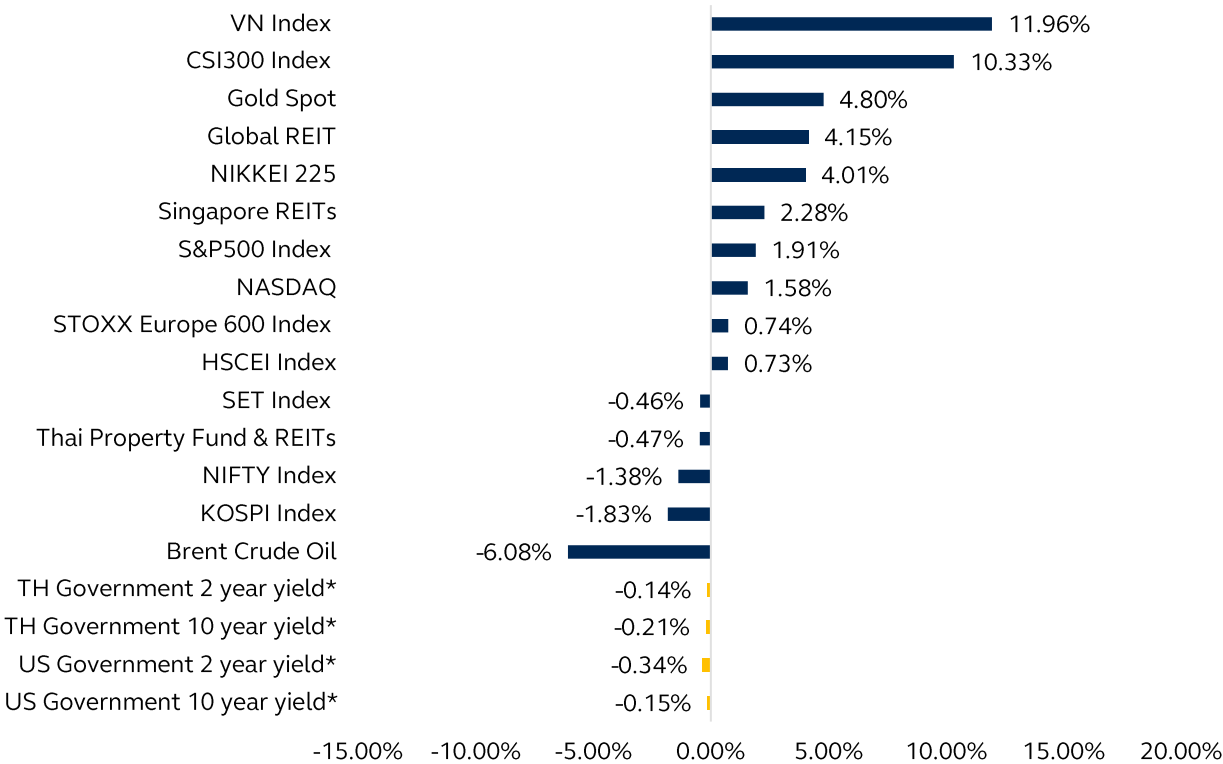
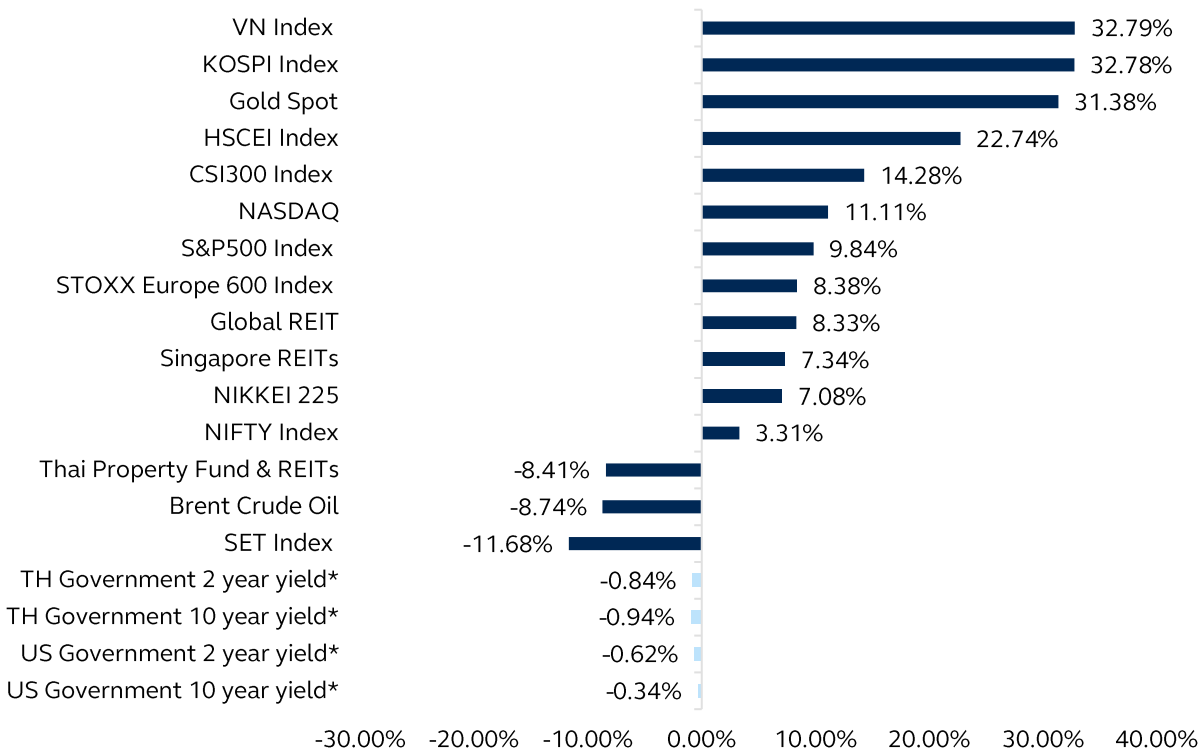


