

STRATEGIC ASSET ALLOCATION

Rebalance Your Portfolio for Long-Term Financial Stability

- ✓ Summary of 2025 investment performance by portfolio
- ✓ Rebalanced the recommended portfolio allocation by risk profile for 2026



➤ Investment Overview for 2025

2025 was a year in which global financial markets delivered solid returns despite experiencing high volatility during the year, particularly in April following the announcement by the United States of retaliatory tariff measures against trading partners, which created short-term pressure on markets. However, markets were able to recover as conditions began to ease, and the global economy, especially the U.S. economy, remained fundamentally strong. The U.S. economy performed better than expected in the early part of the year, leading analysts to gradually revise upward their GDP growth forecasts for this year to approximately 1.9%, close to the long-term growth trend. Although this level is lower than in the previous two years, it does not indicate an economic recession. A key driver of the U.S. economy this year has been investment rather than consumption, particularly investment related to AI, with large technology companies planning substantial investments in AI, which helped support economic growth and enhance the long-term competitiveness of the business sector. At the same time, the labor market has begun to slow, with rising unemployment and moderating wage growth, resulting in the U.S. Federal Reserve, which had previously sought to balance economic support with inflation control, becoming more accommodative. Although inflation remains above target, the gradual decline in services inflation and the softening labor market have led the Federal Reserve to cut interest rates three times.

Against this economic backdrop, most major global stock markets delivered positive returns. The U.S. stock market, measured from the beginning of the year to 10 December, rose by more than 17.1%, marking the third consecutive year of positive returns. Key supporting factors included the continued strong earnings performance of listed companies, as well as positive investment sentiment and plans to adopt AI to enhance efficiency. Although concerns remain regarding elevated stock valuations and the concentration of large technology stocks, an assessment of underlying fundamentals indicates that most large companies maintain strong financial positions and sufficient cash flows to support future investment. In addition, gold continued to serve as an effective volatility-reducing asset, with gold prices rising sharply this year, reflecting its role during periods of heightened market uncertainty stemming from geopolitical risks, concerns over stock valuations, and economic growth prospects.

Over the nine-year period (as of the end of November 2025), since performance data for all five portfolios has been tracked, there have been numerous events that generated significant investment volatility, including the U.S.–China trade war, the COVID-19 pandemic, the Russia–Ukraine conflict, a surge in inflation to a 40-year high that led to policy interest rate hikes by many central banks, the Israel–Hamas conflict, and the U.S. retaliatory tariffs imposed on imports from all countries, among others. All of these factors contributed to considerable volatility across various asset classes, for example, over the past nine years, the Thai stock market itself delivered an average return of only 1.2% per year; however, as shown in the table below, portfolio-based investment (highlighted in pink) did not necessarily outperform every asset class in each year, but diversification across multiple asset classes resulted in moderate annual returns relative to all assets, reduced the likelihood of experiencing significant negative returns in certain years, and helped create greater consistency in clients' investment outcomes over the long term, with historical data from 2017 to 2025 showing only two years—2018 and 2022—in which returns were negative.



In the table below, we have assessed the expected returns* and evaluated the investment risk levels of each portfolio over the next 10 years, resulting in investment plans that are appropriate for investors at each risk level to help them achieve their long-term investment objectives.

Table showing expected returns and investment allocation for 2026

Portfolio	Expected return forecast (average per year)*	Forecast Volatility	Investment allocation by asset class					
			Thai fixed income	Foreign fixed income	Global stocks	Asia-Pacific stocks (excluding Japanese stocks)	REITs / Real Estate Funds	Gold
Recommended funds for each asset class			KFAFIX-A	KF-CSINCOME	KKP GNP-H**, LHGEQ-A**	ES-ALOVE-UH	K-PROPI-A(D)	K-GOLD-A(D)
Aggressive	6.25%	7.56%	10%	15%	55%	5%	10%	5%
Advanced	5.16%	5.44%	20%	25%	35%	5%	10%	5%
Balanced	4.49%	4.41%	25%	35%	25%	5%	5%	5%
Conservative	4.02%	3.67%	30%	40%	20%	-	5%	5%

*Expected returns are not a guarantee of actual returns. Investors may achieve returns higher or lower than the expected returns shown in the table, depending on the actual investment situation. The expected returns and return volatility figures are compiled from assessments of the future economic conditions over a 10-year horizon, which affect the return expectations of each asset class.

**The recommended foreign equity fund is will invest in the KKP GNP-H fund in a portion of 50% and LHGEQ-A fund in a portion of 50% (approximately) of the total foreign equity proportion in the investment portfolio.

Source: Investment Management Division, examples of five investment portfolios by risk level

Remarks: Investment has risks. Investors may not achieve the expected returns of the recommended investment portfolios, or may incur losses from investing in the recommended portfolios. The recommended investment portfolios are provided for consideration only. In investing in the recommended portfolios, investors may face currency risks from foreign investments. Investors must understand the nature of the funds, return conditions, and risks before making investment decisions. The allocation of investments in each of the 5 investment portfolios will vary according to objectives, investment terms, and risk tolerance. Estimated returns and risks are based on past data and assessments of economic conditions, investment conditions, and market trends for each asset, which may change in the future. When investing in the recommended portfolios, the actual value of assets may increase or decrease, causing the actual investment proportions to differ from the original recommended investment proportions. Investors should consider buying or selling to maintain the original asset allocation recommended. **The recommended investment portfolios are not guaranteed returns, and investors have the opportunity to achieve returns higher or lower than expected returns, depending on the actual returns from each asset in each year. The appropriate investment horizon is investing for at least 10 years.** | * "Expected returns" refer to the returns anticipated from each risk level of the investment portfolio over a 10-year period, while "expected return volatility" denotes the anticipated level of volatility in returns from investing over a 10-year period for each risk level of the investment portfolio.

