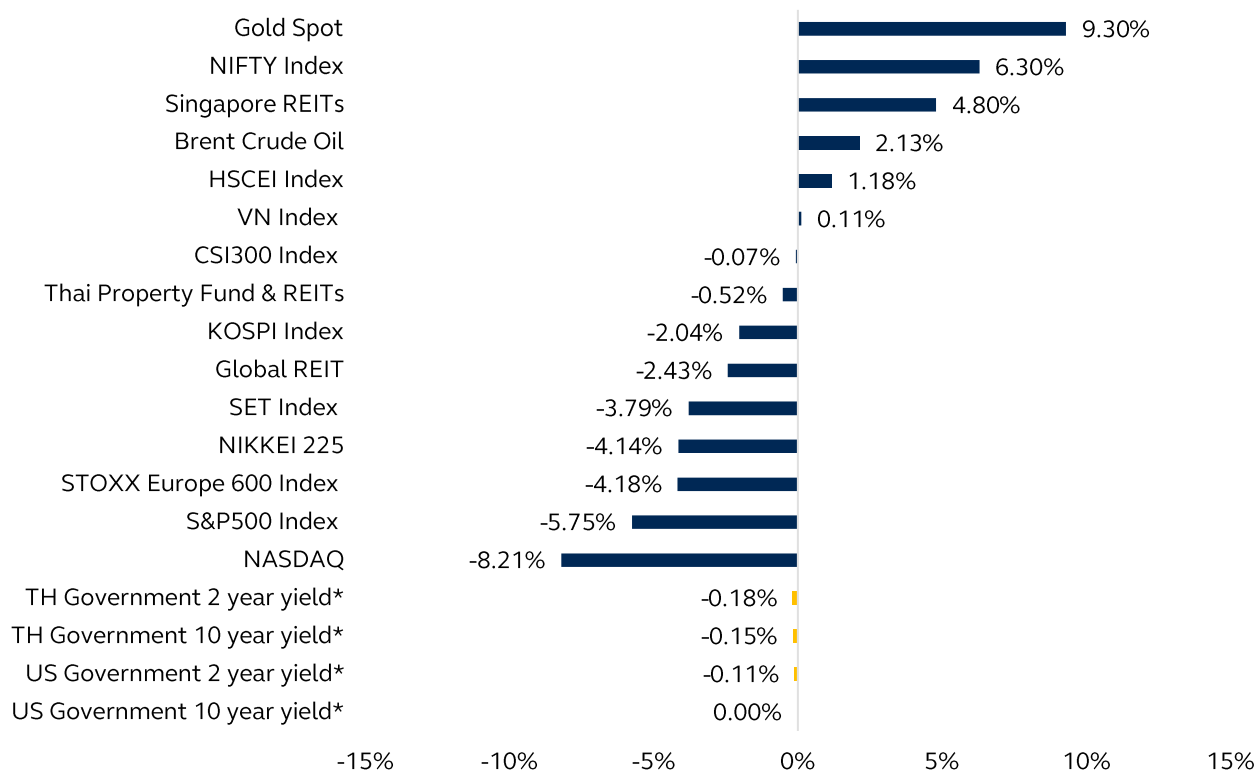
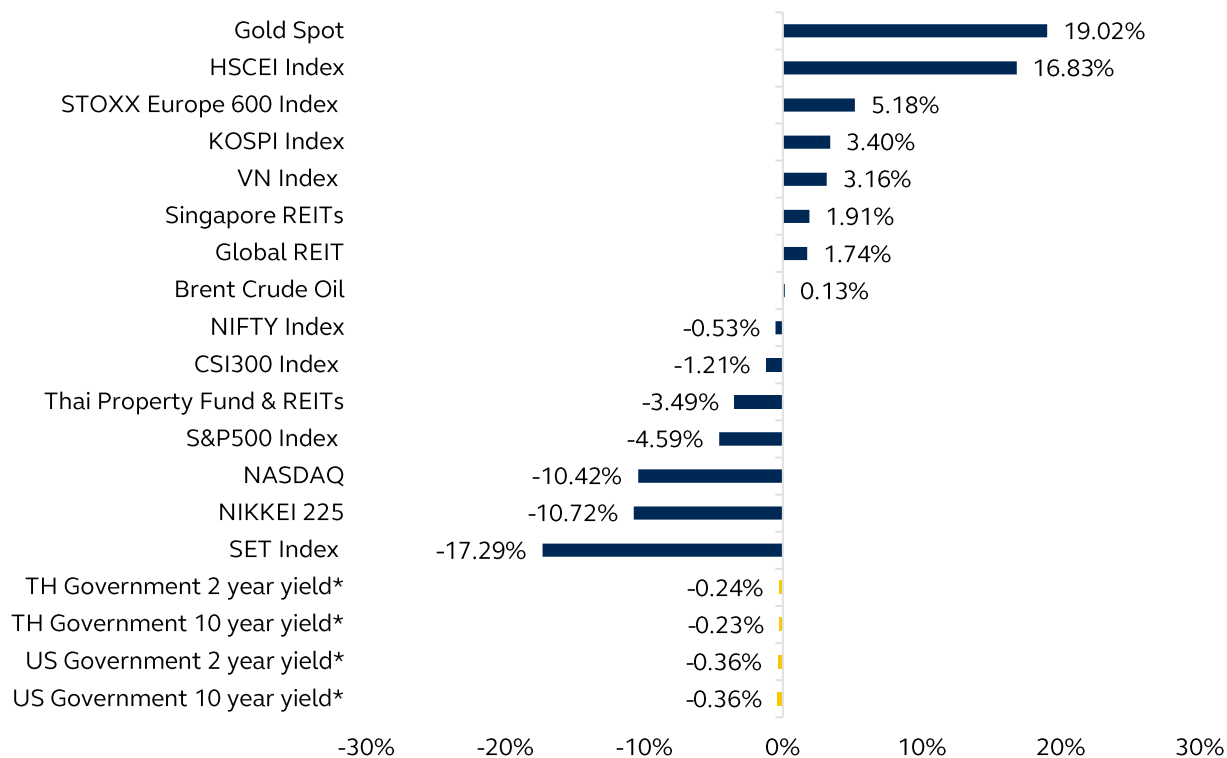


