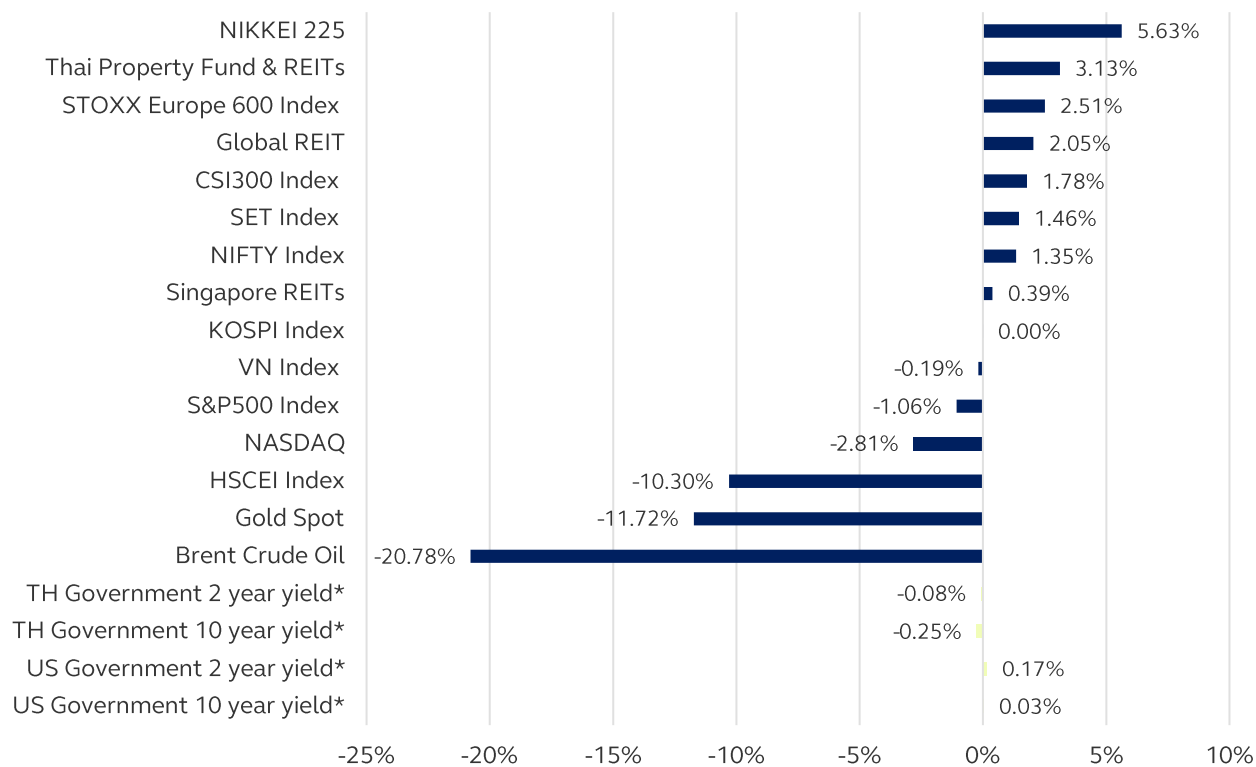
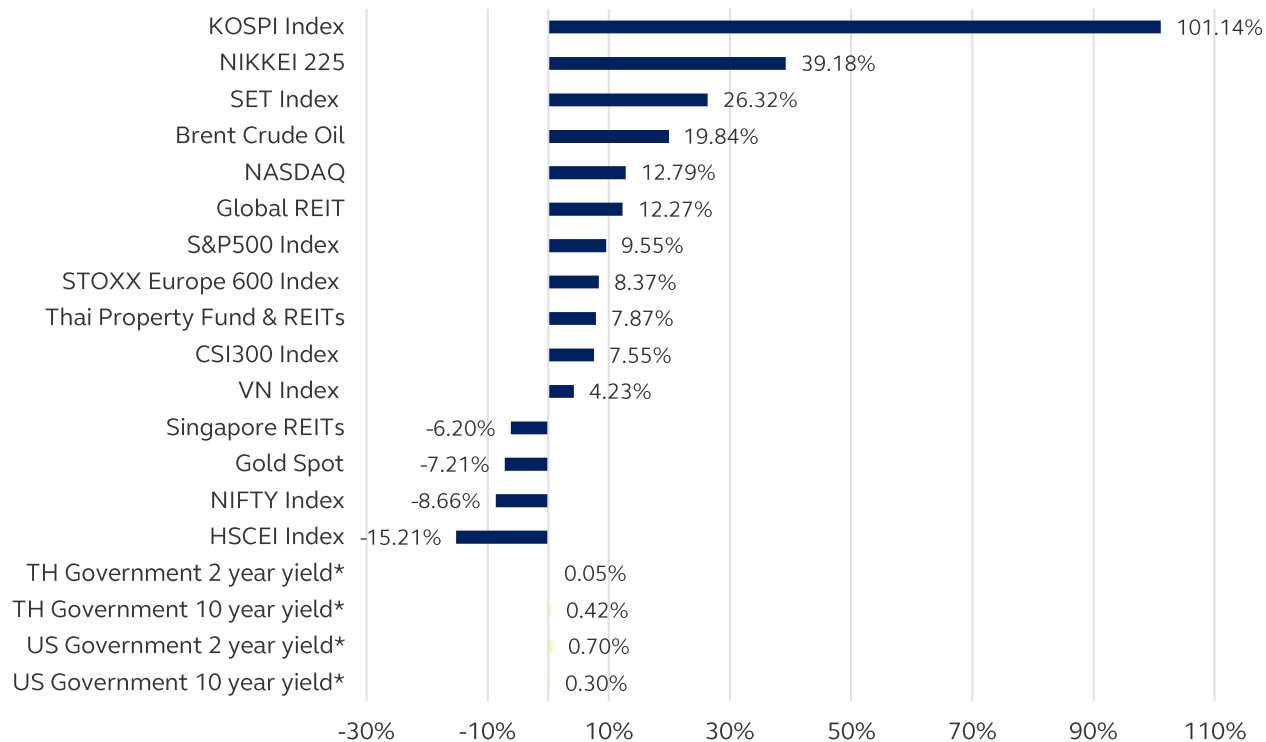


