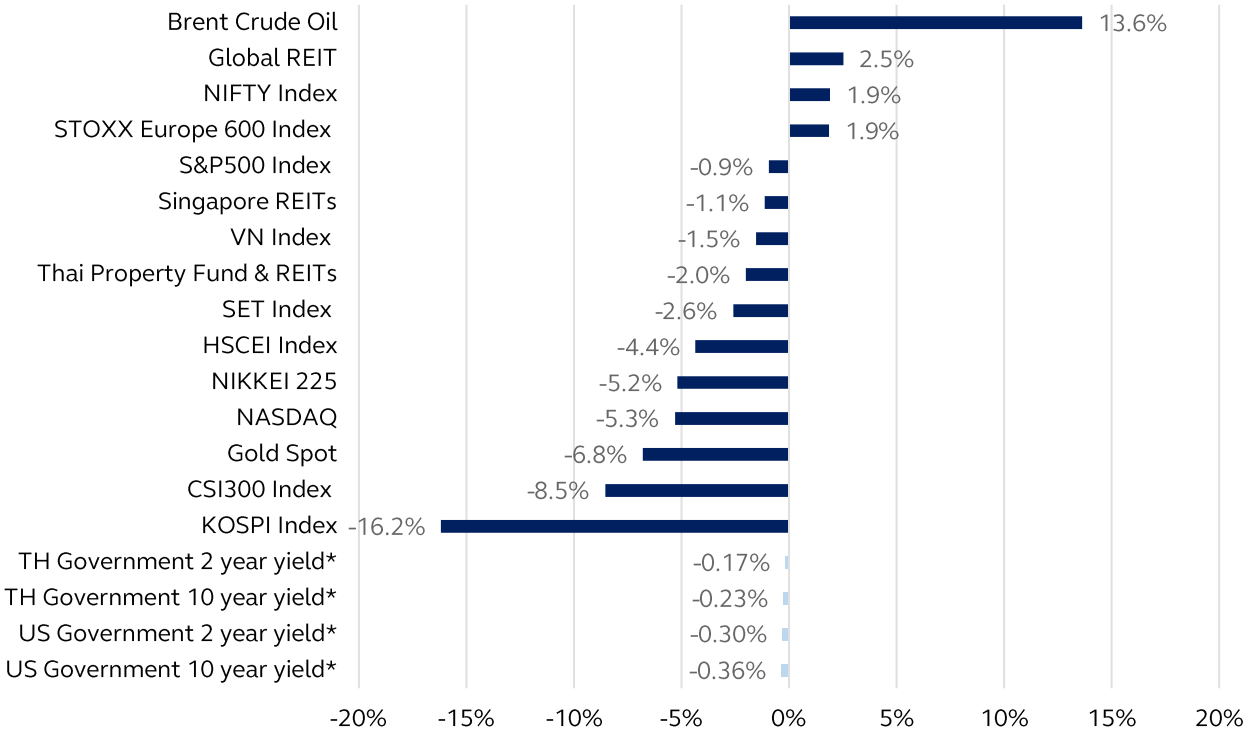
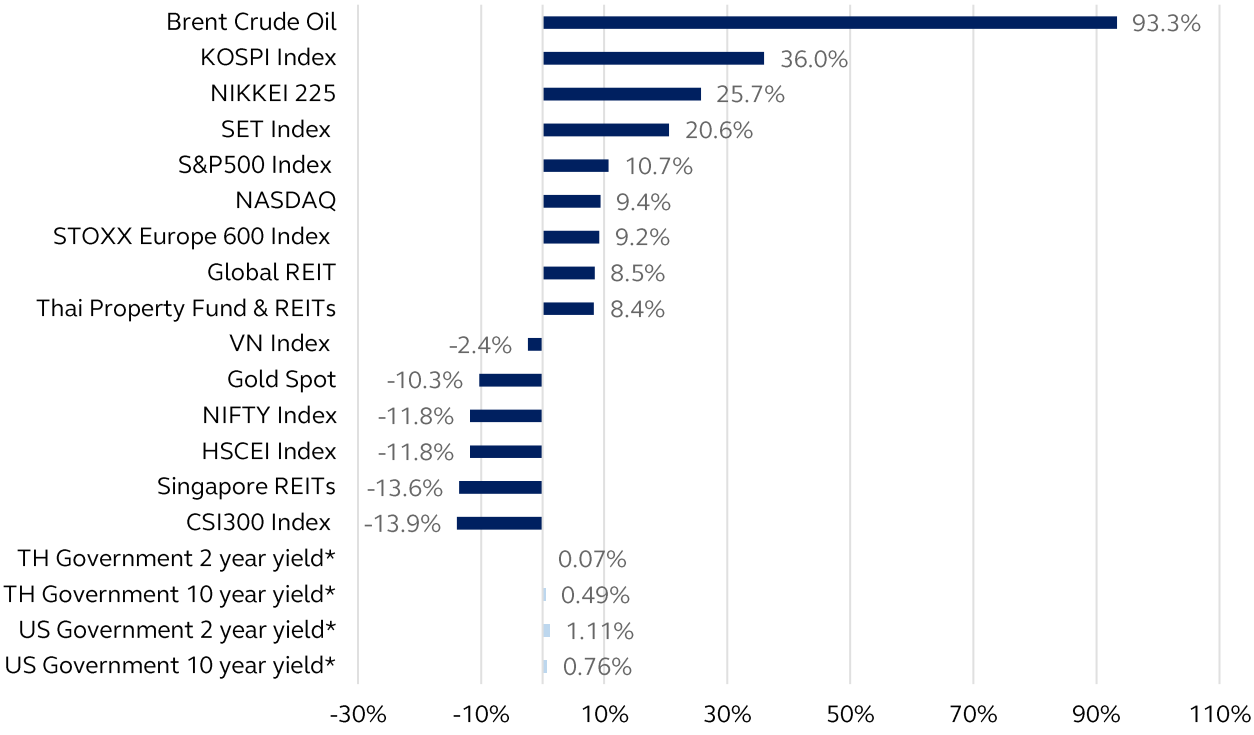
Market Outlook

