

Principal Global Investors Funds

Islamic Global Multi-Asset Fund

I Class August 2026

Market Review

Our leading regime index improved in August and remained in the expansionary zone, while global manufacturing PMI edged lower due to a decline in the US. Our global economic surprise index was broadly unchanged, with Japan recording the largest positive surprise. Global inflation continued to ease in Jul'26, while market-implied inflation expectations, proxied by US breakevens, remained steady. Although US economic data were mixed, with negative nonfarm payrolls and unexpectedly weaker retail sales, global bond yields briefly rose to multi-year highs before US Treasury intervention at the long end of the curve. Chair Warsh's remarks at the Jackson Hole symposium leaned hawkish, arguing that the recent softer inflation data might not reflect meaningful improvement in underlying trends, however we think a September hike is still not a done deal and August inflation report will be a critical factor for Fed decision. Global financial conditions remained stable, with improvements in both the US and China.

Global equities gained in August, reversing some of July's losses, supported by strong corporate earnings despite concerns around rising bond yields and renewed geopolitical tensions. Performance divergence remained, with technology, healthcare, energy and materials among the winning sectors. In emerging markets, Taiwan led the rally, while offshore China gave back some of the prior month's outperformance. MSCI ACWI ISLAMIC INDEX NTR (USD) and DOW JONES SUKUK TR EX REINVEST (USD) returned +5.62% and +75bps, respectively, in Aug'26. The debasement trade gained traction again, with precious metals, related miners and cryptocurrencies delivering solid gains. The global yield curve moved higher, with the UST 10-year yield rising +2bps to 4.75%, while sukuks' credit spreads compressed. The US dollar edged slightly lower, while the JPY weakened gradually through the month.

Fund Review and Portfolio Strategy

The Fund returned (gross) +2.31% underperforming the risk reference index. Equity overweight, gold allocation and sukuk sleeve's outperformance helped while underperformance of equity sleeve detracted.

Supported by easy fiscal policy, rising corporate capex and solid corporate and household balance sheets, we continue to believe US equities have a structural advantage over other developed markets. We remain positive on Japan, supported by expansionary fiscal policies under Takaichi's administration. On the other hand, European equities lack clear catalysts for sustained earnings delivery, while the fragile political situation and lingering budget concerns may complicate the growth outlook. We will remain nimble in positioning amid geopolitical developments, evolving US administration policies, global central bank actions and developments in inflation and growth dynamics.

Following the July sell-off, US Treasuries (UST) were volatile in August but ended the month with only modest net changes across the curve as markets reassessed the US Federal Reserve policy path against a backdrop of still-elevated term premiums. The front and belly of the curve weakened slightly, with the 2-year and 5-year UST yields rising by around 5bps to 4.34% and 4.50% respectively, while the benchmark 10-year yield increased by only 2bps to 4.75%. In contrast, the long end outperformed, with the 20-year and 30-year yields declining by 5bps and 3bps to 5.24% and 5.16% respectively. As a result, the yield curve flattened modestly, with the 2s10s spread narrowing from 44bps to 41bps by month-end. While Treasury's decision to increase long-end bond buybacks provided temporary support for longer maturities, concerns over fiscal deficits, continued Treasury supply and the Jackson Hole symposium ultimately limited the rally. Brent crude oil remained the key macro driver for GCC credit markets, ending August broadly unchanged at USD90.49/bbl despite significant intra-month volatility. While elevated oil prices continued to support government revenues and sovereign liquidity across the GCC, they also maintained upside risks to global inflation and reduced expectations for policy easing in developed markets, keeping global bond yields elevated.

Equities

The portfolio posted a positive net return of 2.53% in the month of August but underperformed its respective index. From a sector perspective, health care and consumer staples were places of strength while consumer discretionary and industrials were places of weakness. Switzerland and Belgium were top contributors from a country perspective while the United States and Canada lagged overall.

Sukuk

For the month of August, the Global Sukuk sleeve delivered strong returns of 0.93%, outperforming the Dow Jones Sukuk Total Return Index return of 0.75% by 18bps. The main contributor to the portfolio's outperformance was strong security selection, particularly within sovereign such as Bahrain and Indonesia sovereign, as well property sukuk, including Aldar Properties and Sobha Realty. These property sukuk holdings recovered strongly during the month as investors continued to favour higher-yielding GCC credits, resulting in notable spread tightening across selected issuers. However, gains were moderated by Saudi Telecom Company (STC), which tracked UST movements.

Risk Considerations

Investing involves risk, including possible loss of principal. Past Performance does not guarantee future return. All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.

Important Information

This material covers general information only and does not take account of any investor's investment objectives or financial situation and should not be construed as specific investment advice, a recommendation, or be relied on in any way as a guarantee, promise, forecast or prediction of future events regarding an investment or the markets in general. The opinions and predictions expressed are subject to change without prior notice. The information presented has been derived from sources believed to be accurate; however, we do not independently verify or guarantee its accuracy or validity. Any reference to a specific investment or security does not constitute a recommendation to buy, sell, or hold such investment or security, nor an indication that the investment manager or its affiliates has recommended a specific security for any client account. Subject to any contrary provisions of applicable law, the investment manager and its affiliates, and their officers, directors, employees, agents, disclaim any express or implied warranty of reliability or accuracy and any responsibility arising in any way (including by reason of negligence) for errors or omissions in the information or data provided.