Market Outlook

1-month past performance (Mar)



Year-to-date performance (Jan-Mar)



*Information illustrated percentage of bond yield change not return.

Source : Bloomberg, data as of 31 Mar 2025

The global stock market has experienced volatility due to statements and economic policies of Donald Trump. This includes topics such as the imposition of tariffs on imported goods from various countries, discussions on resolving the geopolitical conflict between Russia and Ukraine, and the implementation of corporate tax cuts in the U.S., which seems to have garnered less attention compared to the issues of trade barriers through increased tariffs. Additionally, concerns over a potential U.S. economic recession have resurfaced following the latest labor market figures, which signal weakness. The market remains worried that U.S. inflation could rise again. However, stock markets with strong economic fundamentals or those with listed companies reporting earnings surprise, such as the Indian stock market, have seen significant gains. India, being less reliant on exports to the U.S., continues to experience economic growth. In other investments, gold prices have continued to rise sharply for several months. Gold is considered a safe-haven asset and typically has an inverse relationship with the Dollar Index.

Fixed Income: The U.S. bond yield for the 2-year maturity has slightly decreased, while the 10-year yield remains nearly unchanged from the previous month, resulting in a relatively stable yield curve. This occurs despite increasing investor concerns over a potential U.S. economic recession. President Donald Trump has acknowledged that the U.S. economy may experience volatility due to his administration's policies, particularly the imposition of additional tariffs on imports from various countries such as China, Mexico, and Canada, which could potentially lead to a rise in U.S. inflation.

In response, Trump's stance on various policies has become less aggressive recently. Nonetheless, the volatility in the U.S. economy could cause bond yields across all maturities to rise. Principal Asset Management maintains a **neutral outlook** on global bonds. In Thailand, government bond yields have decreased following the Bank of Thailand's decision to cut policy interest rates. The 2-year and 10-year bond yields have dropped by 0.18% and 0.15%, respectively. Principal Asset Management also holds a **neutral view** on Thai bonds, as the current low-interest rates limit the Bank of Thailand's ability to make further significant cuts, despite the slower-than-expected economic recovery in Thailand.

