

## Market Data

Asset Class	Currency	1-wk	1-mth	YTD	2024
<b>Equities</b>					
MSCI World	USD	1.5%	2.5%	1.8%	19.5%
S&P 500	USD	1.5%	1.8%	1.7%	16.4%
Nasdaq	USD	2.2%	0.3%	2.0%	20.2%
Russell 2000	USD	4.6%	3.9%	5.8%	11.3%
Stoxx 600-Europe	EUR	2.3%	5.4%	2.9%	16.7%
Nikkei 225	JPY	3.2%	2.6%	3.2%	26.2%
KOSPI	KRW	6.4%	10.7%	8.8%	74.8%
MSCI Asia Pac ex-Japan	USD	1.1%	4.8%	2.9%	26.9%
ASEAN	USD	0.7%	3.1%	1.0%	12.0%
Shanghai Shenzhen CSI 300	CNY	2.8%	3.6%	2.8%	17.7%
Hang Seng	HKD	-0.6%	2.8%	2.0%	28.2%
Shanghai Stock Exchange Composite	CNY	3.8%	5.6%	3.8%	18.6%
FBM Emas Shariah	MYR	1.4%	3.8%	1.2%	-3.9%
FBMKLCI	MYR	0.9%	4.5%	0.3%	2.4%
<b>Fixed Income</b>					
Bloomberg Barclays Global Agg	USD	0.0%	0.7%	-0.2%	8.2%
JPM Asia Credit Index-Core	USD	0.1%	0.7%	0.0%	9.1%
Asia Dollar Index	USD	-0.2%	0.7%	-0.2%	3.3%

Top Performing Principal Funds		(31 Dec 2025)	(31 Dec 2025)
<b>Equities</b>			
Principal China Direct Opportunities USD		5.91	35.60
Principal Malaysia Opportunities		4.97	1.14
Principal Malaysia Titans		4.35	2.03
<b>Balanced</b>			
Principal Lifetime Balanced		3.07	-0.39
Principal Lifetime Balanced Income		2.60	-0.16
Principal Dynamic Enhanced Malaysia Income		2.54	-0.43
<b>Fixed Income</b>			
Principal Conservative Bond		0.32	4.94
Principal Lifetime Bond		0.29	5.22
Principal Deposit		0.28	3.51

\*Source: Bloomberg, market data is as of 9 January 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<sup>1</sup>

1. This week, global financial markets exhibited largely positive performance. Japan equity market led the positive gains, followed by the U.S. and Europe.
2. Across Asia, markets exhibited positive performance, with strong gains in South Korea and China's onshore market, while India closed in the red. In Malaysia, the FBM KLCI experienced a slight gain.
3. In the bond market, the yield on the 10-year US Treasury moved higher to the 4.20% range (as of January 10<sup>th</sup>) as a mixed jobs report maintained uncertainty about the magnitude of rate cuts that the Federal Reserve is expected to deliver this year. (It's worth noting that bond prices move inversely to bond yields)

## Macro Factors

1. In the United States, the December report showed nonfarm payrolls increasing by 50,000, below expectations, while the unemployment rate fell to 4.4%, signalling a labor market that remains steady but slow-growing. The ISM Manufacturing PMI fell for a third consecutive month to 47.9 in December 2025, the lowest level since October 2024, compared to 48.2 in November and forecasts of 48.3. The reading showed the US manufacturing activity contracted at a faster rate, led by pullbacks in production and inventories.<sup>2</sup>
2. In Europe, the Eurozone Economic Sentiment Indicator (ESI) edged down to 96.7 in December 2025 from a 31-month high of 97.1 in November, coming in slightly below market expectations of 97 and remaining under its long-term average. Industrial producer prices rose 0.5% month-over-month in November 2025, following a 0.1% increase in October and above market expectations of 0.2%. The seasonally adjusted unemployment rate edged down to 6.3% in November 2025 from October's 6.4%, while analysts had expected it to remain steady at 6.4%. It was the lowest reading since April.<sup>3</sup>
3. In China, investors also grappled with rising geopolitical risks and global economic uncertainties. Meanwhile, Chinese stocks outperformed at the start of the year fuelled by optimism over China's advancements in artificial intelligence and other high-tech sectors, as well as expectations of further policy support. RatingDog China General Services PMI edged down to 52.0 in December 2025 from 52.1 in November, in line with market expectations. The latest reading marked the softest expansion in the services sector since June, as new orders and business activity grew at their weakest pace in six months due to a renewed decline in foreign sales amid reports of reduced tourist numbers. Meanwhile, employment declined for the fifth consecutive month, with firms shedding both full-time and part-time workers due to cost concerns and company restructuring plans.<sup>4</sup>
4. In Malaysia, S&P Global Manufacturing PMI held at 50.1 in December 2025, unchanged from November but still at its highest level since May 2024. The latest reading signalled a second straight month of factory activity growth after earlier periods of decline. Employment rose for a second month, marking the third-fastest gain since records began in 2012 and the strongest in over seven years. Producer prices fell 1.8% year-on-year in November 2025, accelerating from a 0.1% decline in the previous month and marking the steepest drop since August.<sup>5</sup>

## Investment Strategy<sup>6</sup>

While recent geopolitical tensions between the U.S. and Venezuela have caused some concern, the financial market impact is expected to remain largely contained, as Venezuelan assets represent an insignificant weight in the emerging market equity and bond indices. We expect the focus of investors to remain on fundamentals.

The market in 2026 is projected to continue its strong performance, driven by optimism in abundant liquidity, stable macroeconomics, and the ongoing growth in digital transformation. 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.

9 January 2026

## Weekly Market Recap



## Sources:

- <sup>1</sup> Bloomberg, 9 January 2026
- <sup>2</sup> Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 9 January 2026
- <sup>3</sup> S&P Global, ECB, Factset, Bank of England (BoE), 9 January 2026
- <sup>4</sup> Bloomberg, National Bureau of Statistics China, CEWC, 9 January 2026
- <sup>5</sup> Department of Statistics Malaysia, S&P Global, 9 January 2026
- <sup>6</sup> Principal view, 9 January 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 Statistics in China

\*Caixin PMI refers to data published by Caixin Media and ISH Markit. It provides an 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.