai Shenzhen CSI 300 Index	CNY	1.2%	2.6%	4.9%	14.7%
Hang Seng Index	HKD	1.3%	2.3%	23.9%	17.5%
Shanghai Stock Exchange Composite Index	CNY	2.0%	3.9%	9.1%	12.7%
FBMKLCI	MYR	1.5%	1.7%	-5.3%	12.8%
Fixed Income					
Bberg Barclays Global Agg Index	USD	0.4%	0.4%	6.9%	-1.7%
JPM Asia Credit Index-Core	USD	0.7%	1.6%	5.5%	6.0%
Asia Dollar Index	USD	0.2%	-0.7%	3.1%	-4.1%
Top Performing Principal Funds					
			1-mth as of (31 July 2025)	YTD as of (31 July 2025)	
Equities					
Principal China Direct Opportunities SGD			8.82	10.34	
Principal Biotechnology Discovery USD			8.71	3.57	
Principal Islamic Greater China Growth MYR			6.72	3.89	
Balanced					
Principal Asia Pacific Dynamic Mixed Asset MYR			3.01	4.24	
Principal Global Multi Asset Income MYR			2.74	-0.14	
Principal Islamic Global Selection Moderate MYR			2.50	2.42	
Fixed Income					
Principal Lifetime Enhanced Bond			0.77	3.26	
Principal Islamic Lifetime Sukuk			0.59	3.54	
Principal Lifetime Bond			0.57	3.76	

Source: Bloomberg, market data is as of 8 Aug 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 a positive trend. Japan topped the list of developed markets with the highest gains, followed closely by Europe and the United States.
2. Across Asia, majority of the markets showed positive performances. Thailand led the way with the largest gains, while India saw modest increase. Meanwhile, in Malaysia, the FBMKLCI ended the week with a slight gain.
3. In the bond market, the yield on the 10-year US Treasury note increase to the 4.20% range, following President Donald Trump’s announcement that he will nominate Stephen Miran, chair of the Council of Economic Advisors, to serve on the Federal Reserve Board of Governors, replacing Adriana Kugler, who resigned last Friday. (It’s worth noting that bond prices move inversely to bond yields.)

Macro Factors

1. In the U.S., U.S. the weekly jobless claims exceeded forecasts, adding to signs of a cooling labor market after the previous week’s weaker-than-expected nonfarm payrolls report. In political developments, President Donald Trump nominated Stephen Miran, chair of the Council of Economic Advisors, to replace Adriana Kugler on the Federal Reserve Board of Governors. Markets also reacted to reports that Fed Governor Christopher Waller is a leading contender to head the central bank, reinforcing expectations for a September rate cut. On the trade front, President Trump announced plans to impose a 100% tariff on imported semiconductors and chips—excluding companies that are “building in the US”. <sup>2</sup>
2. In Europe, retail sales increased 0.3% month-over-month in June 2025, rebounding from a 0.3% fall in the previous month but slightly below market expectations of a 0.4% gain. Industrial producer prices rose 0.8% month-on-month in June 2025, ending three consecutive months of steep declines and aligning with market expectations. The HCOB Eurozone Composite PMI rose to 50.9 in July of 2025 from 50.6 in the previous month, driven by stronger activities in both manufacturing and services sectors. <sup>3</sup>
3. In China, ratings agency S&P Global on Thursday affirmed China’s long-term, short-term, and local currency sovereign credit rating at A+, citing strong fiscal stimulus as a key factor in maintaining economic resilience amid ongoing challenges in the property sector and from tariff pressures. July export growth sharply beat expectations, driven by firms front-loading shipments ahead of the looming US tariff deadline in August. Imports also rose to their highest level in a year, signalling a pickup in domestic demand. Earlier this week, the US administration announced a deal to extend the current US-China trade truce, set to expire on August 12. <sup>4</sup>
4. In Malaysia, the government announced to slash or remove import duties on about 98% of U.S. goods as part of efforts to lower bilateral tariffs, Trade Minister Tengku Zafrul Aziz told Parliament on Monday. This follows the U.S. reducing tariffs on Malaysian exports to 19% from 25%. The S&P Global Malaysia Manufacturing PMI rose to 49.7 in July 2025 from 49.3 in June, the highest reading since February, signaling a slower pace of contraction. New orders declined at the weakest rate in five months, moving closer to stabilization, while the moderation in output was the softest since February. <sup>5</sup>

Investment Strategy <sup>6</sup>

Trade headlines are likely to stay top of mind for investors. One reason markets have appeared to be taking Trump’s tariff threats in stride is the recognition of a still resilient US economy and expectation that the Federal Reserve will resume policy easing next month. 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.

We reiterate the importance of to keeping sight of longer-term investing principles that can boost risk-adjusted rates of return **through portfolio diversification** and an emphasis on **quality growth and income** to navigate the volatility ahead. Our strategy has also emphasized focusing on companies that demonstrate the attributes of **large-cap defensiveness, with earnings that are more domestically focused**. Additionally, **quality bonds have historically offered portfolio stability**, especially in times of uncertainty.

We remain a slight preference for equities over fixed income. Key themes for 2025 include: i) the impact of policy shifts on China's recovery; ii) the U.S. economic outlook; and iii) the influence of tariffs and geopolitical risks on asset prices.

8 Aug 2025

# Weekly Market Recap

## Sources:

- <sup>1</sup> Bloomberg, 8 Aug 2025
- <sup>2</sup> Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 8 Aug 2025
- <sup>3</sup> S&P Global, ECB, Factset, Bank of England (BoE), 8 Aug 2025
- <sup>4</sup> Bloomberg, National Bureau of Statistic China, CEWC, 8 Aug 2025
- <sup>5</sup> Department of Statistic Malaysia, S&P Global, 8 Aug 2025
- <sup>6</sup> Principal view, 8 Aug 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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