

ABF MALAYSIA BOND INDEX FUND

MONTHLY REVIEW

**For the month of
March 2026**



Powered by Group Wealth Management

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-March 2026 (%)	Net Change MoM (bps)	Net Change
			YTD (bps)
3Y	3.27	15.1	17.6
5Y	3.42	13.6	12.4
7Y	3.55	13.9	16.0
10Y	3.66	14.4	13.0
15Y	3.93	15.1	13.3
20Y	4.00	7.2	14.9
30Y	4.13	10.9	15.1

Source: Bond Pricing Agency Malaysia, 31 March 2025.

Following the outbreak of the US–Israel conflict with Iran on 28 February 2026, the Malaysian bond market weakened in tandem with the sell-off in U.S. Treasuries in March 2026, amid a broadly bearish global environment for government bonds. This was driven by concerns that the escalating conflict in the Middle East, and its potential impact on energy

prices, could lead to a resurgence of inflation.

There were three sovereign bond and sukuk auctions in March 2026, comprising the reopening of the 15-year Malaysian Government Investment Issue (“MGII”), the new issuance of the 3.5-year Malaysian Government Securities (“MGS”), and the new issuance of the 20-year MGII, each with an issuance size of RM5.0 billion. The first two auctions of the month registered robust demand, with bid-to-cover (“BTC”) ratios ranging between 2.20x and 2.30x. However, market demand softened significantly towards the end of the month, with the final auction recording a BTC ratio of 1.69x, as investors remained sidelined amid the sell-off in developed market (“DM”) rates and lingering uncertainties surrounding the prolonged conflict in the Middle East.

Corporate bond trading activity (including quasi-sovereign names) picked up slightly in March 2026, with trading volume rising by 5.6% month-on-month to RM16.15 billion (February 2026: RM15.30 billion), despite a shorter trading month due to the Hari Raya festive period.

Meanwhile, Malaysia recorded its first net foreign outflow in five months, amounting to RM2.3 billion (January 2026: +RM2.0 billion). This reflected a reduction in foreign investors’ holdings of Malaysian debt securities in February 2026 (-RM2.5 billion; January 2026: +RM1.0 billion), alongside a moderation in their net purchases of Malaysian equities (+RM0.2 billion; January 2026: +RM1.0 billion).

Geopolitical risks have intensified following the escalation of the US–Israel vs Iran conflict, driving oil prices higher and reviving global inflation concerns. This has led to a broad rise in global bond yields, reduced expectations for monetary easing, and heightened risk aversion toward emerging-market assets, including Asian currencies and fixed income.

Local bond market has seen yields move higher in line with global trends, while investors remain cautious amid increased volatility and expectations of heavier corporate bond issuances in near term. The combination of elevated supply and external uncertainty is likely to keep near-term sentiment defensive, particularly toward longer-duration and lower-rated credits.

That said, Malaysia's bond market remains underpinned by resilient fundamentals. Higher oil-related revenues, manageable inflation and Bank Negara Malaysia's stable policy stance continue to support market stability. As yields adjust upward, valuations are becoming more attractive, creating potential entry opportunities for medium- to long-term investors, especially in high-quality ringgit-denominated bonds and sukuk.

B. PORTFOLIO ACTIVITY REVIEW

For March 2025, there is 8 inclusions and 1 exclusion in the ABF Malaysia Index.

The details of the inclusion:

Maturity Date	Issuer	ISIN Code
15/03/2029	Malaysia Government Bond	MYBMG2600021
26/02/2029	Cagamas Berhad	MYBVG2600550
04/02/2033	Pengurusan Air SPV Berhad	MYBVK2600289
13/02/2034	Lembaga Pembiayaan Perumahan Sektor Awam	MYBVL2600360
15/02/2036	Danum Capital Bhd	MYBVN2600440
05/02/2037	Pengurusan Air SPV Berhad	MYBVO2600299
13/02/2046	Lembaga Pembiayaan Perumahan Sektor Awam	MYBVX2600373
13/02/2047	Lembaga Pembiayaan Perumahan Sektor Awam	MYBVY2600389

The details of the exclusion:

Maturity Date	Issuer	ISIN Code
15/03/2027	Malaysia Government Bond	MYBMS1200026

The portfolio had 88.06% of sovereign bonds, 10.19% of quasi-sovereign bonds and 1.75% in cash. As of 31 March 2026, the portfolio held 82 bonds versus the benchmark universe of 286 bonds.

C. PERFORMANCE EVALUATION REVIEW

As of 31 March, 2026	Modified Duration (years)	Weighted Market Yield (%)	Total Return (Net) for the Month of March 2026
Benchmark	7.36	3.67	0.52%
Actual Portfolio	7.53	3.68	0.51%

The top 10 holdings of the portfolio as of 31 March 2026 are as shown below:

Maturity Date	Issuer	ISIN Code	Nominal Value	Market Value
15/10/2042	Malaysia Government Bond	MYBMY2200023	40,000,000	44,359,124.65
15/09/2039	Malaysia Government Investment Issue	MYBGY1900021	40,000,000	42,505,684.39
05/07/2034	Malaysia Government Bond	MYBMS1900047	41,500,000	42,305,028.77
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	41,718,641.28
27/5/2039	1MDB	MYBVZ0902446	35,000,000	41,692,605.25
15/08/2029	Malaysia Government Bond	MYBMO1900020	40,000,000	40,873,344.00
15/06/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	40,846,123.56
15/10/2030	Malaysia Government Investment Issue	MYBGO2000020	40,000,000	40,704,260.71
15/06/2050	Malaysia Government Investment Issue	MYBMZ2000016	40,000,000	40,242,586.93
22/5/2040	Malaysia Government Bond	MYBMY1900052	40,000,000	39,877,585.56

The tracking error based on gross return for the last 3 years (31 March 2023 – 31 March 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 1,751,749,522.97 at end of March 2026.