

Market Outlook – Asset Class 3Q 2021



Equities

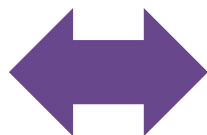


Slightly Overweight

- Although a COVID-19 resurgence has led to new restrictions in some regions, the global economy should continue to expand and may push real GDP to a new peak in some developed countries as a result of mass vaccination and supportive fiscal stimulus
- The recent surge in inflation should be transitory. Fed tapering is unlikely to start soon or be in a massive scale, while accommodative monetary policy is still a tailwind to risk assets. Global financial conditions are likely to remain easy and continue to act as a backstop for equities
- Fundamentally, earnings growth expectations remained on a positive track, driven by cyclical sectors, and drove multiple compression. Strong inflow into equities has led to an improvement in investor sentiment
- A sustained pickup in inflation and therefore a premature shift in monetary policy could create volatility to the stock market



Fixed Income



Neutral

- Government yields may stay subdued in the quarter while inflation expectations may have peaked
- Fed's patience in rate hikes is likely to anchor interest rates at record-low level for at least two more years
- With a strong economy driving fundamentals and keeping a lid on default risks, credits may continue to be supported



Overweight



Slightly Overweight



Neutral



Slightly Underweight

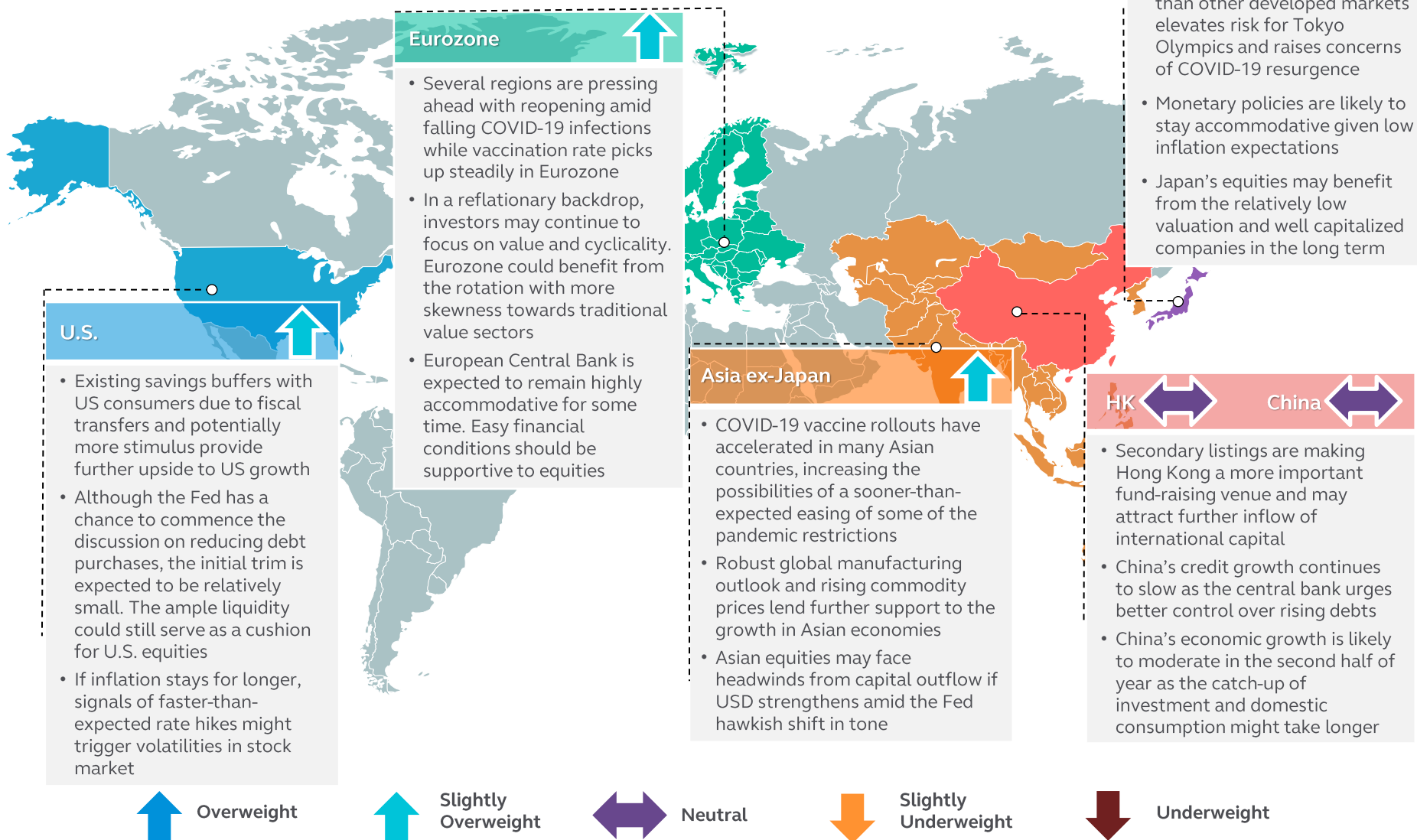


Underweight

Source: Principal Asset Management Company (Asia) Ltd. & Principal Global Investors – Principal Global Asset Allocation.

