

Principal Global Investors Funds

Islamic Global Multi-Asset Fund

I Class December 2025

Market Review

Global inflation remained stable at 2.6% yoy in Nov'25 with market-implied inflation expectations proxied by US breakeven remaining well anchored. Despite a holiday shortened month, Dec'25 was a busy month occupied by global monetary policy meetings. In US, the Fed cut rates by -25bps as market expected and surprisingly commenced a \$40 billion / month Treasury bill purchase program to improve liquidity in the system. In Europe, BOE cut rates by -25bps as expected while other central banks such as ECB, SNB, Riksbank and Norges Bank kept their policy rates unchanged. In Asia, RBI cut rates by -25bps and signaled rates would stay low for longer time while BOJ raised rate by +25bps, its highest in 30years but failed to support JPY for its lack of clarity on further rate hiking schedule. Global financial conditions remained steady on tighter spreads and falling policy rates. Our leading regime indicator and global PMI indicator pointed towards a stable manufacturing outlook.

Global equities extended the rally in Dec'25 despite traction behind the AI scrutiny and ended 2025 with a double-digit gain for the third consecutive year. Style rotation from US growth to cyclicals continued with US large cap technology giants underperforming. Europe outperformed other developed market peers. Emerging markets recouped the underperformance of the prior month on the back of recovery in Taiwan and Korea despite the underperformance of China offshore market and India on the slowing economic data and weakening INR respectively. Value outperformed growth with financials (banks) being the best performing sector. MSCI ACWI ISLAMIC INDEX NTR (USD) and DOW JONES SUKUK TR EX REINVEST (USD) gained +1.5% and +20bps respectively in Dec'25 and added +4.44% and +97bps respectively in Q4'25. Global government bonds' yield curve bear steepened with US Treasury 10yr yield rising +10bps to 4.17%. Sukuk's credit spreads compressed slightly. Gold and other precious metals gained meaningfully with silver rising +27% in Dec'25.

Fund Review and Portfolio Strategy

The Fund returned (gross) +48bps underperforming the risk reference index in Dec'25 on the underperformance of equity sleeve while equity overweight and gold allocation helped. Sukuk sleeve was in line with the benchmark.

The US economy remains resilient while easy fiscal and monetary policy should help US risk assets, though slowing labor market and high valuations will generate some volatility. US Trade policy related uncertainty remains an overhang, but it's also biasedly favorable to US on potential foreign direct investment and increasing openness of foreign markets to US exporters. Therefore, US equity is expected to fare better than other developed economies over longer term supported by solid corporate fundamentals and tailwind from structural AI theme. European equities lag catalyst for sustained earning delivery while Euro strength, fragile political situation and lingering budget concerns will complicate the growth picture. Despite the tariff headwinds, we continue to expect India's economic growth thesis remains intact on the demographic dividends and supportive local reform policies. In China, we believe a stronger equity market is in line with policymaker interest to restore consumers' confidence on the economy through wealth effect. The Dec'25 FOMC meeting was more dovish than expected with the reserve management program injecting liquidity into the system and helped ease financial conditions further. Therefore, we increased overall equity risk exposure in the portfolio. We will be nimble in the positioning upon the unfolding policies of the US administration & global central banks and development in inflation & growth dynamics.

Equities

The portfolio posted a positive absolute return of 0.66% in the month of December but did underperform its respective index. From a sector perspective, consumer staples and energy sectors were places of strength while were more than offset by weakness in communication services and consumer discretionary. Canada and the Netherlands were the top contributors from a country perspective while the United States and Japan lagged overall.

Sukuk

For the month of December, the Global Sukuk sleeve delivered returns of 0.19%, marginally below the Dow Jones Sukuk Total Return Index return of 0.20% by 1bps. Returns were moderated by the portfolio's holdings in sovereign and quasi sovereign sukuk, which tracked UST movements more closely in December. However, this was offset by the strong performance of Dubai property sukuk, as well as stable prices in bank sukuk. For the full year 2025, the Global Sukuk sleeve delivered strong returns of 7.25%, albeit 34bps below the index return of 7.59%. During the month when 10-year UST weakened towards the 4.20% mark, we took the opportunity to add long Malaysia and Indonesia sovereign as well as Mubadala at attractive yields, effectively lengthening duration. The portfolio is now well-positioned to capture a potential market rally, in view of weakening US economic momentum.

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 December 2025. This advertisement had not been reviewed by the Securities Commission Malaysia.