Principal Global Investors Funds

Islamic Global Multi-Asset Fund

I Class June 2026

Market Review

Our leading regime index remained at the expansionary zone and trending upward while global manufacturing PMI lowered in Jun'26 with Japan being the only market showing an improvement. Global inflation remained flat in May'26 with the market-implied inflation expectations proxied by US breakeven falling along with the energy prices. It was a busy month of global monetary policy meetings with ECB and BOJ raising rates as expected while RBA and US Fed kept the policy rates unchanged. In the first meeting as Fed Chair, Warsh scrapped forward guidance and stressed price stability which prompted markets to increase rate hike pricing. Global financial conditions tightened on wider credit spreads, higher rates and slower monetary growth.

Global equities took a breather after posting fresh record closes in the early part of the month after crude prices declined on the signing of the Iran-US ceasefire MoU. While semis and memory remained strong, sector rotation emerged with non tech sectors such as industrials, financials and healthcare outperforming the tech related sectors on the underperformance of Mag7 and software. Emerging markets underperformed the developed markets despite the outperformance of Taiwan and India while Korea endured a volatile month with some market discussion over the use of leverage in single-stock ETFs. MSCI ACWI ISLAMIC INDEX NTR (USD) and DOW JONES SUKUK TR EX REINVEST (USD) returned -2bps and +20bps respectively in Jun'26 bringing the Q2'26 return to +23.17% and +1.91% respectively. UST 10yr yield rose +3bps to 4.47% and credit spreads widened. US dollar remained trending upward and precious metals saw the worst month in the last 10years with some market narratives on US$ debasement trade unwinding.

Fund Review and Portfolio Strategy

The Fund returned (gross) -15bps underperforming the risk reference index in Jun'26 as gold allocation and equity overweight gave back some of the prior outperformance while equity and sukuk sleeve outperformed the benchmark.

Macroeconomic data released lately continue to suggest the resilient macro backdrop in US. On easy fiscal 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. We have a positive view over Japan on expansionary fiscal policies under Takaichi's administration. On the other hand, European equities lag clear catalysts for sustained earning delivery, fragile political situation and lingering budget concerns might 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.

US Treasuries (UST) weakened again in June, but the move was concentrated in the front end rather than the long end. The 2-year UST yield rose from 4.00% at end-May to 4.17% at end-June, while the 5-year rose from 4.14% to 4.23%. The 10-year yield rose only around 3bps to 4.47%, and the 30-year yield was slightly lower at 4.95%. The curve therefore bear-flattened sharply, with the 2s10s spread narrowing from around 43bps to 29bps. The weak market sentiment was driven by persistently elevated inflation, a labour market that remained too resilient to justify an easing cycle, and central banks' reluctance to look through energy-price pressures and supply-chain disruptions. Meanwhile, Brent crude fell sharply from USD92.05/bbl at end-May to USD72.92/bbl at end-June, (m-o-m 20.8% lower), as concerns over disruptions in the Strait of Hormuz eased. While geopolitical tensions subsided, investors remained cautious as higher shipping costs, limited tanker availability and lingering operational disruptions continued to affect global oil flows.

<u>Equities</u>

The portfolio posted a positive net return of 0.09% in the month of June and outperformed its respective index. From a sector perspective, industrials and consumer discretionary were places of strength while health care and IT were places of weakness. The Netherlands and Taiwan were top contributors from a country perspective while the United States and Canada lagged overall.

Sukuk

For the month of June, the Global Sukuk sleeve delivered returns of 0.48%, outperforming the Dow Jones Sukuk Total Return Index return of 0.20% by 28bps. The main contributor to the portfolio's outperformance was its overweight duration positioning, as longer-tenured sukuk, including Malaysia sovereign 2051, Mubadala 2035, and perpetual financial sukuk, rallied in tandem with UST. Additionally, UAE property sukuk also performed well in June, further boosting returns. Meanwhile, detractors include Saudi sukuk. For the period 2Q26, the Global Sukuk sleeve generated returns of 3.61%, strongly outperforming the index return of 1.91% by 170bps.

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

• **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.

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 30 June 2026. This advertisement had not been reviewed by the Securities Commission Malaysia.