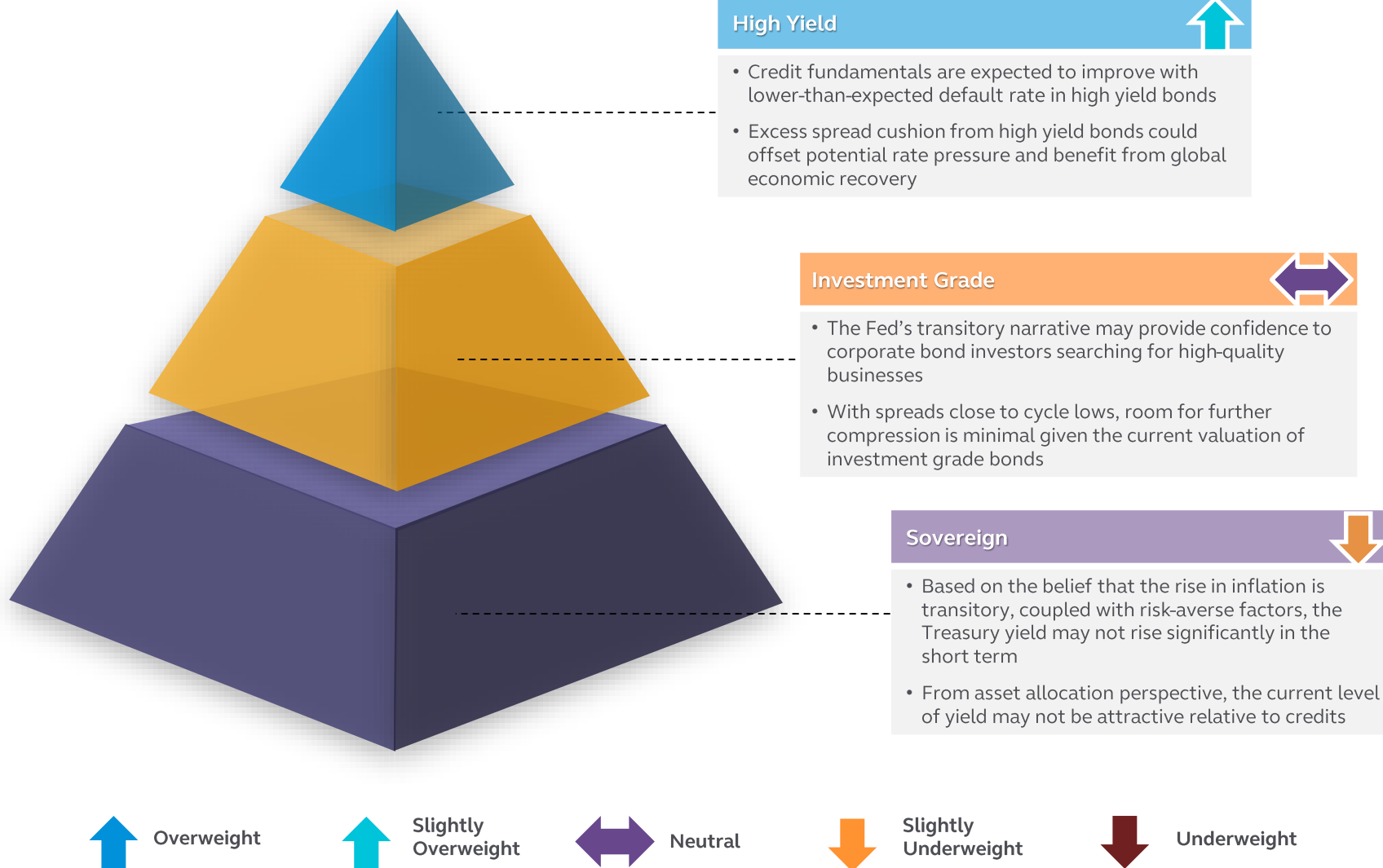
CONFIDENTIAL – DO NOT DISTRIBUTE OR REPRODUCE WITHOUT PERMISSION

Market Outlook – Equities 3Q 2021



Source: Principal Asset Management Company (Asia) Ltd. & Principal Global Investors – Principal Global Asset Allocation. The geographical classification of above listed equity markets is based on MSCI 2020 annual market classification review. For more information, please refer to <https://www.msci.com/market-classification>

Market Outlook – Fixed Income 3Q 2021



Source: Principal Asset Management Company (Asia) Ltd. & Principal Global Investors – Principal Global Asset Allocation.

CONFIDENTIAL – DO NOT DISTRIBUTE OR REPRODUCE WITHOUT PERMISSION

DISCLOSURES



Investment involves risks. Past performance of any particular fund or product mentioned in this document is not indicative of future performance of the relevant fund or product, and the value of the each fund or product mentioned in this document may go down as well as up. You should not invest solely in reliance on this document. There is no assurance on investment returns and you may not get back the amount originally invested.

You should consider your own risk tolerance level and financial circumstances before making any investment choices. If you are in doubt as to whether a certain fund or product mentioned in this document is suitable for you (including whether it is consistent with your investment objectives), you should seek legal, financial, tax, accounting and other professional advice to ensure that any decision made is suitable with regards to that your circumstances and financial position, and choose the fund(s)/product(s) suitable for you accordingly.

The information contained in this document has been derived from sources believed to be accurate and reliable as of the date of publishing of this document, and may no longer be true, accurate or complete when viewed by you. The content is for informational purpose only and does not constitute an offer, a solicitation of an offer or invitation, advertisement, inducement, representation of any kind or form whatsoever or any advice or recommendation to enter into any transactions in respect of the funds/products referred to in this document. This document 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 guarantee the performance of any investment. The information does not take account of any investor's investment objectives, particular needs or financial situation. You should not consider the information as a comprehensive statement to be relied upon. All expressions of opinion and predictions in this document are subject to change without notice.