Market Outlook

1-month past performance (August)



Year-to-date performance (Jan-August)



\*Information illustrated percentage of bond yield change not return.  
Source : Bloomberg, data as of 31 August 2025

Global stock markets continued to rally in August, supported by the clarity in U.S. trade policy and strong U.S. earnings, and signals of a potential interest rate cut in September from Jerome Powell's speech at the Jackson Hole symposium. These factors boosted investment sentiment in risk assets globally. However, stretched valuations in equity, especially in U.S. technology sector, could cause some profit-taking and market corrections. As a result, we maintain a Neutral view on equities overall, with a Slightly Overweight outlook on global stocks, emphasizing the importance of geographic diversification to manage uncertainty.

**Fixed Income:** 2-year and 10-year U.S. government bond yield, slightly declined due to market expectations that the Fed probably begin cutting interest rates in the September meeting, following Jerome Powell's speech at Jackson Hole. However, investors are still awaiting August employment and inflation data that will be released before the next Fed meeting. Principal Asset Management maintains Neutral on fixed income investments.

**Global Equity:** Principal Asset Management holds a Slightly Overweight view on major global equity markets. The U.S. stock market, S&P 500 Index, rose by +1.91% and NASDAQ by +1.58%, supported by easing trade policy tensions and expectations of rate cuts in September.

In Europe, STOXX 600 index rose slightly by 0.74%, driven by better-than-expected corporate earnings. However, unresolved Russia-Ukraine tensions and trade policy impacts may weigh on the economy in the second half of the year.

In Japan, NIKKEI 225 index rose by 4.01%, supported by continued GDP growth and strong earnings from large listed companies. However, many firms have revised down their 2025 forecasts due to concerns over trade policy impacts and slowing industrial production.

**Indian Equity:** The Indian stock market declined by 1.38%, pressured by unresolved trade negotiations with the U.S. and foreign investor selling. Nevertheless, valuations remain near historical averages and overall economic indicators are strong, with low inflation. Principal Asset Management maintains a Neutral view on Indian equities.

**Thai Equity:** The SET fell by 0.46%, despite positive Q2 GDP growth and a 0.25% policy rate cut by the Bank of Thailand. Political uncertainty following the court's ruling and trade policy concerns continue to weigh on the market. Principal Asset Management maintains a Slightly Underweight view on Thai equities.

**Vietnam Equity:** The Vietnamese stock market surged by 11.96%, driven by strong corporate earnings and continued economic growth. Principal Asset Management holds a Neutral view on Vietnamese equities. While short-term volatility may persist, long-term prospects remain positive, especially with FTSE's potential upgrade of Vietnam to emerging market status.

**Property Funds / REITs:** Global property funds and REITs rose by 4.15%, supported by confidence following the Fed's signal of a potential rate cut in September. Principal Asset Management maintains a Neutral view on REIT investments.

**Gold:** Gold price remained volatile but was supported by the Fed's clear signal at Jackson Hole regarding the possibility of a rate cut in September.

Asset Allocation Outlook

	UW	Slightly UW	Neutral	Slightly OW	OW
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

- OW or Overweight : Allocate asset more than its benchmark
- Slightly OW or Slightly Overweight : Allocate asset slightly more than its benchmark
- Neutral : Allocate asset equal to its benchmark
- Slightly UW or Slightly Underweight : Allocate asset slightly less than its benchmark
- UW or Underweight : Allocate asset less than its benchmark

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.

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