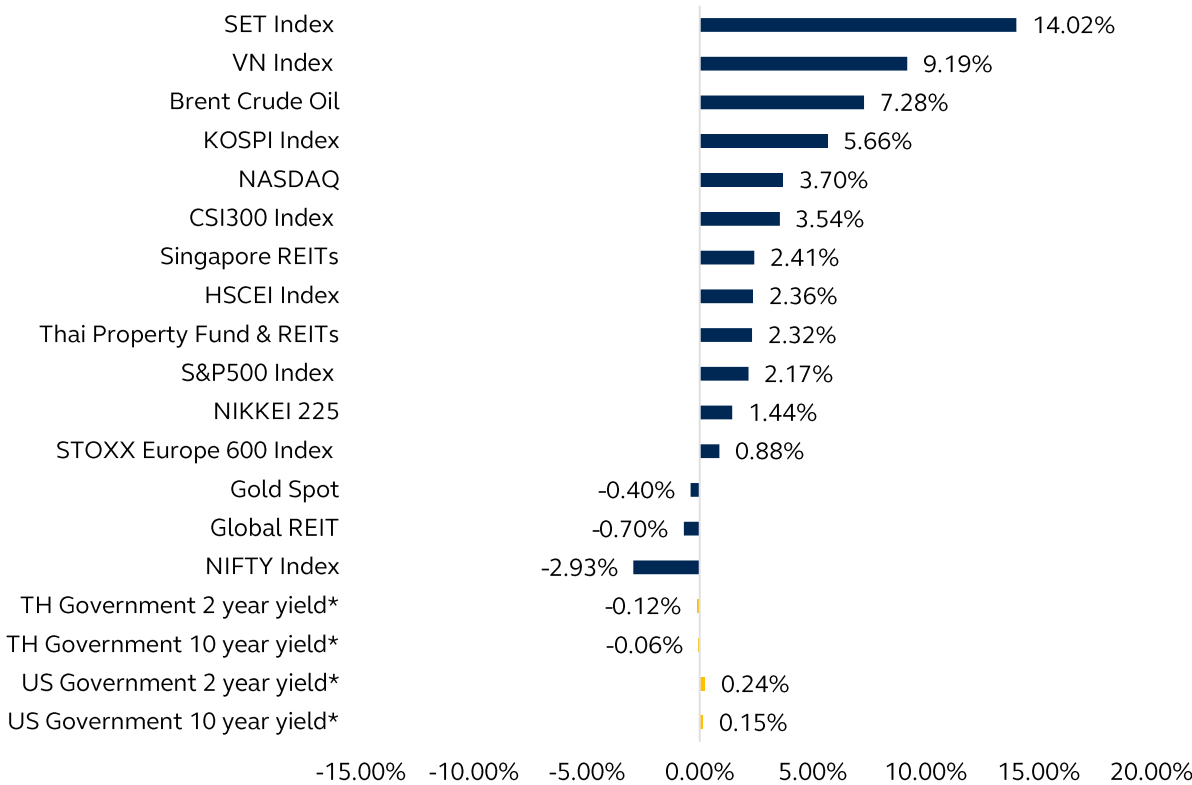
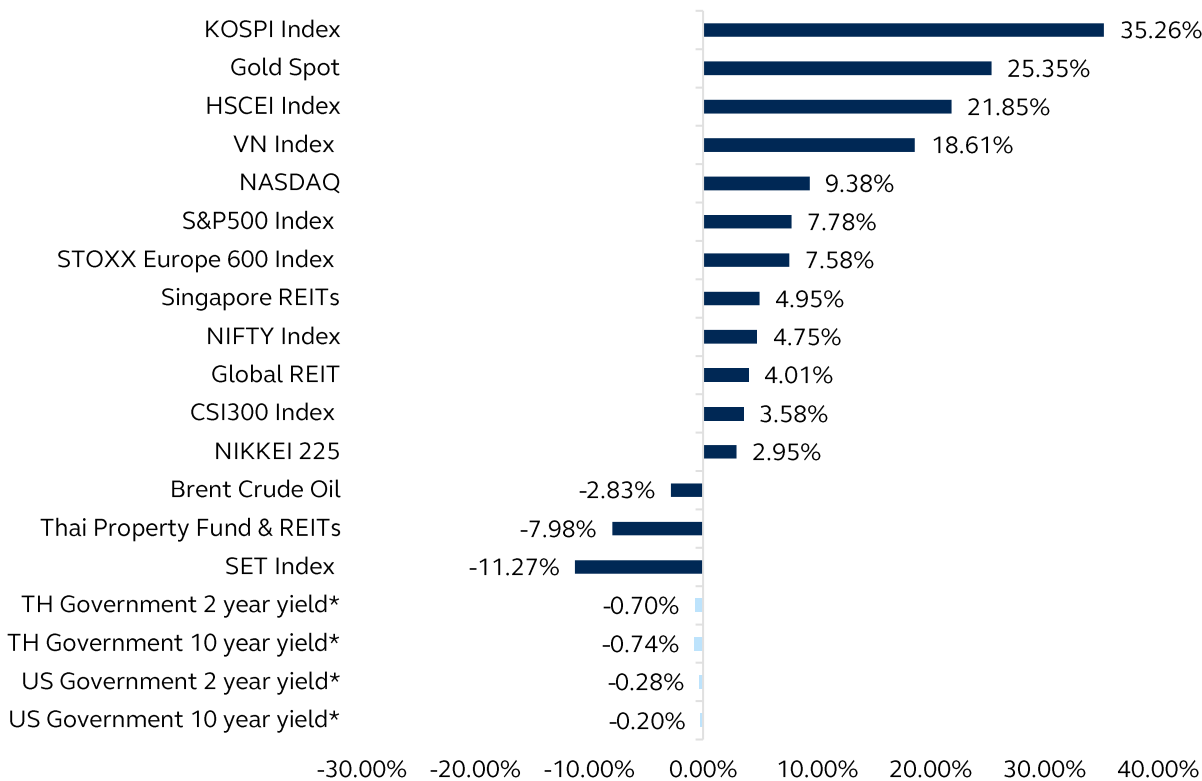


