

ABF MALAYSIA BOND INDEX FUND

MONTHLY REVIEW

**For the month of
May 2026**



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	29-May 2026 (%)	Net Change MoM (bps)	Net Change
			YTD (bps)
3Y	3.25	3.9	15.9
5Y	3.40	5.5	10.2
7Y	3.53	5.7	13.5
10Y	3.61	0.1	8.1
15Y	3.84	-1.3	4.3
20Y	3.96	-0.8	10.6
30Y	4.08	0.9	10.0

Source: Bond Pricing Agency Malaysia, 29 May 2025.

In May 2026, the Malaysian Government Securities (“MGS”) curve bear-flattened, led by a 4–6 bps rise in the belly (3–7Y), while the long end was broadly unchanged. MGS opened the month slightly firmer amid easing Gulf tensions, with Bank Negara Malaysia (“BNM”) holding rates steady for a fifth consecutive meeting and retaining a neutral stance. However, sentiment deteriorated in subsequent weeks, as the lack of progress in resolving the Gulf conflict pushed energy prices higher, fuelling inflation concerns and triggering a broader sell-off in global government bonds.

Three sovereign bond and sukuk auctions were held in May 2026, comprising the re opening of the 10 year MGII, 7-year MGS and 30 year MGII, each with an issuance size of RM5.0 billion. The auctions drew robust demand, recording healthy bid-to-cover ratios ranging from 2.28x to 2.87x. Notably, auction sentiment remained resilient despite US strikes and higher oil prices.

Meantime, foreign holdings of Ringgit bonds rose by a further RM3.8 billion in April 2026 (March 2026: RM6.1 billion). Foreign flows into government bonds were flat, while the bulk of inflows were directed into private debt securities. The month began with strong momentum, with cumulative inflows reaching RM5 billion in the first two weeks. Thereafter, some reversals were seen, partly due to the RM11.3 billion MGS maturity mid-month.

Malaysia’s macro backdrop into 2H2026 is expected to remain broadly stable but increasingly nuanced. Growth is likely to moderate from earlier momentum as external demand softens amid a less synchronised global cycle, while domestic demand remains supported by resilient consumption and ongoing fiscal initiatives. Inflation pressures appear manageable, though sticky core components and subsidy rationalisation risks warrant caution on the policy front. BNM is expected to remain data-dependent, balancing growth support against inflation containment. Global rate dynamics particularly the timing and magnitude of developed market easing will continue to shape capital flows and yield direction in the local bond market. Against this backdrop, MGS yields may trade within a range, with episodic volatility driven by external factors and supply dynamics.

B. PORTFOLIO ACTIVITY REVIEW

For May 2025, there is no inclusions and two exclusions in the ABF Malaysia Index.

The details of the exclusions:

Maturity Date	Issuer	ISIN Code
13/05/2027	Danum Capital Bhd	MYBVK2000696
25/05/2027	DanaInfra Nasional Bhd	MYBVN1701603

The portfolio had 87.95% of sovereign bonds, 9.89% of quasi-sovereign bonds and 2.16% in cash. As of 29 May 2026, the portfolio held 86 bonds versus the benchmark universe of 296 bonds.

C. PERFORMANCE EVALUATION REVIEW

As of 29 May, 2026	Modified Duration (years)	Weighted Market Yield (%)	Total Return (Net) for the Month of May 2026
Benchmark	7.47	3.64	0.14%
Actual Portfolio	7.37	3.63	0.12%

The top 10 holdings of the portfolio as of 29 May 2026 are as shown below:

Maturity Date	Issuer	ISIN Code	Nominal Value	Market Value
15/10/2042	Malaysia Government Bond	MYBMY2200023	40,000,000	43,809,966.50
15/09/2039	Malaysia Government Investment Issue	MYBGY1900021	40,000,000	42,945,681.91
05/07/2034	Malaysia Government Bond	MYBMS1900047	41,500,000	42,736,894.26
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	42,133,602.10
15/08/2029	Malaysia Government Bond	MYBMO1900020	40,000,000	41,175,093.87
15/06/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	41,100,155.23
27/05/2039	1MDB	MYBVZ0902446	35,000,000	40,920,556.25
15/06/2050	Malaysia Government Investment Issue	MYBMZ2000016	40,000,000	40,774,565.94
15/10/2030	Malaysia Government Investment Issue	MYBGO2000020	40,000,000	40,311,958.01
22/5/2040	Malaysia Government Bond	MYBMY1900052	40,000,000	39,431,131.76

The tracking error based on gross return for the last 3 years (30 May 2023 – 29 May 2026) of the Fund was 8.61 basis points while the tracking error based on net return was 8.58 basis points.

Net asset value of the portfolio stood at RM 1,800,076,479.81 at end of May 2026.