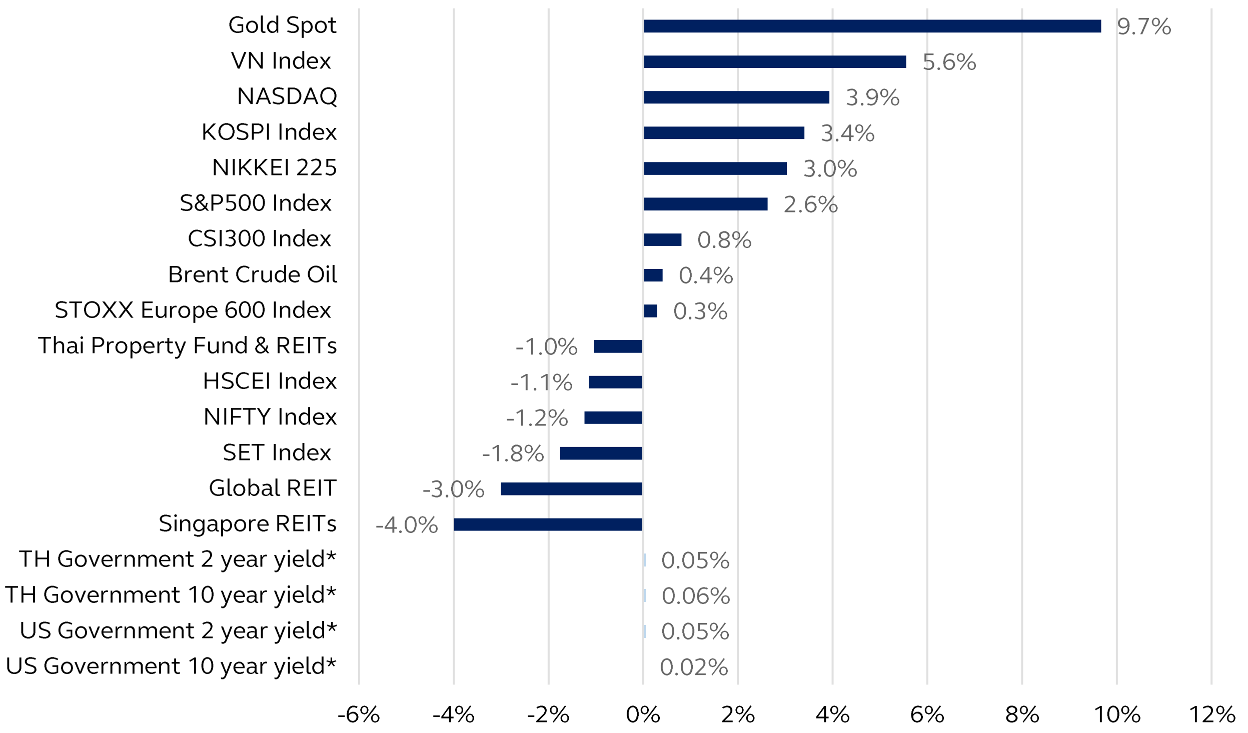
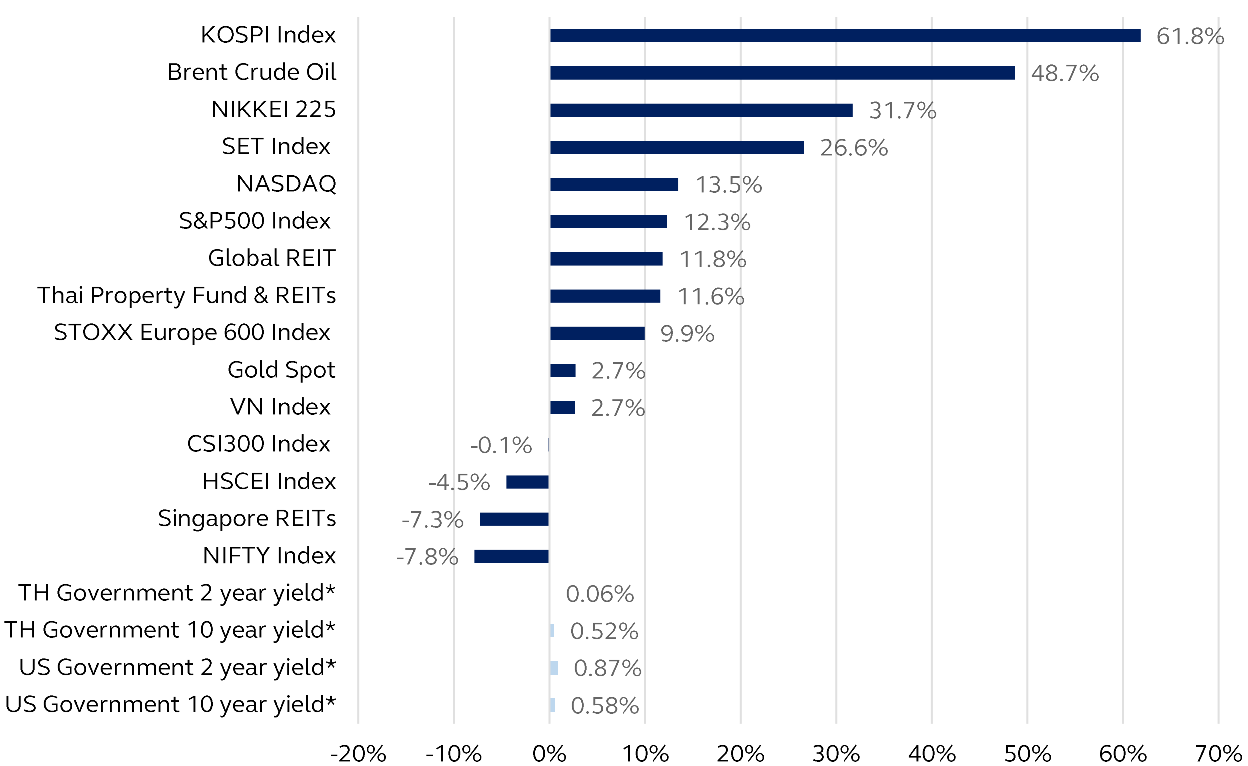
Market Outlook

