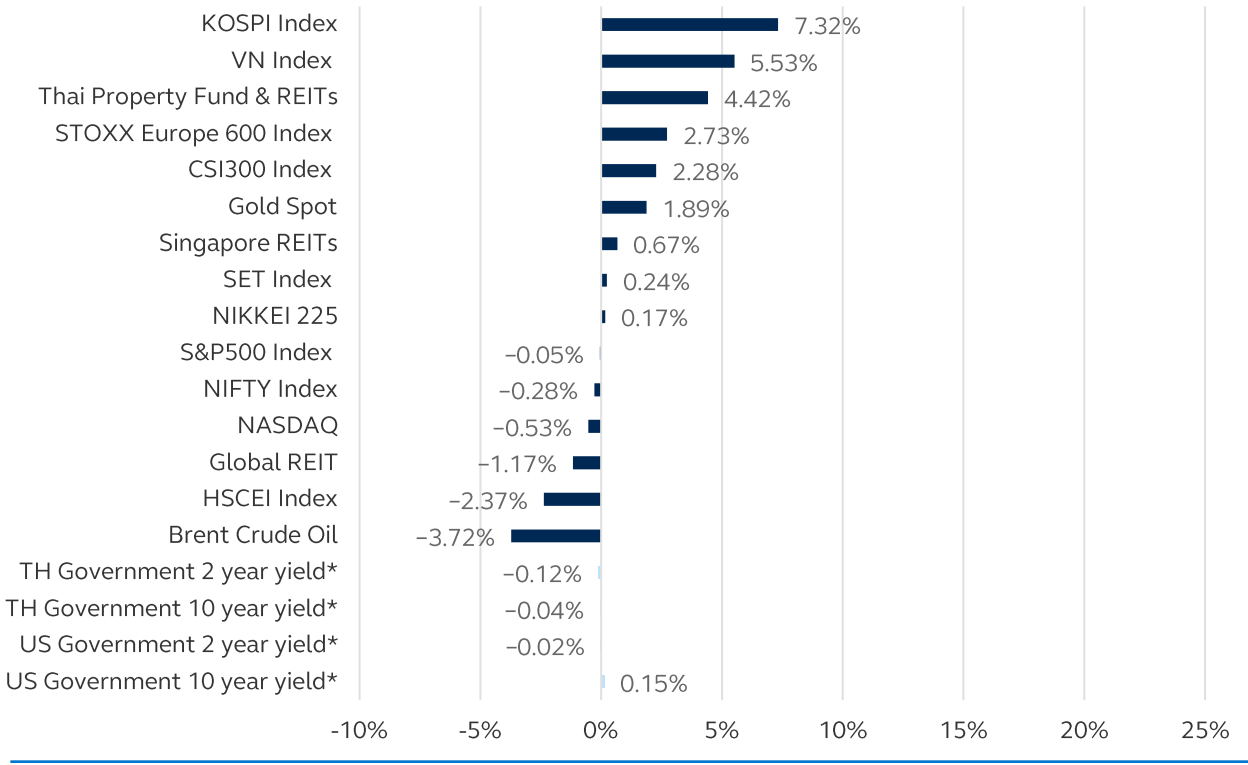
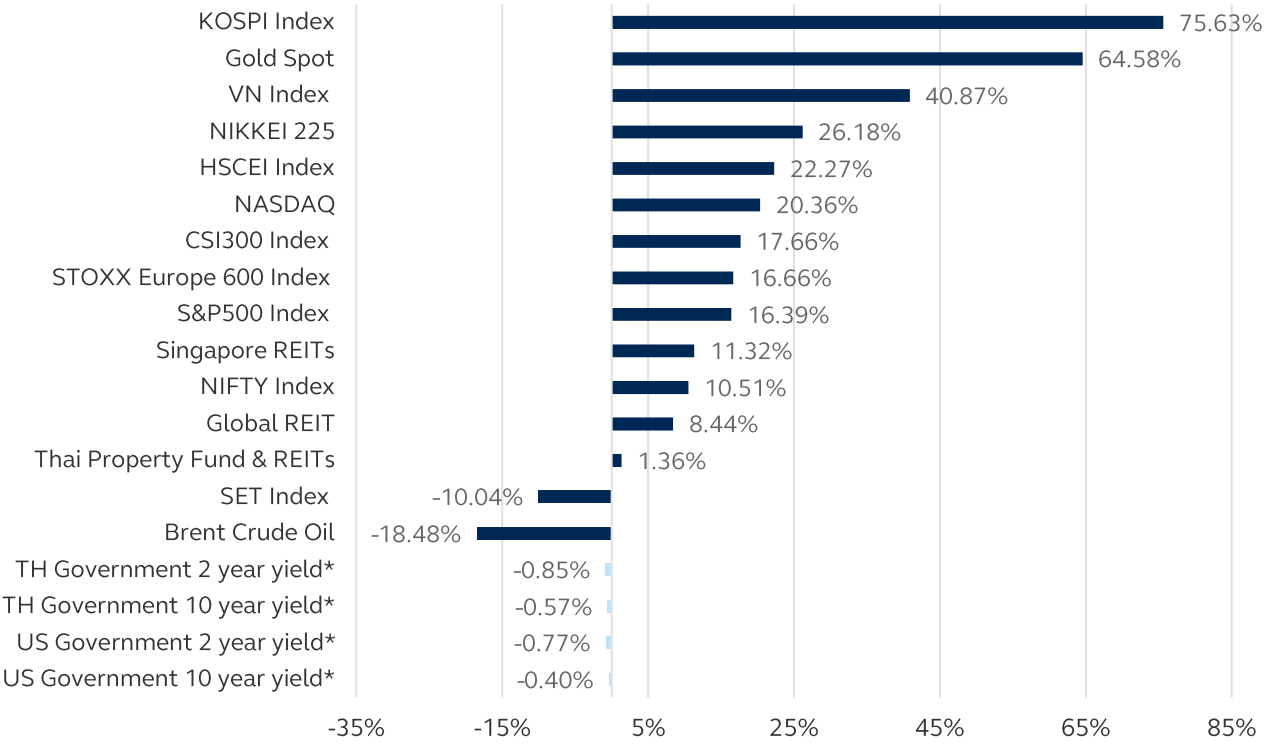


