

ABF MALAYSIA BOND INDEX FUND

MONTHLY REVIEW

**For the month of
September 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-September 2026 (%)	Net Change MoM (bps)	Net Change YTD (bps)
3Y	3.56	13.6	46.5
5Y	3.81	20.2	51.4
7Y	4.02	19.6	62.5
10Y	4.10	19.0	56.9
15Y	4.21	14.6	41.7
20Y	4.31	10.9	45.7
30Y	4.42	15.4	43.6

Source: Bond Pricing Agency Malaysia, 30 September 2026.

In September 2026, Malaysian Government Securities (“MGS”) yields moved higher across the curve, with the largest increase seen in the belly segment (5Y-10Y). This mirrored developments in the US Treasury market, where the Fed delivered a widely anticipated 25bps rate hike. Fed Chairman Warsh characterised the move as a “removal of accommodation” rather than an active tightening of policy, with the objective of achieving a more timely decline in inflation.

There were three sovereign bond and sukuk auctions totalling RM15 billion in September 2026 comprising the reopening of a 10-year Malaysian Government Investment Issue (“MGII”) (RM5.0 billion), followed by a 7-year MGS (RM5 billion) and a 30-year MGII (RM5 billion out of which RM2 billion was privately placed).

The bid-to-cover (“BTC”) ratio was healthy, ranging between 2.01x to 2.29x, reflecting renewed demand in Malaysian Government bonds amid higher yields.

Meantime, foreign holdings of Ringgit bonds rebounded by RM15.9 billion in August 2026, reversing the outflow of RM5.6 billion experienced in July 2026. This is attributed to foreigners quickly shifting stance amid weakness in developed market bonds. This brought total foreign holdings up to RM320.1 billion from a previous month’s foreign holdings’ of RM304.2 billion.

Volatility is likely to persist in October as MGS and GII remain exposed to sharp moves in US Treasury yields and expectations of further US rate hikes. The Fed raised its policy-rate target to 3.75%–4.00% in September, reinforcing the risk that global yields remain elevated.

Locally, investors have largely stayed on the sidelines during the sell-off. Market liquidity can dry up quickly when risk appetite weakens, amplifying price movements even in the absence of a material change in Malaysia’s underlying fundamentals. Bank Negara Malaysia’s decision to hold the OPR at 2.75% provides policy stability, but it does not, on its own, insulate the bond market from external rate pressure.

That said, we are beginning to see signs of stabilization. In our view, the recent repricing has brought yields closer to a cyclical bottom in bond prices, although it is too early to

call an all-clear. We expect a choppy recovery rather than a sustained rally; renewed US Treasury volatility or weak absorption of local supply could still test market confidence. The key distinction is that valuations are becoming more attractive, even as near-term trading conditions remain fragile.

B. PORTFOLIO ACTIVITY REVIEW

For September 2026, there is two inclusions and three exclusions in the ABF Malaysia Index.

The details of the inclusions:

Maturity Date	Issuer	ISIN Code
29/09/2034	Perbadanan Tabung Pendidikan Tinggi Nasional	MYBVL2604404
28/09/2046	Perbadanan Tabung Pendidikan Tinggi Nasional	MYBVX2604375

The details of the exclusions:

Maturity Date	Issuer	ISIN Code
06/09/2027	Prasarana Malaysia Bhd	MYBPS1200748
23/09/2027	DanaInfra Nasional Bhd	MYBVK2001967
06/09/2027	Danga Capital Bhd	MYBVN1702452

The portfolio had 88.70% of sovereign bonds, 10.23% of quasi-sovereign bonds and 1.07% in cash. As of 30 September 2026, the portfolio held 86 bonds versus the benchmark universe of 289 bonds.

C. PERFORMANCE EVALUATION REVIEW

As of 30 September, 2026	Modified Duration (years)	Weighted Market Yield (%)	Total Return (Net) for the Month of September 2026
Benchmark	7.37	4.00	-1.07%
Actual Portfolio	7.37	4.00	-1.03%

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

Maturity Date	Issuer	ISIN Code	Nominal Value	Market Value
15/10/2042	Malaysia Government Bond	MYBMY2200023	40,000,000	42,741,468.63
05/07/2034	Malaysia Government Bond	MYBMS1900047	41,500,000	41,227,729.83
15/09/2039	Malaysia Government Investment Issue	MYBGY1900021	40,000,000	41,197,612.59
15/06/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	40,692,415.59
15/08/2029	Malaysia Government Bond	MYBMO1900020	40,000,000	40,547,394.83
15/10/2030	Malaysia Government Investment Issue	MYBGO2000020	40,000,000	40,284,974.81
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	40,160,626.66
27/05/2039	1MDB	MYBVZ0902446	35,000,000	39,753,393.75
15/06/2050	Malaysia Government Bond	MYBMX1000038	37,500,000	39,302,177.39
22/5/2040	Malaysia Government Bond	MYBMY1900052	40,000,000	38,560,246.63

The tracking error based on gross return for the last 3 years (31 September 2023 – 28 September 2026) of the Fund was 8.46 basis points while the tracking error based on net return was 8.44 basis points.

Net asset value of the portfolio stood at RM 1,737,553,049.57 at end of September 2026.