

ABF MALAYSIA BOND INDEX FUND

MONTHLY REVIEW

**For the month of
July 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	31-July-25 (%)	Net Change MoM (bps)	Net Change YTD (bps)
3Y	3.08	-7.3	-44.5
5Y	3.17	-2.9	-48.1
7Y	3.35	-5.6	-42.5
10Y	3.38	-9.7	-46.2
15Y	3.65	-5.0	-33.4
20Y	3.77	-3.2	-30.1
30Y	3.91	-15.6	-28.1

Source: Bond Pricing Agency Malaysia, 31 July 2025

On 9 July 2025, BNM delivered the widely expected 25 basis points (“bps”) cut to the OPR, lowering it to 2.75% level. The rate cut occurred after the central bank had held the OPR steady for 12 consecutive meetings since May 2023 and with the 100bps reduction in the statutory reserve requirement (“SRR”) implemented in May 2025. The pre-emptive OPR decision reflected BNM’s focus to preserve Malaysia’s steady growth path amid continued challenges from global environment.

In July, Malaysia's fixed income market generally traded firmer for the month, with the Malaysian Government Securities (“MGS”) yield curve forming a bull-flattened shape. Ultra-long government bonds rallied strongly since mid-July, with yields declining by 16bps month-on-month (“MoM”), while short to medium tenure government bonds also rallied, albeit at a slower pace with yields falling between 3 to 7bps MoM. The positive momentum in domestic fixed income market is generally the reflection of the easing monetary policy and cautious but stable investment sentiment amid a moderate economic growth outlook.

There were three sovereign bond /sukuk auctions with a total size of RM15.0 billion in July 2025, namely the (1) Re-opening of the 7-year Malaysia Government Investment Issuance (“MGII”) with the size of RM5.0 billion, followed by (2) New issuance of the 30-year MGS with the size of RM5.0 billion, and (3) Re-opening of the 10-year MGII with the issue size of RM5.0 billion. Auctions demand remained healthy with bid-to-cover (“BTC”) ratios recorded at 2.92x and 2.73x, respectively, for both 7-year MGII and 10-Year MGII re-openings, while the 30-year MGS new issuance garnered a moderate BTC of 2.0x, due to the rich valuation.

The macro environment is expected to remain supportive of bonds, especially as inflation stays contained and policy turns more accommodative. Downside risks include further global slowdown, geopolitical tensions, and unexpected volatility in commodity prices. Domestic demand will continue to anchor growth, supported by fiscal spending and targeted cash assistance measures under the 13th Malaysia Plan.

B. PORTFOLIO ACTIVITY REVIEW

For the end of the month of July 2025, there is one inclusion and four exclusions in the ABF Malaysia Index.

The details of the inclusions:

Maturity Date	Issuer	ISIN Code	Outstanding Amount
15/7/2055	Malaysia Government Bond	MYBMZ2500031	5,000,000,000

The details of the exclusions:

Maturity Date	Issuer	ISIN Code	Outstanding Amount
15/7/2026	Malaysia Government Bond	MYBML1900018	20,019,000,000
3/7/2026	Cagamas Berhad	MYBUG2301904	700,000,000
27/7/2026	Perbadanan Tabung Pendidikan Tinggi Nasional	MYBVN1602314	1,000,000,000
28/7/2026	Jambatan Kedua Sdn Bhd	MYBVN1602355	1,000,000,000

The portfolio had 89.32% of sovereign bonds, 9.35% of quasi-sovereign bonds and 0.56% in cash. As of 31 July 2025, the portfolio held 85 bonds versus the benchmark universe of 294 bonds.

C. PERFORMANCE EVALUATION REVIEW

As of 31 July, 2025	Modified Duration (years)	Weighted Market Yield (%)	Total Return (Net) for the Month of July 2025
Benchmark	7.50	3.45	0.84%
Actual Portfolio	7.55	3.45	0.86%

The top 10 holdings of the portfolio as of 31 July 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
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	43,144,868.80
05/07/2034	Malaysia Government Investment Issue	MYBMS1900047	41,500,000	43,239,253.24
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
15/6/2050	Malaysia Government Bond	MYBMZ2000016	40,000,000	40,706,297.70
15/06/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	40,706,297.70
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 (31 July 2022 – 31 July 2025) of the Fund was 9.95 basis points while the tracking error based on net return was 9.92 basis points.

Net asset value of the portfolio stood at RM 1,843,265,164.87 at end of July 2025.