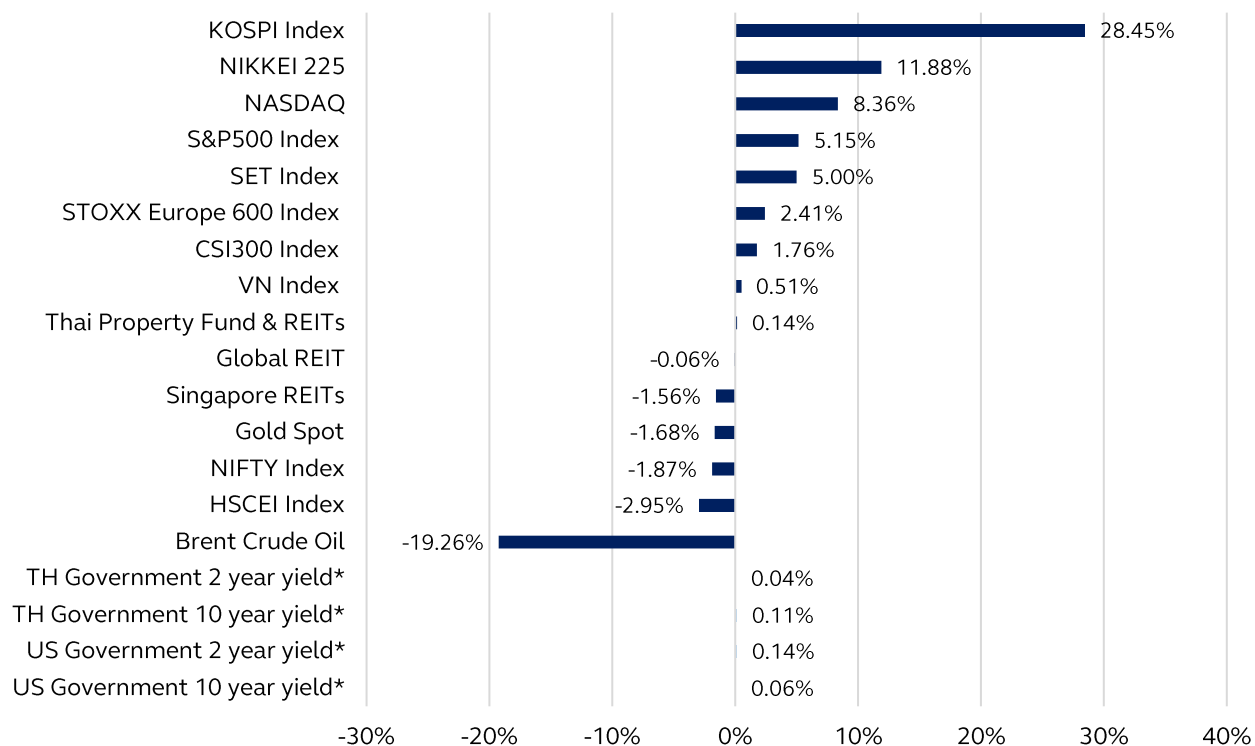
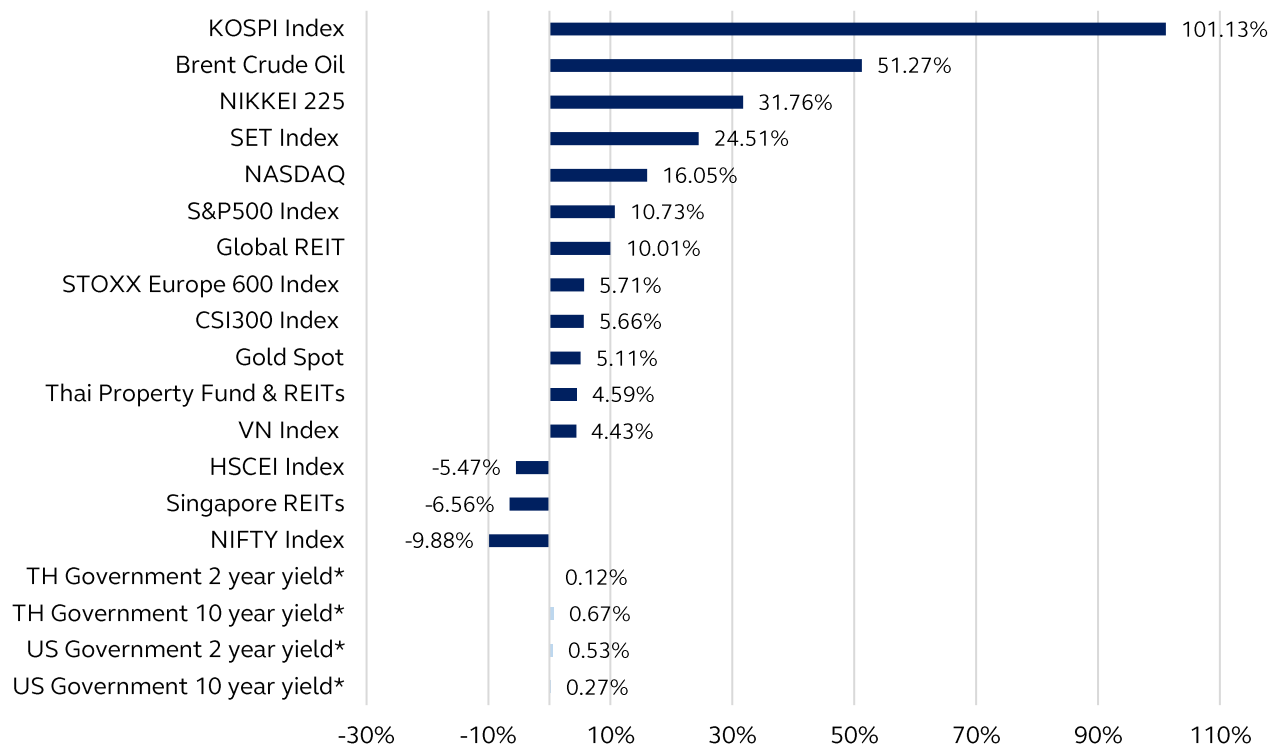