1-month performance (October)



Year-to-date performance (Jan-Oct)



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

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Global equity markets mostly declined in October as technology and AI-related shares sold off after big-tech earnings raised concerns over AI investment returns. Brent crude oil rose 13.6% as the Middle East conflict remained unresolved, pressuring net energy importers. The Federal Reserve, Bank of Japan, and European Central Bank held policy rates, and expectations of aggressive rate hikes eased, pulling bond yields down from last month's highs. With uncertainty still elevated, investors should emphasize quality assets and appropriate diversification. Principal Asset Management maintains a Neutral view on overall asset allocation.

Fixed Income: U.S. 2-year and 10-year Treasury yields fell 0.30% and 0.36%, respectively, in October as markets scaled back expected rate hikes over the next 12 months from four or five to two or three. The Fed Chair noted that the U.S. economy remains solid despite energy-price pressures. Principal Asset Management maintains a Neutral view on fixed income overall.

Global Equity: Principal Asset Management remains Positive on major global equity markets. In October, the S&P 500 declined 0.9%, while the NASDAQ fell 5.3%, its steepest drop since March 2025, on concerns over AI investment returns. Solid U.S. growth, earnings prospects, and AI infrastructure spending remain key sources of support. The recent correction in technology equities is more likely a temporary setback than the beginning of a prolonged downturn.

In Europe, the STOXX Europe 600 rose 1.9% in October on strong corporate earnings, despite elevated oil prices and rising economic uncertainty. The ECB President's announced early resignation, effective February 2027, may weigh on confidence and near-term volatility.

In Japan, the Nikkei 225 fell 5.2% in October, following the global sell-off in technology and semiconductor equities. The BOJ held its policy rate at 1.25% and raised its 2027 inflation forecast, keeping a December hike in focus. Although bond yields and yen volatility may drive near-term fluctuations, improved capital efficiency remains supportive over the longer term.

Indian Equity: The Nifty 50 rose 1.9% in October, outperforming most global markets, rebounding from a 6.1% decline the previous month as foreign investors returned. Higher oil prices remain a key risk given India's position as a major net energy importer, heightening concerns over inflation, the current account, and the rupee. Despite a favorable long-term growth outlook, Principal Asset Management maintains a Neutral view on Indian Equity.

Thai Equity: The SET Index declined 2.6% in October, a second consecutive monthly loss, as regional markets were pressured by the global sell-off in technology and AI shares. Higher energy prices may weigh on purchasing power and businesses with limited pricing power, although lower Thai bond yields eased some pressure. Principal Asset Management maintains a Neutral view on Thai Equity.

Vietnam Equity: The VN Index fell 1.5% in October amid lower liquidity, post-reclassification selling, and continued foreign outflows. FTSE Russell's emerging-market upgrade took effect on 21 September, but initial inflows remain limited as inclusion will be phased in through September 2027, providing medium to long-term support. Principal Asset Management maintains a Neutral view on Vietnam Equity in the near term.

Property Funds / REITs: Thai property funds and REITs fell 2.0% and Singapore REITs declined 1.1% in October, while Global REITs gained 2.5%. Lower bond yields eased pressure on valuations and financing costs, but a potential Fed hike in December may reduce the relative appeal of dividend yields. Principal Asset Management maintains a Neutral view on Property Funds/REITs, with a preference for high-quality assets with resilient cash flows.

Gold: Gold prices fell 6.8% in October, extending the previous month's decline, as a stronger U.S. dollar and expectations of higher-for-longer interest rates increased the opportunity cost of holding gold, although geopolitical risks and continued central-bank purchases remain supportive, but 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 (light blue ○) to (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 (the funds), conditions of return and risk before making an investment decision. / Past performance does not guarantee future results.

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