

ABF MALAYSIA BOND INDEX FUND

MONTHLY REVIEW

**For the month of
January 2026**



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-January 2026 (%)	Net Change MoM (bps)	Net Change
			YTD (bps)
3Y	3.11	1.5	1.5
5Y	3.33	2.7	2.7
7Y	3.45	6.2	6.2
10Y	3.52	-1.4	-1.4
15Y	3.77	-3.1	-3.1
20Y	3.93	7.1	7.1
30Y	4.02	4.2	4.2

Source: Bond Pricing Agency Malaysia, 30 January 2025.

The local bond market delivered a mixed performance in January 2026, with investors alternating between bullish and bearish positions throughout the month amid continued uncertainty over the short- to medium-term direction of bond yields. Trading volume in MGS/MGII picked up significantly at RM155.8 billion in January 2026 (December 2025: RM81.6 billion) as corporate bond trading volume followed suit at RM24.5 billion (November 2025: RM13.3 billion).

Demands for long dated bond auction remained tepid while the shorter end drew slightly stronger interest. The first bond auction of the year, the 5Y MGII reopening on 7 January 2026 saw better than expected demand with bid-to-cover ratio of 2.296x at size of RM5 billion (without private placement). However, the following 2 bond auctions of the month, the new 15Y MGS (RM 3.5 billion + RM 1.5 billion private placement) and the new 30Y MGII (RM 3 billion + RM 2 billion private placement) came in at a bid-to-cover of 1.94x and 2x respectively.

Overall, the bond market is likely to remain well supported by a solid GDP growth outlook, proactive fiscal and monetary authorities prepared to step in during economic disruptions and contained inflation that helps maintain positive real returns on fixed-income assets.

Foreign interests in the ringgit bond market continued strong with foreign funds adding another RM 3 billion in December 2025 (November 2025: RM6 billion); as inflows skewed to the front end of the curve to position for FX gains.

In early 2026, BNM maintained the Overnight Policy Rate (“OPR”) at 2.75%, keeping monetary policy supportive amid steady domestic growth. At the same time, the the Fed is expected to hold rates in the near term as it closely monitors labour market and inflation trends, though we still anticipate two rate cuts later in 2026 as disinflation resumes and growth moderates. These global dynamics contributed to a steepening in the UST curve, with front end yields remaining anchored under a Fed pause while longer dated yields drifted higher in line with improving growth expectations and supply factors.

Against this backdrop, the Ringgit strengthened against the U.S. dollar, supported by a softer dollar profile and Malaysia’s firm macro fundamentals—conditions that encouraged incremental foreign inflows into the Malaysian government bond market.

MGS and GII yields remained broadly stable throughout January 2026, underpinned by resilient demand from both domestic and foreign investors. Market conditions were orderly, with steady buying interest helping to anchor yields despite external rate volatility. Overall, we expect the local bond market to remain resilient in near term, supported by stable monetary policy, supportive economic fundamentals, and consistent investor appetite.

B. PORTFOLIO ACTIVITY REVIEW

For the end of the month of January 2025, there is 6 inclusions and no exclusion in the ABF Malaysia Index.

The details of the inclusions:

Maturity Date	Issuer	ISIN Code
15/1/2041	Malaysia Government Bond	MYBMS2600018
4/7/2030	Sarawak Energy Bhd	MYBVK2302514
4/7/2033	Sarawak Energy Bhd	MYBVN2302526
31/10/2028	DanaInfra Nasional Berhad	MYBVS1302773
3/12/2032	Sarawak Energy Bhd	MYBVS1703897
25/4/2036	Sarawak Energy Bhd	MYBVX1601083

The portfolio had 88.56% of sovereign bonds, 10.38% of quasi-sovereign bonds and 1.06% in cash. As of 30 January 2026, the portfolio held 83 bonds versus the benchmark universe of 280 bonds.

C. PERFORMANCE EVALUATION REVIEW

As of 30 January, 2026	Modified Duration (years)	Weighted Market Yield (%)	Total Return (Net) for the Month of January 2026
Benchmark	7.62	3.56	0.12%
Actual Portfolio	7.62	3.56	0.11%

The top 10 holdings of the portfolio as of 30 January 2026 are as shown below:

Maturity Date	Issuer	ISIN Code	Nominal Value	Market Value
15/10/2042	Malaysia Government Bond	MYBMY2200023	40,000,000	44,466,639.91
15/09/2039	Malaysia Government Investment Issue	MYBGY1900021	40,000,000	43,625,471.71
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	42,714,046.30
05/07/2034	Malaysia Government Bond	MYBMS1900047	41,500,000	42,480,812.58
27/5/2039	1MDB	MYBVZ0902446	35,000,000	41,911,301.11
15/08/2029	Malaysia Government Bond	MYBMO1900020	40,000,000	41,611,008.43
15/06/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	40,759,881.49
30/9/2027	Malaysia Government Investment Issue	MYBGL2000018	40,000,000	40,727,318.51
15/10/2030	Malaysia Government Investment Issue	MYBGO2000020	40,000,000	40,688,610.46
15/06/2050	Malaysia Government Investment Issue	MYBMZ2000016	40,000,000	40,580,761.58

The tracking error based on gross return for the last 3 years (31 January 2022 – 30 January 2025) of the Fund was 9.26 basis points while the tracking error based on net return was 9.23 basis points.

Net asset value of the portfolio stood at RM 1,791,210,419.82 at end of January 2026.