Market Outlook

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 July 2025



Global stock markets continued to rally in July, supported by the clarity in U.S. trade policy and strong U.S. earnings, driving risky assets globally. The Fed maintained its interest rates as expected, signaling a wait-and-see approach to assess further inflation data. 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 yields slightly increased, influenced by the Fed's stance, not rushing to cut its rates until the trade policy's impact on inflation becomes clearer. Notably, two members of the committee voted in favor of a rate cut, differing from the majority. However, the market continues to anticipate 1–2 rate cuts by the Fed this year. Principal Asset Management remains Neutral on fixed income investments.

**Global Equity:** Principal Asset Management holds a slightly overweight view on global stock markets. The U.S. stock market increased, with the S&P 500 rising by 2.17% and the NASDAQ up by 3.70% as a result of more accommodative trade policies.

In Europe, the STOXX 600 index rose modestly by 0.88% as investors concern eased after the EU secured a significant trade deal with the U.S. The European Central Bank (ECB) maintained policy rates for the first time in over a year. Nevertheless, broader economic indicators—such as consumer confidence—have yet to show a clear recovery.

In Japan, Nikkei 225 index increased by 1.44%, with standout performance from automotive and machinery sectors driven by a trade agreement with the U.S., which mitigated downside risks to Japan's economy. Under this agreement, Japan agreed to a 15% import tariff and further investment commitments in the U.S.

**India equity:** Indian equities declined by 2.93%, pressured by the U.S. imposing a 25% tariff and foreign investor selling. Despite this, Indian equity valuations remain near historical averages, and key economic indicators, such as PMI readings above 50 in both manufacturing and services, remain robust. Principal Asset Management maintains a Neutral stance on Indian equities.

**Thai equity:** Thai equities surged by 14%, buoyed by sustained foreign investment inflows and a new trade agreement with the U.S. However, ongoing border tensions with Cambodia, tourism figures, and upcoming Q2/68 earnings reports are factors to watch. Principal Asset Management retains a Slightly Underweight view on Thai equities.

**Vietnam equity:** Vietnam's stock market advanced by 9.19%, with renewed net buying by foreign investors, signaling positive sentiment about the market's potential. Short-term volatility is anticipated as markets may experience profit-taking after significant gains due to the trade deal with the U.S., but long-term prospects for Vietnam remain positive.

**Property Funds/REITs:** Global property fund/REIT prices slipped slightly by 0.70% after Federal Reserve Chair Jerome Powell indicated no urgency in cutting interest rates, pending greater clarity on the impact of tax measures. Our view remains Neutral.

**Gold:** Gold prices were volatile amid signs that global trade tensions are easing and the Federal Reserve maintains a cautious stance, awaiting further economic data before the next rate decision.

Asset Allocation Outlook

	UW	Slightly UW	Neutral	Slightly OW	OW
Cash					
Fixed Income					
• Global					
• Thai					
Equity					
• Global					
• Thai					
• 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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