Market Outlook

1-month performance (May)



Year-to-date performance (Jan-May)



*Information illustrated percentage of bond yield change not return.

Source : Bloomberg, data as of 29 May 2026

Global equity markets broadly advanced in May, supported by progress in geopolitical negotiations that helped ease inflationary pressures from energy prices. This led investors to reallocate toward growth assets, particularly in the AI and semiconductor sectors, which continued to benefit from strong and sustained demand. Several markets, including the U.S., Japan, and South Korea, reached new highs, reinforcing positive sentiment toward risk assets. Principal Asset Management maintains a Neutral view on overall asset allocation, with a Slightly Overweight view on Vietnam equity.

Fixed Income: 2-year and 10-year U.S. government bond yields increased in May following April U.S. CPI data that came in above market expectations. This renewed inflation concerns and led markets to anticipate that the Fed may maintain policy rates higher for longer. Principal Asset Management maintains a Neutral view on fixed income investments.

Global Equity: Principal Asset Management shifts global stock markets to Neutral view, aiming to reduce short-term volatility amid ongoing pressures from inflation, rising bond yields, and persistently elevated oil prices. The S&P 500 rose by +5.15% and NASDAQ increased by +8.36%, driven by technology stocks. Notably, Nvidia reported earnings surprise, reinforcing the view that investment in AI infrastructure remains strong. Nevertheless, markets continue to monitor the direction of monetary policy under the new Fed Chair.

In Europe, the STOXX 600 index rose by 2.41%, supported by expectations of easing geopolitical tensions following signs of progress in negotiations. However, as a net energy importer, Europe remains vulnerable to oil price movements, which pose risks to inflation and may prompt the ECB to keep interest rates higher for longer or potentially hike rates further.

In Japan, the Nikkei 225 surged by 11.88% to a new high in May, primarily driven by semiconductor and AI-related stocks. Additionally, the new government under Prime Minister Sanae Takaichi has focused on supporting strategic industries such as AI and semiconductors, alongside corporate reforms, enhancing the attractiveness of the Japanese equity market.

Indian Equity: The Nifty 50 declined by -1.87%, underperforming regional peers. The market faced pressure from persistently high oil prices, which weighed on inflation, domestic consumption, and the Indian rupee. Additionally, India has relatively limited exposure to beneficiaries of the AI super cycle. As a result, foreign investors remained net sellers, with cumulative outflows exceeding USD 23 billion during the first five months of the year. Principal Asset Management maintains a Slightly Underweight view on Indian Equity.

Thai Equity: The SET Index increased by 5.00% in May, supported by improved global investment sentiment and stronger-than-expected Q1 2026 GDP growth of 2.8% YoY, driven by exports, consumption, and investment. However, the economic outlook remains challenged by elevated energy prices and external uncertainties. The “Thai Chauy Thai Plus” measures, are expected to support short-term purchasing power rather than drive broad structural economic growth. We maintains a Neutral view on Thai Equity.

Vietnam Equity: The VN Index rose by 0.51%, supported by strong economic fundamentals. Foreign direct investment increased by 9.8% YoY during the first four months of the year, marking the highest level in 5 years and reflecting continued relocation of manufacturing bases into Vietnam. Additional, the FTSE upgrade to Emerging Market status would be positive for future foreign capital inflows. Principal Asset Management maintains a Slightly Overweight view on Vietnam Equity.

Property Funds / REITs: Global property funds and REITs declined slightly despite improving risk sentiment following easing geopolitical tensions. However, markets remain pressured by expectations of prolonged high interest rates, which could increase financing costs. Principal Asset Management maintains a Neutral view on REIT investments.

Gold: Gold prices declined by -1.68%, pressured by rising global bond yields in mid-month as markets priced in a “higher for longer” interest rate environment. As a non-yielding asset, gold became relatively less attractive, limiting its short-term upside potential. 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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