

## Principal Global Investors Funds

# Islamic Global Multi-Asset Fund

I Class May 2026

## Market Review

Our leading regime index remained at the expansionary zone while global PMI indicators improved on the US's rebound. Global inflation rose further to 3.3% yoy in Apr'26 on higher energy prices with market-implied inflation expectations proxied by US breakeven remaining well anchored. Monetary policy expectations remained at the hawkish ends with RBA raising rates to 4.35% as expected. Despite easing geopolitical tensions, Eurozone policymakers stressed that the inflation shock was already feeding through the economy paving the way for rate hikes in Jun'26 meeting. Global financial conditions eased on tighter spreads and improving equity momentum.

Global equities remained trending upward in May'26 on strong earnings growth and continued AI optimism narrative. The rally was again led by tech and AI related stocks with semis and memory being the best performers. US outperformed developed Europe and Japan in the DM space while emerging markets outperformed the developed markets on the strength of Korea and Taiwan despite the underperformance of China and Brazil. Sector wise, the rally mainly concentrated in the tech-related sectors while other sectors mostly edged down. MSCI ACWI ISLAMIC INDEX NTR (USD) and DOW JONES SUKUK TR EX REINVEST (USD) gained +10.71% and +31bps respectively in May'26. UST 10yr yield rose +6bps to 4.44% whereas German Bund and UK gilt yield curve shifted lower. Sukuks' credit spreads compressed. US dollar strengthened against other major currencies. Crude oil declined on the peace negotiation headlines.

## Fund Review and Portfolio Strategy

The Fund returned (gross) +3.04% underperforming the risk reference index in May'26 on the equity sleeve's underperformance offsetting the contribution from equity overweight and sukuk's sleeve outperformance. Gold allocation gave back some YTD outperformance.

Macroeconomic data and corporate earnings released lately continue to suggest the resilient macro backdrop in US though heightened geopolitical risks and higher energy prices add uncertainty to the global economy. 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 in the near term on further 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.

### Equities

The portfolio posted a positive net return of 4.38% in the month of May but underperformed its respective index. From a sector perspective, energy and consumer staples were places of strength which were offset by IT and consumer discretionary. Germany and France were top contributors from a country perspective while the United States and Japan lagged overall.

### Sukuk

The Global Sukuk sleeve delivered returns of 0.53% for the month of May, outperforming the Dow Jones Sukuk Total Return Index return of 0.31% by 22bps. Contributors to performance include sovereign and quasi-sovereign sukuk such as Malaysia, Saudi, Bahrain and Mubadala (UAE's sovereign wealth fund). In light of the persistently elevated US inflation backdrop and a labour market that appears to be bottoming, the prospect of monetary policy easing in 2026 has

diminished. Accordingly, our strategy in May centered on increasing the portfolio's allocation to shorter-duration Sukuk while progressively reducing exposure to longer-duration Sukuk towards month-end.

## 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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