1-month performance (August)



Year-to-date performance (Jan-Aug)



*Information illustrated percentage of bond yield change not return.
Source : Bloomberg, data as of 31 August 2026

Global equity markets mostly advanced in August, supported by strong performance in technology and AI-related stocks as corporate earnings and AI investment trends remained robust. Lower oil prices also helped ease inflation concerns and improved sentiment toward risk assets. However, market volatility persisted amid uncertainty surrounding the monetary policy outlook, with major central banks signaling a more hawkish stance and geopolitical risks remaining unresolved. Principal Asset Management maintains a Neutral view on overall asset allocation, while remaining Positive on Global Equity and revising its view on Thai Equity and Property Funds/REITs to Neutral.

Fixed Income: U.S. 2-year and 10-year Treasury yields rose in August, particularly following the Jackson Hole Symposium, where the Federal Reserve Chair delivered a hawkish message and reiterated that inflation has not slowed sufficiently. This led markets to increase expectations of further interest rate hikes. Principal Asset Management maintains a Neutral view on the fixed income market.

Global Equity: We has shifted its view on major global equity markets to Positive. Markets were supported by solid corporate earnings and continued investment in AI-related technologies. In the U.S., the S&P 500 and NASDAQ gained 2.6% and 3.9%, respectively, driven by strength in technology and AI-related stocks, while the U.S. economy continued to show resilience. Valuations remain at reasonable levels despite strong market performance.

In Europe, the STOXX 600 index rose 0.3%, supported by lower oil prices and investor rotation toward defensive sectors, financials, and stocks with more attractive valuations. However, inflation risks and expectations of further ECB policy tightening continue to weigh on sentiment.

In Japan, the Nikkei 225 increased 3.0%, supported by gains in semiconductor and AI supply chain-related companies. Ongoing corporate governance reforms and efforts to improve capital efficiency continued to attract foreign investors. Nevertheless, volatility in the Japanese yen and elevated bond yields remain key risks for the market.

Indian Equity: The Nifty 50 declined 1.2% in August amid concerns over inflation and energy price volatility. While India's long-term economic growth outlook remains attractive, the market has relatively limited exposure to companies directly benefiting from AI and semiconductor trends compared with several regional peers. As a result, Principal Asset Management maintains a Neutral view on Indian Equity.

Thai Equity: The SET Index declined 1.8% in August due to profit-taking and concerns over an uneven domestic economic recovery. Thailand’s GDP grew 1.9% year-on-year in the second quarter of 2026, slowing from 2.8% in the previous quarter. The market also continued to face pressure from energy prices, geopolitical uncertainties, and a slower-than-expected recovery in tourism. Principal Asset Management therefore revises its view on Thai Equity to Neutral.

Vietnam Equity: The VN Index rose 5.6% in August, rebounding from the previous month’s correction. Market sentiment was supported by expectations of continued economic growth in the second half of the year and Vietnam’s upcoming inclusion in the FTSE Emerging Markets Index beginning in September, which has improved expectations for future foreign investor inflows. However, tight liquidity conditions and short-term market volatility remain challenges. Principal Asset Management maintains a Neutral view on Vietnam Equity.

Property Funds / REITs: Global, Thai, and Singapore property funds and REITs declined in August as concerns over a higher-for-longer interest rate environment pushed U.S. Treasury yields higher, putting pressure on REIT financing costs. Principal Asset Management has revised its view on Property Funds/REITs to Neutral.

Gold: Gold prices increased 9.7% in August, supported by safe-haven demand, geopolitical uncertainties, U.S. dollar weakness, and continued purchases from central banks. However, higher bond yields and the hawkish stance of the Federal Reserve continued to limit upside potential. Principal Asset Management maintains a Negative view on gold.

Asset Allocation Outlook

	Negative	Neutral	Positive
Cash	●	○	○
Fixed Income	○	●	○
• Global	○	●	○
• Thailand	○	●	○
Equity	○	●	○
• Global	○	◍ →	●
• Thailand	○	● ←	◍
• India	○	●	○
• Vietnam	○	●	○
Property Funds/REITs	○	● ←	◍
Gold	●	○	○

Viewpoints reflect a 1-month horizon

◍ → ● indicates a change in preference from the previous month (light blue ◍) to the current month (dark blue ●)

Description of Asset Allocation Outlook table

- Negative: Indicates a negative view on the asset.
- Neutral: Indicates a neutral view on the asset.
- Positive: Indicates a positive view on the asset.

Caution: Principal Asset Allocation Plan is a service providing advice on allocating investment portfolios by diversifying investment into various financial assets according to investor's investment risk tolerance. Advisement is considered on market conditions to create or adjust balance portfolio, which will be monthly evaluated and adjusted investment mix or portfolio to ensure that the portfolio is well-diversified and consistent with investment outlooks. Due to market price changing from market conditions, the proportion of each asset may deviate from appropriate allocation. This may cause the portfolio to be at higher or lower risk than it should be. Principal Asset Allocation Plan is only advice from Principal Asset Management and investors may not receive return as expected. Investors should make sure that understand about basic investment allocation, recommended by SEC. / Investors should understand product characteristics (mutual funds), conditions of return and risk before making an investment decision. / Past performance does not guarantee future results.

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