

ABF MALAYSIA BOND INDEX FUND

MONTHLY REVIEW

**For the month of
June 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-June-25 (%)	Net Change MoM (bps)	Net Change YTD (bps)
3Y	3.16	-0.9	-37.2
5Y	3.20	0.5	-45.2
7Y	3.41	2.9	-36.9
10Y	3.47	-8.2	-36.5
15Y	3.70	0.2	-28.4
20Y	3.81	-0.1	-26.9
30Y	4.07	-1.5	-12.5

Source: Bond Pricing Agency Malaysia, 30 June 2025

Ringgit bonds demonstrated resilience throughout June, despite volatility in U.S. Treasuries and continued weakness in the US dollar. Malaysian Government Securities (MGS) experienced some profit-taking in medium-term tenures during the month. However, sentiment recovered in the final week, resulting in only marginal movements in benchmark yields. Notably, the 10-year MGS, which was auctioned at the end of the month, rallied with its yield falling by 8.2 bps MoM.

There were three sovereign bond/sukuk auctions in June, totalling RM14.0 billion. These were:

- The reopening of the 15-year MGS (RM4.0 billion) on 9 June,
 - The reopening of the 30-year Malaysian Government Investment Issue (MGII) (RM5.0 billion) on 13 June,
 - A new issuance of the 10-year MGS (RM5.0 billion) on 26 June.
- The three sovereign bond/sukuk auctions attracted healthy demand with bid-to-cover ("BTC") ratios of around 3x.

May 2025 recorded a resurgence in net foreign inflows, totalling RM13.4 billion (April 2025: RM10.2 billion)—the largest monthly inflow in 11 years, since May 2014 (RM13.5 billion). This surge was driven by improved external growth sentiment following the easing of US-China trade tensions, the announcement of a UK-US trade agreement, and a global rotation out of the US dollar amid growing concerns over US fiscal sustainability.

Malaysia's slowing inflation and export-led weakness, as highlighted in recent economic data, are reinforcing expectations of a potential OPR cut in the second half of 2025. This shift in monetary policy outlook is supportive of bond valuations. The combination of subdued inflation and stable bond yields has led to more attractive real returns on Malaysian fixed income assets. Market participants will be closely watching the upcoming Monetary Policy Committee meeting on 9 July 2025 for further guidance on BNM's policy direction.

B. PORTFOLIO ACTIVITY REVIEW

For the end of the month of June 2025, there are three inclusions and no exclusion in the ABF Malaysia Index.

The details of the inclusions:

Maturity Date	Issuer	ISIN Code	Outstanding Amount
31/5/2045	Malaysia Government Investment Issue	MYBGX2500046	5,000,000,000
2/7/2035	Malaysia Government Bond	MYBMN2500029	5,000,000,000
9/6/2028	Cagamas Berhad	MYBVG2502194	500,000,000

The portfolio had 89.53% of sovereign bonds, 9.95% of quasi-sovereign bonds and 0.52% in cash. As of 30 June 2025, the portfolio held 84 bonds versus the benchmark universe of 291 bonds.

C. PERFORMANCE EVALUATION REVIEW

As of 30 June, 2025	Modified Duration (years)	Weighted Market Yield (%)	Total Return (Net) for the Month of June 2025
Benchmark	7.47	3.51	0.34%
Actual Portfolio	7.47	3.52	0.31%

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

Maturity Date	Issuer	ISIN Code	Nominal Value	Market Value
15/10/2042	Malaysia Government Bond	MYBMY2200023	40,000,000	44,961,838.11
07/04/2037	Malaysia Government Bond	MYBMX1700033	40,000,000	44,625,832.78
15/9/2039	Malaysia Government Investment Issue	MYBGY1900021	40,000,000	43,833,716.56
05/07/2034	Malaysia Government Investment Issue	MYBMS1900047	41,500,000	43,239,253.24
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	43,144,868.80
27/05/2039	1MDB	MYBVZ0902446	35,000,000	42,098,918.75
15/08/2029	Malaysia Government Bond	MYBMO1900020	40,000,000	41,548,648.40
15/06/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	40,706,297.70
30/9/2027	Malaysia Government Investment Issue	MYBGL2000018	40,000,000	40,624,807.15
15/10/2030	Malaysia Government Investment Issue	MYBGO2000020	40,000,000	40,574,703.36

The tracking error based on gross return for the last 3 years (30 June 2022 – 30 June 2025) of the Fund was 10.08 basis points while the tracking error based on net return was 10.05 basis points.

Net asset value of the portfolio stood at RM 1,827,521,839.10 at end of June 2025.