

# **ABF MALAYSIA BOND INDEX FUND**

## **MONTHLY REVIEW**

**For the month of  
August 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 | 29-August-25 (%) | Net Change MoM (bps) | Net Change |
|----------------------|------------------|----------------------|------------|
|                      |                  |                      | YTD (bps)  |
| 3Y                   | 3.02             | -6.9                 | -51.4      |
| 5Y                   | 3.11             | -6.3                 | -54.4      |
| 7Y                   | 3.31             | -3.8                 | -46.3      |
| 10Y                  | 3.40             | 2.4                  | -43.8      |
| 15Y                  | 3.63             | -2.1                 | -35.5      |
| 20Y                  | 3.75             | -2.2                 | -32.3      |
| 30Y                  | 3.88             | -3.7                 | -31.8      |

Source: Bond Pricing Agency Malaysia, 29 August 2025.

Malaysian Government Securities (“MGS”) ended the month with gains, except for the 10Y tenure which saw yield marginally higher at 2.4bps MoM. In August the MGS yield curve marginally bull-steepened as the market further priced-in a 25bps rate-cut from Bank Negara Malaysia this year. However, the ringgit bond rally saw some moderation towards the end of the month as investors turned more cautious amid the lower bond yields; and the domestic market decoupled somewhat from US Treasuries which continued to rally following US Fed Chair’s dovish tilt in his speech on 22 Aug 2025 at the Jackson Hole Symposium.

There were four sovereign bond/ sukuk auctions with a total size of RM22.0 billion in August, namely the reopening of 20Y MGS with issue size of RM5.5 billion on 7 August, followed by reopening of 15Y Malaysian Government Investment Issue (“MGII”) with the issue size of RM5.0 billion on 14 August, the reopening of the 5Y MGS with issue size of RM5.5 billion on 21 August and reopening of the 20Y MGII with the issue size of RM6.0 billion on 28 August. The first two auctions of the month drew healthy demand with bid-to-cover (“BTC”) of 2.725x for the 20Y MGS and 2.848x for the 15Y MGII, while the later two auctions saw weaker BTC as demand eased at 1.867x for the 5Y MGS and 1.841x for the 20Y MGII.

The local bond market saw trading volume of corporate bonds (including quasi-sovereign) in August increase marginally by 1.07% MoM to RM23.1 billion (June: RM22.8 billion). July saw a second consecutive month of net foreign funds outflow totalling RM5.5 billion, led by combined outflow of RM5.3 billion from MGS and MGII (June: RM5.3 billion), mainly due to uncertainties over a trade deal with the US as the 1 August 2025 deadline for higher “reciprocal” tariffs approached.

Some notable domestic corporate issuances in August included RM2.2 billion DanaInfra Nasional Bhd (unrated) of tranches no. 159 to no. 163 of the RM82.2 billion GG ICP/IMTN Programme, RM600 million of AmBank (M) Bhd MTN (AA2), RM2.5 billion of CIMB Bank Bhd Tier-2 Sukuk Wakalah (AA2), RM1.8 billion of Malayan Banking Bhd Subordinated Sukuk (AA1), RM2 billion of Petroleum Sarawak Exploration & Production Sdn Bhd IMTN (AAA) and RM500 million of Pelabuhan Tanjung Pelepas Sdn Bhd IMTN (AA). The 3-year, 5-year, 7-year and 10-year generic AAA corporate yield ended the

month at 3.46% (-8bps MoM), 3.53% (-6bps MoM), 3.58% (-6bps MoM) and 3.65% (-5bps MoM) respectively.

## B. PORTFOLIO ACTIVITY REVIEW

For the end of the month of August 2025, there is no inclusion and four exclusions in the ABF Malaysia Index.

The details of the exclusions:

| <b>Maturity Date</b> | <b>Issuer</b>                                | <b>ISIN Code</b> | <b>Outstanding Amount</b> |
|----------------------|--|------------------|---------------------------|
| 25/8/2026            | Lembaga Pembiayaan Perumahan Sektor Awam     | MYBVH2203106     | 675,000,000               |
| 27/8/2026            | Prasarana Malaysia Bhd                       | MYBVI2103304     | 500,000,000               |
| 27/8/2026            | Perbadanan Tabung Pendidikan Tinggi Nasional | MYBVP1402074     | 500,000,000               |
| 4/8/2026             | Prasarana Malaysia Bhd                       | MYBVS1102603     | 1,200,000,000             |

The portfolio had 89.02% of sovereign bonds, 9.74% of quasi-sovereign bonds and 1.24% in cash. As of 31 August 2025, the portfolio held 85 bonds versus the benchmark universe of 291 bonds.

## C. PERFORMANCE EVALUATION REVIEW

| <b>As of 31 August, 2025</b> | <b>Modified Duration (years)</b> | <b>Weighted Market Yield (%)</b> | <b>Total Return (Net) for the Month of August 2025</b> |
|------------------------------|----------------------------------|----------------------------------|--|
| Benchmark                    | 7.58                             | 3.41                             | 0.55%  |
| Actual Portfolio             | 7.59                             | 3.41                             | 0.52%  |

The top 10 holdings of the portfolio as of 31 August 2025 are as shown below:

| <b>Maturity Date</b> | <b>Issuer</b>                        | <b>ISIN Code</b> | <b>Nominal Value</b> | <b>Market Value</b> |
|----------------------|--------------------------------------|------------------|----------------------|---------------------|
| 15/10/2042           | Malaysia Government Bond             | MYBMY2200023     | 40,000,000.00        | 45,692,141.42       |
| 7/4/2037             | Malaysia Government Bond             | MYBMX1700033     | 40,000,000.00        | 45,380,097.02       |
| 15/9/2039            | Malaysia Government Investment Issue | MYBGY1900021     | 40,000,000.00        | 44,605,738.31       |
| 5/7/2034             | Malaysia Government Bond             | MYBMS1900047     | 41,500,000.00        | 43,097,735.52       |
| 14/8/2043            | Malaysia Government Investment Issue | MYBGY2300023     | 40,000,000.00        | 42,962,413.55       |
| 27/5/2039            | 1MDB                                 | MYBVZ0902446     | 35,000,000.00        | 42,784,131.25       |
| 15/6/2050            | Malaysia Government Bond             | MYBMZ2000016     | 40,000,000.00        | 41,655,871.79       |
| 15/8/2029            | Malaysia Government Bond             | MYBMO1900020     | 40,000,000.00        | 41,222,812.04       |
| 15/10/2030           | Malaysia Government Investment Issue | MYBGO2000020     | 40,000,000.00        | 41,089,653.05       |
| 15/6/2028            | Malaysia Government Bond             | MYBMS1300057     | 40,000,000.00        | 41,058,222.15       |

The tracking error based on gross return for the last 3 years (31 August 2022 – 31 August 2025) of the Fund was 9.77 basis points while the tracking error based on net return was 9.92 basis points.

Net asset value of the portfolio stood at RM 1,819,354,650.71 at end of August 2025.