This material may contain 'forward-looking' information that is not purely historical in nature and may include, among other things, projections and forecasts. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.

The interest rate used is a general economic indicator that will have an impact on the management of the Fund regardless whether it is a Shariah-compliant Fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments carried out for the Fund are in accordance with Shariah requirements.

Proprietary model output is based upon certain assumptions that may change, are not guaranteed and should not be relied upon as a significant basis for an investment decision. Forecasts for each asset class can be conditional on economic scenarios; in the event a scenario comes to pass, actual returns could be significantly higher or lower than forecasted. Because of the inherent limitations of all models, potential investors should not rely exclusively on the model when making an investment decision. Forecasts of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice.

Indices are unmanaged and do not consider fees, expenses and transaction costs are not available for direct investment. The information provided here is neither tax nor legal advice. Investors should speak to their tax professional for specific information regarding their tax situation.

This material is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

This document is intent for use in:

- **The United States** by Principal Global Investors, LLC, which is regulated by the U.S. Securities and Exchange Commission.
- **Germany, Austria and the Netherlands** by Principal Global Investors (EU) Limited, Sobo Works, Windmill Lane, Dublin D02 K156, Ireland. Principal Global Investors (EU) Limited is regulated by the Central Bank of Ireland. **For all other European countries**, this document is issued by Principal Global Investors (Europe) Limited, Level 1, 1 Wood Street, London, EC2V 7 JB, registered in England, No. 03819986, which is authorized and regulated by the Financial Conduct Authority ("FCA"). **In Europe**, this document is directed exclusively at Professional Clients and Eligible Counterparties and should not be relied upon by Retail Clients (all as defined by the MiFID). The contents of the document have been approved by the relevant entity. Clients that do not directly contract with Principal Global Investors (Europe) Limited ("PGIE") or Principal Global Investors (EU) Limited ("PGI EU") will not benefit from the protections offered by the rules and regulations of the Financial Conduct Authority or the Central Bank of Ireland, including those enacted under MiFID II. Further, where clients do contract with PGIE or PGI EU, PGIE or PGI EU may delegate management authority to affiliates that are not authorized and regulated within Europe and in any such case, the client may not benefit from all protections offered by the rules and regulations of the Financial Conduct Authority, or the Central Bank of Ireland.
- **In Dubai** by Principal Global Investors LLC, a branch registered in the Dubai International Financial Centre and authorized by the Dubai Financial Services Authority as a representative office and is delivered on an individual basis to the recipient and should not be passed on or otherwise distributed by the recipient to any other person or organization. This document is intended for sophisticated institutional and professional investors only.
- **Singapore** by Principal Global Investors (Singapore) Limited (ACRA Reg. No. 199603735H), which is regulated by the Monetary Authority of Singapore and is directed exclusively at institutional investors as defined by the Securities and Futures Act (Chapter 289). This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

- **Australia** by Principal Global Investors (Australia) Limited (ABN 45 102 488 068, AFS Licence No. 225385), which is regulated by the Australian Securities and Investments Commission. This document is intended for sophisticated institutional investors only.

- **Switzerland** by Principal Global Investors (Switzerland) GmbH.

- **Hong Kong SAR (China)** by Principal Global Investors (Hong Kong) Limited, which is regulated by the Securities and Futures Commission and is directed exclusively at professional investors as defined by the Securities and Futures Ordinance.

- **Other APAC Countries**, this material is issued for institutional investors only (or professional/sophisticated/qualified investors, as such term may apply in local jurisdictions) and is delivered on an individual basis to the recipient and should not be passed on, used by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

- **India** by Principal Asset Management Private Limited (PAMC). PAMC offers only the units of the schemes of Principal Mutual Fund, a mutual fund registered with SEBI.

© 2025 Principal Financial Services, Inc. Principal, Principal and symbol design and Principal Financial Group are registered trademarks and service marks of Principal Financial Services, Inc., a Principal Financial Group company. Principal Global Investors leads global asset management at Principal®. Principal Global Asset Allocation is a specialized investment management group within Principal Global Investors.

Disclosures

The information in this document has been derived from sources believed to be accurate. It contains general information only on investment matters and should not be considered as a comprehensive statement on any matter and should not be relied upon as such. The information it contains does not take account of any investor's investment objectives, particular needs or financial situation. You should consider whether an investment fits your investment objectives, particular needs and financial situation before making any investment decision.

The data presented is for information purposes only and is not a recommendation to buy or sell any securities or adopt any investment strategy. This material is not intended to be relied upon as a forecast, research, or investment advice regarding a particular investment or the markets in general, nor is it intended to predict or depict performance of any investment.

All expressions of opinion and estimates in this report are subject to change without notice. This report is not intended to be, nor should it be relied upon in any way as a forecast or guarantee of future events or investment advice regarding a particular investment or the markets in general.

Persons wishing to rely upon this information should consult directly with the source of information or obtain professional advice.

All figures shown in this document are in US dollars unless otherwise noted. The information in this document has been derived from sources believed to be accurate as at 31 August 2026. This advertisement had not been reviewed by the Securities Commission Malaysia.