

ABF MALAYSIA BOND INDEX FUND

MONTHLY REVIEW

**For the month of
May 2025**



AmFunds Management Berhad (154432-A)
(A member of AMMB Holdings Berhad)

- Investment Banking
- Treasury Solutions

- Funds Management
- Stock & Futures Broking

- Private Banking
- Islamic Markets

A. BOND MARKET OVERVIEW

Market Review & Outlook

MGS Benchmark Tenors	30-Mar-25 (%)	Net Change MoM (bps)	Net Change YTD (bps)
3Y	3.17	-8	-36
5Y	3.20	-20	-46
7Y	3.38	-17	-40
10Y	3.56	-13	-28
15Y	3.70	-14	-27
20Y	3.81	-11	-27
30Y	4.08	-2	-11

Source: Bond Pricing Agency Malaysia, 30 May 2025

For the month of May, Malaysian Government Securities (“MGS”) rallied across all tenures, with the yields in shorter tenures of 5Y and 7Y tenures falling in the high teens (by -20bps MoM and -17bps MoM respectively) versus the yields in longer tenures of 10Y, 15Y and 20Y that fell in the low teens (by -13bps MoM, -14bps MoM and -11bps MoM respectively), resulting in bull-flattening of the MGS yield curve from the previous month. The bullishness in the domestic bond market was a continuation of the rally from the previous month as the market increasingly priced in a potential 25bps rate cut in 2025 particularly as BNM’s MPC statement on 8 May was interpreted as dovish, as well as a continuation of some diversification away from USD assets by global investors. However, the ringgit bond market was mixed in the last week of May, given the volatility in US tariff policy announcements in that week which saw some investor interest return to USD assets.

There were three sovereign bond/ sukuk auctions with a total size of RM10.0 billion in May, namely the new issue of the 5-year Malaysian Government Security (“MGS”) with the issue size of RM5.0 billion on 15 May, followed by the new issue of the 15-year Malaysian Government Investment Issue (“MGII”) with the issue size of RM5.0 billion on 30 May. The 5-year MGS attracted healthy demand with a bid-to-cover ratio (“BTC”) of 2.13x though lower than the government bond auctions of c. 3.0x seen in the previous month; largely due to the yield being less compelling with the market having already priced-in expectations a 25bps rate cut this year. The 20-year MGII auction saw better-than-expected BTC of 3.32x as interest in the government bond primary market picked-up, with investors continuing their gradual extension of duration in the ringgit bond market.

Malaysia’s fixed income market remains resilient amid expectations of an Overnight Policy Rate (OPR) cut in July 2025. Despite rate cut expectations already being priced in, bond yields remain stable with sustained demand and no signs of selling pressure. Corporate bond markets continue to attract strong interest, with tight spreads reflecting confidence in domestic credit quality. The Ringgit outlook is constructive, providing support for capital inflows with a weakening US dollar. The MYR is supported by improving fundamentals and global appetite for EM currency exposure. Domestically, liquidity conditions are healthy, and bond auctions have been well-bid.

Market expectations are also supported by easing inflation and the broader global trend toward monetary easing. Core inflation has softened toward the lower end of BNM's target range, providing room for policy adjustment. Meanwhile, domestic growth remains solid, underpinned by a rebound in tourism, stable employment, and proactive fiscal measures.

B. PORTFOLIO ACTIVITY REVIEW

For the end of the month of May 2025, there are two inclusions and two exclusions in the ABF Malaysia Index.

The details of the inclusions:

Maturity Date	Issuer	ISIN Code	Outstanding Amount
30/4/2035	Malaysia Government Investment Issue	MYBGN2500039	5,000,000,000
15/5/2030	Malaysia Government Bond	MYBMI2500011	5,000,000,000

The details of the exclusions:

Maturity Date	Issuer	ISIN Code	Outstanding Amount
29/5/2026	Cagamas Berhad	MYBUG2301557	780,000,000
30/4/2026	DanaInfra Nasional Bhd	MYBVN1601274	500,000,000

The portfolio had 89.15% of sovereign bonds, 9.95% of quasi-sovereign bonds and 0.90% in cash. As of 30 May 2025, the portfolio held 84 bonds versus the benchmark universe of 291 bonds.

C. PERFORMANCE EVALUATION REVIEW

As of 30 May, 2025	Modified Duration (years)	Weighted Market Yield (%)	Total Return (Net) for the Month of May 2025
Benchmark	7.52	3.52	0.97%
Actual Portfolio	7.45	3.51	0.95%

The top 10 holdings of the portfolio as of 30 May 2025 are as shown below:

Maturity Date	Issuer	ISIN Code	Nominal Value	Market Value
15/10/2042	Malaysia Government Bond	MYBMY2200023	40,000,000	44,604,472.10
07/04/2037	Malaysia Government Bond	MYBMX1700033	40,000,000	44,457,573.64
15/9/2039	Malaysia Government Investment Issue	MYBGY1900021	40,000,000	43,750,123.11
05/07/2034	Malaysia Government Investment Issue	MYBMS1900047	41,500,000	43,037,345.13
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	42,915,557.70
27/05/2039	1MDB	MYBVZ0902446	35,000,000	42,010,806.25
15/08/2029	Malaysia Government Bond	MYBMO1900020	40,000,000	41,489,208.67
15/06/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	41,286,697.23
15/06/2050	Malaysia Government Bond	MYBMZ2000016	40,000,000	41,166,302.74
30/9/2027	Malaysia Government Investment Issue	MYBGL2000018	40,000,000	40,509,391.22

The tracking error based on gross return for the last 3 years (31 May 2022 – 30 May 2025) of the Fund was 10.28 basis points while the tracking error based on net return was 10.24 basis points.

Net asset value of the portfolio stood at RM 1,822,027,010.88 at end of May 2025.