ABF MALAYSIA BOND INDEX FUND

MONTHLY REVIEW

For the month of June 2026

AmFunds Management Berhad (154432-A)
(A member of AMMB Holdings Berhad)

A. BOND MARKET OVERVIEW

Market Review & Outlook

MGS Benchmark Tenors	30-June 2026 (%)	Net Change MoM (bps)	Net Change YTD (bps)
3Y	3.28	2.8	18.7
5Y	3.40	-0.5	9.7
7Y	3.55	2.2	15.7
10Y	3.64	2.9	11.0
15Y	3.84	-0.4	4.7
20Y	3.97	1.0	11.6
30Y	4.12	4.0	14.0

Source: Bond Pricing Agency Malaysia, 30 June 2025.

In June 2026, the Malaysian Government Securities ("MGS") curve bear-steepened, with yields higher across most tenors led by the front-end and long-end. Ringgit bonds began the month on a firm footing, with yields largely stable despite a weaker MYR, aside from mild upward pressure on the 3-year MGS due to auction supply. Sentiment softened in the second week amid a bearish global rates backdrop driven by elevated energy prices and geopolitical tensions, although this was partially cushioned by a rally in US Treasuries and strong demand at the 15-year GII auction. In the second half of the month, bonds traded modestly weaker overall, alongside a UST sell-off. Towards the end of the month, conditions turned mixed, with bonds finding some support in lighter trading on the back of a UST rally, though the broader bias remained slightly weaker.

There were four sovereign bond and sukuk auctions totalling RM16.5 billion in June 2026, comprising the reopening of a 3-year MGS (RM5.0 billion), followed by a 15-year Malaysian Government Investment Issue ("MGII") (RM3.5 billion), a 5-year MGS (RM5.0 billion), and a 20-year MGII (RM3.0 billion). Despite a hawkish external rates backdrop, the 3-year MGS auction remained supported with a bid-to-cover ("BTC") ratio of 1.93x, reflecting resilient underlying demand. Subsequent auctions saw stronger demand, with BTCs ranging between 2.28x and 3.41x across the 15-year MGII, 5-year MGS, and 20-year MGII. Sentiment was likely supported by the sharp decline in oil prices, alongside early reinvestment flows ahead of the heavy July 2026–September 2026 maturities.

Meantime, foreign holdings of Ringgit bonds fell by RM4.3 billion in May 2026, reversing part of the strong inflows seen in previous months. The pullback was concentrated mainly in government bonds, likely reflecting profit-taking and softer regional risk appetite amid higher UST yields and a firmer USD. This brought total foreign holdings down to RM304.9 billion from a record high of RM309.2 billion.

Malaysia's macroeconomic backdrop remains broadly supportive heading into July 2026, although market conditions are becoming increasingly nuanced amid evolving global and domestic developments. Domestic growth is expected to remain resilient, underpinned by steady private consumption, ongoing investment activity, and continued implementation of government development initiatives. However, external demand may face headwinds from a slower and less synchronised global growth environment, potentially tempering export momentum in the coming quarters.

Inflation remains generally contained, supported by easing cost pressures and stable domestic demand conditions. Nevertheless, lingering core inflation risks warrant continued monitoring. Against this backdrop, BNM is expected to maintain a data-dependent approach, balancing the need to support growth while preserving price stability.

For the bond market, global interest rate expectations remain the key driver of local sentiments. The pace and extent of policy tightening by major developed market central banks, alongside evolving geopolitical and trade-related developments, are likely to influence capital flows, investor risk appetite and local yield movements. While Malaysian Government Securities continue to benefit from supportive domestic liquidity and stable fundamentals, yields are expected to remain range-bound with periodic volatility arising from external developments and primary supply dynamics.

B. PORTFOLIO ACTIVITY REVIEW

For June 2025, there is two inclusions and five exclusions in the ABF Malaysia Index.

The details of the exclusions:

Maturity Date	Issuer	ISIN Code
15/06/2027	Malaysia Government Investment Issue	MYBGS1200598
31/05/2027	Malaysia Government Bond	MYBMX0700034
03/06/2027	Pengurusan Air SPV Berhad	MYBVI2202148
11/06/2027	Johor Corporation	MYBVI2202205
04/06/2027	Pengurusan Air SPV Berhad	MYBVK2000852

The details of the inclusions:

Maturity Date	Issuer	ISIN Code
07/05/2031	Cagamas Berhad	MYBVI2601794
24/06/2031	Abraj Sdn Bhd	MYBVI2602677

The portfolio had 88.32% of sovereign bonds, 10.18% of quasi-sovereign bonds and 1.50% in cash. As of 30 June 2026, the portfolio held 87 bonds versus the benchmark universe of 294 bonds.

C. PERFORMANCE EVALUATION REVIEW

As of 30 June, 2026	Modified Duration (years)	Weighted Market Yield (%)	Total Return (Net) for the Month of June 2026
Benchmark	7.41	3.65	0.26%
Actual Portfolio	7.39	3.64	0.26%

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

Maturity Date	Issuer	ISIN Code	Nominal Value	Market Value
15/10/2042	Malaysia Government Bond	MYBMY2200023	40,000,000	43,971,900.91
15/09/2039	Malaysia Government Investment Issue	MYBGY1900021	40,000,000	43,053,990.96
05/07/2034	Malaysia Government Bond	MYBMS1900047	41,500,000	42,894,797.85
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	42,288,858.40
15/08/2029	Malaysia Government Bond	MYBMO1900020	40,000,000	41,277,392.00
27/05/2039	1MDB	MYBVZ0902446	35,000,000	41,075,868.75
15/06/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	40,443,396.50
15/06/2050	Malaysia Government Investment Issue	MYBMZ2000016	40,000,000	40,408,196.56
15/10/2030	Malaysia Government Investment Issue	MYBGO2000020	40,000,000	40,089,002.37
22/5/2040	Malaysia Government Bond	MYBMY1900052	40,000,000	39,539,269.03

The tracking error based on gross return for the last 3 years (30 June 2023 – 29 June 2026) of the Fund was 8.63 basis points while the tracking error based on net return was 8.60 basis points.

Net asset value of the portfolio stood at RM 1,804,513,070.03 at end of June 2026.