Global Equity: Principal Asset Management maintains a **neutral outlook** on global stock markets. In March, the U.S. stock market saw significant declines in both the S&P 500 and NASDAQ indices following statements by Donald Trump in the first half of the month. Trump mentioned that the U.S. economy could experience volatility due to the administration's economic policies, particularly regarding the imposition of trade tariffs. On March 4th, tariffs on Chinese imports were increased from 10% to 20%, and new tariffs of 25% were announced on imports from Mexico and Canada. Economic data has been mixed. The latest inflation rate for February continued to show improvement, coming in at 2.8% YoY, below market expectations of 2.9% YoY. However, labor market figures have started to signal weakness.

European stock market STOXX600 dropped by 4.18% over the past month, pressured by U.S. stocks. Despite positive discussions between U.S. President Trump and Ukrainian leader Zelensky towards the end of the month, which indicated that the geopolitical conflict between Ukraine and Russia could be resolved within this year, European countries, particularly France, Germany, and Spain, are planning to increase their military and defense budgets in case the U.S. cuts its military aid to Europe.



Japan's NIKKEI225 stock market index fell by 4.14% in March due to Donald Trump's policy of increasing automobile tariffs, despite the Japanese exchange rate remaining relatively stable. The Bank of Japan (BoJ) is likely to adjust its policy rate to normalize interest rates, depending on wage trends and domestic inflation, with the aim to sustain a 2% YoY inflation rate this year. Currently, the latest average wage increase in January was only 2.8% YoY, below the market expectation of 3.2% YoY, and February's inflation rate remained high at 3.7% YoY. Industrial production is expected to rise due to demand for electronics-related products, which may benefit more if Trump's tariffs on electronic goods are lower than expected.

India: India's NIFTY50 stock market index has risen by 6.30%, driven by relatively low stock valuations compared to global stocks, despite significant capital outflows to China. January's inflation rate was 4.31% YoY, close to the Reserve Bank of India's target of 4%, and below market expectations of 4.6%. The decline in inflation was primarily due to lower prices of food, electricity, and energy. The latest industrial sector data for December 2023 showed a growth of only 3.2% YoY, below market expectations of 3.9% YoY and lower than the previous month's 5.2% YoY. The manufacturing sector grew by 3% YoY, particularly in the production of basic metals related to galvanized steel. In 2023, India exported approximately \$450 million worth of steel and aluminum products to the U.S., out of the total \$33 billion worth of U.S. imports. However, the imposition of a 25% tariff on steel products and a 10% tariff on aluminum products by the U.S. will impact India's trade. The announcement of the 2025 budget, which focuses on reducing personal income tax rates to boost consumer purchasing power and developing India's infrastructure, is a key issue that the market is closely monitoring for future impacts. Principal Asset Management currently has a **neutral outlook** on investments in the Indian stock market.

Thai equity: The Thai stock market SET Index continues to decline by 3.79%, pressured by the impact of the earthquake and trade barriers from Donald Trump's policies. Although the government has announced the implementation of a new tax relief fund, Thai ESG Extra, which provides additional tax incentives. Principal Asset Management's Thai equity fund has not invested in insurance companies or real estate companies with a high revenue proportion from condominiums. Therefore, the impact on the investment portfolio is expected to be limited and short-term. However, the Thai stock market still lacks clear supporting factors. The number of tourists from China, a key factor for the Thai economy, has not yet recovered. In February, the number of foreign tourists fell to 3.1 million, approximately 86.6% of the pre-2019 level before the COVID-19 pandemic. Chinese tourists visiting Thailand were only 370,000, the lowest in 16 months. However, non-Chinese tourists continued to grow well at 2.7 million, or 108.2% compared to the pre-COVID period. Principal Asset Management maintains a **neutral outlook** on the Thai stock market.