All figures shown in this document are in U.S. dollars unless otherwise noted.

Subject to any contrary provisions of applicable law, neither the companies, nor any of their affiliates, nor any of the employees or directors of the companies and their affiliates, warrants or guarantees the accuracy of the information contained in this document, nor accepts any responsibility arising out of or in connection with any errors or omissions of the contents set out in this document.

This document is the property of Principal Asset Management Company (Asia) Limited that no part of this document may be modified, reproduced, transmitted, stored or distributed to any other person or incorporation in any format for any purposes without Principal Asset Management Company (Asia) Limited's prior written consent.

Source of this document is from Principal Asset Management Company (Asia) Limited and Principal Global Investors.

Principal Global Investors leads global asset management at Principal® and includes the asset management operations of the following members of Principal® : Principal Global Investors, LLC; Principal Real Estate Investors, LLC; Aligned Investors; Claritas; Columbus Circle Investors; Edge Asset Management, Inc.; Finisterre Capital, LLP; Morley Capital Management; Origin Asset Management, LLP; Post Advisory Group, LLC; Principal Global Equities; Principal Global Fixed Income; Principal Islamic Asset Management Sdn. Bhd.; Principal Portfolio Strategies; Spectrum Asset Management, Inc.; Principal Global Investors (Australia) Ltd.; Principal Global Investors (Europe) Ltd.; Principal Global Investors (Hong Kong) Ltd.; Principal Global Investors (Japan) Ltd.; Principal Global Investors (Singapore) Ltd.; the majority owned affiliates of Principal International, Inc. and include assets where we provide model portfolios. Marketing assets under management include certain assets that are managed by Principal International and Retirement and Income Solutions divisions of Principal.

Principal, Principal and symbol design and Principal Financial Group are trademarks and service marks of Principal Financial Services, Inc, a member of the Principal Financial Group.

This document has not been reviewed by the Securities and Futures Commission.

This document is issued by Principal Asset Management Company (Asia) Limited.