

# **ABF MALAYSIA BOND INDEX FUND**

## **MONTHLY REVIEW**

**For the month of  
September 2024**

**By**



**AmInvest**

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

- Investment Banking
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## A. BOND MARKET OVERVIEW

### Market Review & Outlook

MGS Benchmark Tenors	30-September-24 (%)	Net Change MoM (bps)	Net Change Year-To-Date (bps)
3Y	3.36	-1	-17
5Y	3.51	-1	-14
7Y	3.70	-2	-4
10Y	3.72	-6	-2
15Y	3.90	-2	-9
20Y	4.04	-2	-8
30Y	4.20	-2	-5

Source: Bond Pricing Agency Malaysia, 30 September 2024

In September, Malaysian Government Securities (“MGS”) yields fell across the curve, in tandem with lowering yields in the US Treasuries (“UST”). In term of curve movement, MGS curve bull-flattened which rates fallen from 2-6 basis points (“bps”) month-on-month (“MoM”) on the long to ultra long-end of the curve, whilst the UST curve bull-steepened with yields lower by 23-49 bps MoM on the short-end of the curve.

The UST yields movement reflected the large than expected US Fed Fund Rate (“FFR”) cut. To recapitulate, Federal Reserve announced a 50bps cut (first reduction since March 2020) to its benchmark interest rate in mid-September as the Committee has gained greater confidence that inflation is moving sustainably toward 2%. While during the same month, Bank Negara Malaysia (“BNM”) maintained the Overnight Policy Rate (“OPR”) at 3.00% as widely expected considering the current OPR level “remains supportive of the economy and is consistent with the current assessment of inflation and growth prospects”.

Despite the sustained bullish momentum in Malaysia Ringgit, foreign demand for Ringgit bonds slowed in September following two strong months in July and August. The trading volume of government fixed income securities saw a decline from RM109 billion to RM95.5 billion MoM. During the similar period, trading of corporate bonds (including quasi-sovereign) also saw a plummet in trading volume, from RM18 billion to RM15 billion. The tender of government securities in September saw modest demand as all the government tenders gathered bid-to-cover (“BTC”) of less than two times. The reopening of ultra-long 20-year Government Investment Issues (“MGII”) and 30-year MGII recorded BTC of 1.92 times and 1.86 times, respectively. While the medium term 7-year MGS garnered BTC of 1.73 times.

## B. PORTFOLIO ACTIVITY REVIEW

For the end of the month of September 2024, there is no inclusion and three exclusions in the ABF Malaysia Index.

The details of the exclusions:

<b>Maturity Date</b>	<b>Issuer</b>	<b>ISIN Code</b>	<b>Outstanding Amount</b>
15/09/2025	Malaysia Government Bond	MYBMO1500010	26,757,200,000
26/09/2025	Pengurusan Air SPV Berhad	MYBVN1501938	860,000,000
12/09/2025	Prasarana Malaysia Bhd	MYBVL1702639	850,000,000

The portfolio had 87.58% of sovereign bonds, 10.32% of quasi-sovereign bonds and 2.10% in cash. As of 31 September 2024, the portfolio held 84 bonds versus the benchmark universe of 297 bonds.

## C. PERFORMANCE EVALUATION REVIEW

<b>As of 30 September, 2024</b>	<b>Modified Duration (years)</b>	<b>Weighted Market Yield (%)</b>	<b>Total Return (Net) for the Month of September 2024</b>
Benchmark	7.32	3.73	0.40%
Actual Portfolio	7.35	3.73	0.39%

The top 10 holdings of the portfolio as of 30 September 2024 are as shown below:

<b>Maturity Date</b>	<b>Issuer</b>	<b>ISIN Code</b>	<b>Nominal Value</b>	<b>Market Value</b>
15/10/2042	Malaysia Government Bond	MYBMY2200023	40,000,000	44,267,097.43
27/05/2039	1MDB	MYBVZ0902446	35,000,000	42,012,993.75
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	41,414,781.86
15/08/2029	Malaysia Government Bond	MYBMO1900020	40,000,000	40,838,325.23
15/6/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	40,792,732.79
31/5/2027	Malaysia Government Bond	MYBMX0700034	40,000,000	40,616,333.06
30/09/2026	Malaysia Government Investment Issue	MYBGO1600036	40,000,000	40,583,524.93
15/10/2030	Malaysia Government Investment Issue	MYBGO2000020	40,000,000	40,270,876.01
30/9/2027	Malaysia Government Investment Issue	MYBGL2000018	40,000,000	40,027,782.04
15/06/2050	Malaysia Government Bond	MYBMZ2000016	40,000,000	39,999,056.88

The tracking error based on gross return for the last 3 years (30 September 2020 – 30 September 2024) of the Fund was 10.92 basis points while the tracking error based on net return was 10.96 basis points.

Net asset value of the portfolio stood at RM 1,784,608,641.31 at end of September 2024.