Market Outlook

1-month performance (June)



Year-to-date performance (Jan-Jun)



*Information illustrated percentage of bond yield change not return.
Source : Bloomberg, data as of 30 June 2026

Global equity markets were volatile in June despite easing geopolitical tensions following a preliminary agreement that helped reopen the Strait of Hormuz and reduce concerns over global energy supply disruptions. However, the agreement remains fragile, leaving uncertainty elevated. At the same time, investors refocused on the interest rate outlook as several major central banks adopted a more hawkish tone. Concerns over stretched valuations and significant capital expenditure plans among technology companies also weighed on sentiment, triggering notable profit-taking in technology and semiconductor stocks toward month-end. Principal Asset Management maintains a Neutral view on overall asset allocation, with a Slightly Overweight view on Vietnam equity.

Fixed Income: U.S. 2-year Treasury yields moved slightly higher in June, while the 10-year yield remained near 4.4%. The Fed kept rates unchanged at 3.50%–3.75% while signaled a more hawkish stance, with the Dot Plot suggesting one additional rate hike this year as inflation remains above target. Principal Asset Management maintains a Neutral view on fixed income investments.

Global Equity: We maintains a Neutral view on global stock as markets remain vulnerable to inflation and tighter monetary policy. Both the S&P 500 and NASDAQ declined in June, pressured by selling in technology and AI-related stocks. Markets became increasingly concerned about elevated valuations and the substantial capital expenditure plans of major technology companies, raising questions about long-term returns on investment. As a result, investors rotated into defensive sectors as well as small- and mid-cap stocks.

In Europe, the STOXX 600 index rose by 2.51%, supported by lower energy prices. However, economic risks remain from slowing growth, persistent inflation, and tighter monetary policy following the ECB’s decision to raise its policy rate to 2.25%.

In Japan, the Nikkei 225 surged by 5.63%, reaching a new record high during the month. The market was supported by Japan’s strong exposure to AI-related growth opportunities, improving domestic economic conditions, ongoing corporate reforms, and long-term government stimulus initiatives. These factors continued to attract strong foreign investor inflows into Japanese equity market.

Indian Equity: The Nifty 50 increased by 1.35% in June as geopolitical concerns eased. However, persistent foreign outflows of approximately USD 29 billion during the first half of the year, contributing to continued weakness in the Indian rupee. In addition, India has relatively lower exposure to beneficiaries of the AI investment cycle, limiting overall market sentiment. We maintains a Slightly Underweight view on Indian Equity.

Thai Equity: The SET Index rose 1.46%, supported by improving geopolitical conditions and lower energy prices, which are expected to benefit tourism and domestic consumption in the coming periods. The domestic economy also showed signs of recovery, driven by strong growth in electronics exports and data center-related investments. In addition, the government’s “Thai Chuay Thai Plus” measures helped support purchasing power in the short term. Principal Asset Management maintains a Neutral view on Thai Equity.

Vietnam Equity: The VN Index declined slightly in June amid a lack of near-term catalysts. Nevertheless, economic fundamentals remain strong, supported by continued growth in foreign direct investment (FDI) and solid corporate earnings. In addition, the FTSE upgrade status could attract meaningful foreign capital inflows in the second half of the year. Principal Asset Management maintains a Slightly Overweight view on Vietnam Equity.

Property Funds / REITs: Global property funds and REITs posted gains in June, benefiting from a rotation from growth and technology stocks during a period of heightened market volatility. However, expectations of higher for longer rate remain a headwind. Principal Asset Management maintains a Neutral view on REIT investments.

Gold: Gold prices declined sharply by 11.72% in June as geopolitical risks eased. A stronger U.S. dollar and higher bond yields further reduced the attractiveness of non-yielding assets as gold. 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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