

ABF MALAYSIA BOND INDEX FUND

MONTHLY REVIEW

**For the month of
February 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	27-February 2026 (%)	Net Change MoM (bps)	Net Change
			YTD (bps)
3Y	3.12	1.4	2.5
5Y	3.29	-4.1	-1.2
7Y	3.42	-3.7	2.1
10Y	3.52	0	-1.4
15Y	3.78	0.8	-1.8
20Y	3.93	0.2	7.7
30Y	4.02	0.1	4.2

Source: Bond Pricing Agency Malaysia, 27 February 2025.

The Malaysian bond market delivered a mixed performance in February 2026, beginning the month on a softer footing following a lukewarm 10-year government bond auction. Despite the subdued start, market sentiment improved steadily as the month progressed, with firmer trading supported by a stable domestic macroeconomic backdrop. Resilient GDP momentum, contained inflation, and expectations of sustained policy stability continued to underpin investor confidence and enhance the appeal of ringgit fixed-income assets.

There were three sovereign bond and sukuk auctions in February 2026 with a combined issuance size of RM15.0 billion, comprising the reopenings of the 10-year MGS, 20-year Malaysian Government Investment Issue (“MGII”), and 5-year MGS, each sized at RM5.0 billion. The first auction of the month registered relatively soft demand with a bid-to-cover (“BTC”) ratio of 1.603x. However, market appetite improved significantly mid-month, with the subsequent two auctions attracting robust BTC ratios of 2.896x and 2.921x, respectively.

Geopolitical tensions have sharply intensified following large-scale U.S.–Israeli military operations against Iran, triggering a pronounced risk-off sentiment across global markets. The heightened uncertainty is pushing investors globally toward safe-haven assets, increasing volatility in emerging-market fixed income and weakening regional currencies, including the ringgit.

Against this backdrop, Malaysia’s corporate bond market is poised for a period of heavier supply, with 2026 issuance expected to reach RM130–140 billion—well above the long-term average. This increase in upcoming supply, combined with heightened geopolitical uncertainty, may trigger investors to stay defensive in the near term.

However, rising yields amid current volatility may create compelling opportunities for medium to long-term investors. Malaysia’s resilient fixed income fundamentals and stable macro backdrop continue to underpin the attractiveness of ringgit denominated assets, offering potential entry points as valuations become more appealing.

B. PORTFOLIO ACTIVITY REVIEW

For March 2025, there is 1 inclusion and 1 exclusion in the ABF Malaysia Index.

The details of the inclusion:

Maturity Date	Issuer	ISIN Code
31/1/2056	Malaysia Government Investment Issue	MYBGZ2600015

The details of the exclusion:

Maturity Date	Issuer	ISIN Code
2/2/2027	GovCo Holdings Bhd	MYBVN1700373

The portfolio had 88.33% of sovereign bonds, 10.01% of quasi-sovereign bonds and 1.66% in cash. As of 27 February 2026, the portfolio held 83 bonds versus the benchmark universe of 286 bonds.

C. PERFORMANCE EVALUATION REVIEW

As of 27 February, 2026	Modified Duration (years)	Weighted Market Yield (%)	Total Return (Net) for the Month of February 2026
Benchmark	7.59	3.56	0.29%
Actual Portfolio	7.53	3.55	0.28%

The top 10 holdings of the portfolio as of 27 February 2026 are as shown below:

Maturity Date	Issuer	ISIN Code	Nominal Value	Market Value
15/10/2042	Malaysia Government Bond	MYBMY2200023	40,000,000	44,594,085.82
15/09/2039	Malaysia Government Investment Issue	MYBGY1900021	40,000,000	43,721,373.64
05/07/2034	Malaysia Government Bond	MYBMS1900047	41,500,000	42,655,542.28
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	41,976,404.35
27/5/2039	1MDB	MYBVZ0902446	35,000,000	41,906,664.09
15/08/2029	Malaysia Government Bond	MYBMO1900020	40,000,000	40,938,637.85
15/06/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	40,879,440.23
30/9/2027	Malaysia Government Investment Issue	MYBGL2000018	40,000,000	40,828,660.81
15/10/2030	Malaysia Government Investment Issue	MYBGO2000020	40,000,000	40,807,027.05
15/06/2050	Malaysia Government Investment Issue	MYBMZ2000016	40,000,000	40,735,986.91

The tracking error based on gross return for the last 3 years (28 February 2023 – 27 February 2026) of the Fund was 9.03 basis points while the tracking error based on net return was 9.00 basis points.

Net asset value of the portfolio stood at RM 1,796,243,734.64 at end of February 2026.