Vietnam: The Vietnamese stock market remained relatively unchanged last month, despite surpassing the key resistance level of 1,300 points. This was driven by significant net purchases from retail investors since the beginning of the year. In March, retail investors engaged in speculative trading in certain stocks, such as Vin Group, one of the top large-cap stocks which rose around 40% during the month. Additionally, retail investors increased short-term trading in small and mid-cap stocks. Meanwhile, foreign investors recorded net sales due to concerns about speculation in the Vietnamese stock market and current customs tax issues. However, the country's



key economic figures remained positive. The industrial production index in February grew by 17.2% YoY, a significant increase compared to January, which coincided with the Lunar New Year period. Consumption continued to grow in February, as indicated by retail sales figures of 9.4% YoY. The inflation rate in February rose by 0.34% MoM to 2.91% YoY, due to slower growth in food and beverage prices. Principal Asset Management currently holds a **slightly overweight view** on the Vietnamese stock market, despite it rising above 1,300 points, expecting the index to continue its upward trend in the third to fourth quarters due to anticipated positive news regarding its upgrade to be part of the FTSE Emerging Market Index.

Property Funds/REITs: Global real estate investment trusts (REITs) declined by 2.43%, following the global stock markets, despite a trend towards more relaxed monetary policies. This was indicated by the latest Federal Reserve meeting, which signaled two more interest rate cuts this year. However, REITs prices remain volatile due to the uncertainty of Trump's tax policies, which continue to pressure economic activities. In Thailand, REITs also faced limited price increases, despite the Bank of Thailand's interest rate cuts. Consequently, Principal Asset Management maintains a **neutral view** on investing in REITs both domestically and globally.

Gold: Gold prices surged by 9.30% in March as investors increasingly viewed gold as a safe-haven asset amid concerns over President Trump's customs tax policies, which could potentially impact the economy and drive-up inflation rates. Additionally, the Federal Reserve's continued signals of policy rate cuts further supported the rise in gold prices. Currently, Principal Asset Management maintains a neutral outlook on gold investments.



Asset Allocation Outlook

	UW	Slightly UW	Neutral	Slightly OW	OW
Cash	○	●	○	○	○
Fixed Income	○	○	●	○	○
• Global	○	○	●	○	○
• Thai	○	○	●	○	○
Equity	○	○	●	○	○
• Global	○	○	●	○	○
• Thai	○	○	●	○	○
• India	○	○	●	○	○
• Vietnam	○	○	○	●	○
Property Funds/REITs	○	○	●	○	○
Gold	○	○	●	○	○

Viewpoints reflect a 12-month horizon

indicates a change in preference from the previous month (light blue ○) to the current month (dark blue ●)

Description of Asset Allocation Outlook table

- OW or Overweight : Allocate asset more than its benchmark
- Slightly OW or Slightly Overweight : Allocate asset slightly more than its benchmark
- Neutral : Allocate asset equal to its benchmark
- Slightly UW or Slightly Underweight : Allocate asset slightly less than its benchmark
- UW or Underweight : Allocate asset less than its benchmark

The investment strategy team maintains a neutral view on **fixed income**, both domestically and internationally, as the market begins to anticipate that the Federal Reserve will cut interest rates sooner due to President Donald Trump's trade policies via customs tariffs and the slowing U.S. economic figures. Regarding **equity investments**, Principal Asset Management holds a neutral view on the global stock market, particularly the major global stock markets. They believe that the U.S. stock market may see a correction in technology stocks if Trump's tariff policies are severe. In contrast, emerging stock markets are likely to be negatively impacted by Trump's tariff policies. However, the investment strategy team has a **slightly overweight view on the Vietnamese stock market** because the prices are attractive, and the earnings reports and economic figures are positive, with favorable factors expected in the future. Finally, Principal Asset Management maintains a neutral view on **property funds/REITs** as the market has already factored in the Federal Reserve's interest rate cuts 2–3 times this year, and the high yield of U.S. government bonds continues to pressure this asset group.

Caution: Principal Asset Allocation Plan is a service providing advice on allocating investment portfolios by diversifying investment into various financial assets according to investor's investment risk tolerance. Advisement is considered on market conditions to create or adjust balance portfolio, which will be monthly evaluated and adjusted investment mix or portfolio to ensure that the portfolio is well-diversified and consistent with investment outlooks. Due to market price changing from market conditions, the proportion of each asset may deviate from appropriate allocation. This may cause the portfolio to be at higher or lower risk than it should be. Principal Asset Allocation Plan is only advice from Principal Asset Management and investors may not receive return as expected. Investors should make sure that understand about basic investment allocation, recommended by SEC. / Investors should understand product characteristics (mutual funds), conditions of return and risk before making an investment decision.

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