Principal Global Investors Funds

Islamic Global Multi-Asset Fund

I Class February 2026

Market Review

Our leading regime and PMI indicators remained trending upward pointing towards an improving manufacturing outlook while services continue to paint a robust picture. Global inflation remained stable in Jan'26 with market-implied inflation expectations proxied by US breakeven remaining well anchored. While ECB remained on hold in Feb'26 policy meeting with Lagarde downplaying the impact of strong Euro on the economy and inflation, RBA hiked rate as expected to tame the resurging inflation pressure and signaled potential rate adjustment in May'26 meeting. Global financial conditions improved slightly on falling yields and strong equity momentum against wider credit spreads.

Global equities extended gains in Feb'26 where sector rotation further intensified. While US recorded a modest decline underperforming other markets, that figure masked a month characterized by significant below-the-surface churn with Nasdaq logging its worst month since Mar'25. Big tech, software and financials suffered sharp derating against the threat of AI creative disruption on a drumbeat of headlines about new capabilities in AI models. With the flows captured outside tech sectors, infrastructure beneficiaries such as utilities, energy and materials outperformed. Japan outperformed on the back of incumbent government's victory of a two-third majority in the lower house snap election. Emerging markets outperformed the developed markets counterparts with Korea, Taiwan and Latam leading the rally despite the underperformance of China and India. MSCI ACWI ISLAMIC INDEX NTR (USD) and DOW JONES SUKUK TR EX REINVEST (USD) gained +3.99% and +1.03% respectively in Feb'26. US Treasuries were firmer with the curve bull flattening. UST 10yr yield fell -30bps to 3.94% and sukuk's credit spreads compressed. US dollar strengthened against major DM FX. Precious metals witnessed a choppy month but still logged its eight straight month of gains.

Fund Review and Portfolio Strategy

The Fund returned (gross) +1.78% underperforming the risk reference index in Feb'26 on the underperformance of the equity sleeve while sukuk sleeve's outperformance, equity overweight and gold allocation helped.

Recent economic data suggests US economy remains resilient. On easing fiscal & monetary policy, rising corporate capex and solid corporate and household balance sheet, we continue to believe US equity has a structural advantage over other developed markets despite some near-term headwinds. We have a positive view over Japan in the near term on further expansionary fiscal policies under Takaichi's administration. We continue to expect India's economic longer term growth thesis remains intact on the demographic dividends and supportive local reform policies but there may be some near-term headwinds. In China, we believe a stronger equity market is in line with policymaker interest to restore consumers' confidence on the economy through wealth effect. On the other hand, European equities lag catalysts for sustained earning delivery while Euro strength, fragile political situation and lingering budget concerns will complicate the growth picture. We will be nimble in the positioning upon geopolitical developments, unfolding policies of the US administration & global central banks and development in inflation & growth dynamics.

Equities

The portfolio posted a positive absolute return of almost 2.0% in the month of February but did underperform its respective index. From a sector perspective, the utilities and energy sectors were places of strength while were more than offset by weakness in IT and health care. Canada and Denmark were top contributors from a country perspective while South Korea and the United States lagged overall.

Sukuk

Meanwhile, following the strong rally in January, Brent crude oil initially started the month on a weaker tone, with prices plummeting from USD 70.69/bbl at end-January to around USD 66/bbl, as geopolitical risk premiums faded after

President Trump said Washington was holding nuclear negotiations with Iran. However, prices rallied strongly throughout the month as tensions grew between US-Israel and Iran, propelling Brent prices to hit USD 73/bbl on 27th February, before ending the session slightly lower at USD 72.48/bbl (m-o-m 2.5% higher). The rally in both UST and oil markets boosted sentiment in the Global Sukuk asset class, driving prices higher. Technicals in the Global Sukuk market also turned positive in February, as the primary issuance market quieted down due to Ramadan. The only notable issuance during the month was by Türkiye Petrolleri Anonim Ortaklığı (Turkiye's national oil & gas company), a new issuer who raised a USD1.0 billion, 5-year sukuk.

For the month of February, the Global Sukuk sleeve delivered strong returns of 1.26%, outperforming the Dow Jones Sukuk Total Return Index return of 1.03% by 23bps. The main contributor to the portfolio's outperformance was its overweight duration stance, as long tenured sovereign and quasi-sovereign sukuk such as Malaysia sovereign 2051, Saudi sovereign 2035, Abu Dhabi National Oil Company 2035 (ADNOC) and Mubadala 2035 rallied in tandem with UST. Dubai property sukuk also continued to perform well in February, contributing to returns. However, gains were moderated by Omani sukuk which lagged UST movements. Given the strong UST rally, we took profit on Malaysia sovereign 2051 and Sharjah 2035, therefore effectively shortening portfolio duration.

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.

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