Market Outlook

1-month performance (December)



2025 performance



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

In 2025, most global equity markets posted strong gains, led by Asian markets—particularly technology stocks related to AI—driven by portfolio diversification from U.S. tech stocks with stretched valuations. Additional support came from policy rate cuts by global major central banks and a weaker U.S. dollar, which boosted the sentiment of risk asset globally. Overall, we maintain a Neutral view on overall assets and a Slightly Overweight on Thai equities.

Fixed Income: 2-year U.S. government bond yields declined slightly after the Fed cut interest rates at its December meeting, marking the third consecutive reduction, with further cuts expected in 2026. Principal Asset Management maintains a Neutral view on fixed income investments as current yields have priced in rate-cut expectations. Meanwhile, the outlook for Thai bonds has been revised to Neutral as market stability improves and long-term investors return as net buyers.

Global Equity: Principal Asset Management holds a Neutral view on major global equity markets. The U.S. stock market, the S&P 500 declined by -0.05% and NASDAQ decreased by -0.53%, pressured by stretched valuations. Short-term corrections and selling pressure remain possible.

In Europe, STOXX 600 index rose by 2.73%, hitting a new high and supported by U.S. rate cuts, Germany's fiscal stimulus, and capital rotation away from expensive AI and tech stocks in the US. However, the economy has not yet fully recovered and political tensions in France continue to weigh on sentiment.

In Japan, NIKKEI 225 index rose by 0.17%, supported by tech and semiconductor stocks and record-high government budget plans for 2026. Nonetheless, domestic economic concerns persist, while the Bank of Japan raised its policy rate by 0.25% to 0.75% and signaling gradual tightening.

Indian Equity: The Indian stock market rose by 0.28%, amid continued foreign outflows and unresolved trade negotiations with the U.S.. The Reserve Bank of India cut rates by 0.25% to 5.25% in December to stimulate domestic growth. Principal Asset Management maintains a Neutral view on Indian equities.

Thai Equity: The SET index closed flat in December due to domestic political uncertainty. However, positive drivers include expectations of monetary easing both locally and globally, a tourism rebound boosting retail and travel-related stocks, and potential election-related rallies. Principal Asset Management holds a Slightly Overweight view on the Thai stock market, as valuations remain attractive compared to historical averages.

Vietnam Equity: The Vietnamese stock market rose by 5.53% in December, the one of best-performing market of year 2025, supported by improved market breadth and foreign inflows in December. Sentiment remains strong, with positive catalysts for 2026 including sustained GDP growth, robust corporate earnings, and foreign investment inflows are expected to rise following FTSE's upgrade of Vietnam to Emerging Markets status. Principal Asset Management maintains a Neutral view on Vietnam stock market.

Property Funds / REITs: Global property funds and REITs fell 1.17% despite the Fed's December rate cut, as uncertainty persists and U.S. economic data signals a slowdown. Principal Asset Management maintains a Neutral view on REIT investments.

Gold: Gold price rose by 1.89% in December, supported by global rate-cut trends, central bank purchases, and ETF inflows amid de-dollarization efforts to mitigate geopolitical and U.S. policy risks. These factors favor tangible safe-haven assets like gold. However, Principal Asset Management maintains a Neutral view on gold.

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. / Past performance does not guarantee future results.

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