

ABF MALAYSIA BOND INDEX FUND

MONTHLY REVIEW

**For the month of
February 2025**

By



AmInvest

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

- Investment Banking
- Treasury Solutions

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A. BOND MARKET OVERVIEW

Market Review & Outlook

MGS Benchmark Tenors	28-Feb-25 (%)	Net Change MoM (bps)	Net Change YTD (bps)
3Y	3.50	-3	-3
5Y	3.63	-2	-2
7Y	3.75	-2	-3
10Y	3.81	-1	-3
15Y	3.98	0	-1
20Y	4.07	+1	-1
30Y	4.13	0	+1

Source: Bond Pricing Agency Malaysia, 28 February 2025

Despite volatility in the US Treasury market, the local bond market remained calm and supportive, and also enjoyed positive sentiment from less hawkish pricing of US Treasuries in February and risk-on sentiment from the continued pause in Trump tariffs during the month. Malaysian Government Securities (“MGS”) traded stronger with yields falling 2.25-3.50bps in the 2 to 10-year tenures with the ultra-long tenures also traded firmer with the 20-year MGS yield by 1bps and the 30-year MGS yield falling 1.5bps.

There were four sovereign bond auctions with a total size of RM20.0 billion in February, namely the three re-openings of 30-year MGS with size of RM4.5 billion on 6 February, RM5.0 billion of 7-year GII on 13 February and the RM4.5 billion of 20-year MGS on 21 February and new issuance of RM5.5 billion of 5.5-year GII on 28 February. Demand remained solid with Bid-to-Cover (“BTC”) of for the 30-year MGS at the start of the month at 2.36x, and rose steadily over the next two auctions at 2.87x for the 7-year GII and 2.99x for the 20-year MGS. There was a surprise jump in demand for the 5.5-year GII auction at month-end with BTC of 3.16x despite a larger than expected size of RM5.5 billion without private placement; possibly due to investor interest in carry at the mid-duration given the recent falls in US Treasury yields.

The local bond market saw trading volume of corporate bonds (including quasi-sovereign) increased 14.8% MoM to RM14.8 billion in February (January: RM10.0 billion) rebounding from January’s holiday shortened trading days due to the lunar new year. Following the previous three consecutive months of outflows, January saw a reversal in foreign flows with RM1.2 billion inflow amid the absence of immediate Trump tariffs and potential trade negotiations between the US and major trade partners. The inflow was mainly focused on MGS and GII which saw a net inflow of RM2.0 billion in January.

Bank Negara Malaysia is expected to maintain its current policy rates throughout 2025. This stability in interest rates is anticipated to support the bond market, as it reduces uncertainty and volatility.

B. PORTFOLIO ACTIVITY REVIEW

For the end of the month of February 2025, there is one inclusion and three exclusions in the ABF Malaysia Index.

The details of the inclusion:

Maturity Date	Issuer	ISIN Code	Outstanding Amount
4/2/2028	Cagamas Berhad	MYBVG2500305	1,000,000,000

The details of the exclusions:

Maturity Date	Issuer	ISIN Code	Outstanding Amount
13/2/2026	Danum Capital Bhd	MYBVK1900318	500,000,000
23/2/2026	Danga Capital Bhd	MYBVN1600227	1,500,000,000
26/2/2026	Prasarana Malaysia Bhd	MYBVN1600284	500,000,000

The portfolio had 89.04% of sovereign bonds, 10.84% of quasi-sovereign bonds and 0.12% in cash. As of 28 February 2025, the portfolio held 82 bonds versus the benchmark universe of 294 bonds.

C. PERFORMANCE EVALUATION REVIEW

As of 28 February, 2025	Modified Duration (years)	Weighted Market Yield (%)	Total Return (Net) for the Month of February 2025
Benchmark	7.36	3.79	0.40%
Actual Portfolio	7.56	3.80	0.40%

The top 10 holdings of the portfolio as of 28 February 2025 are as shown below:

Maturity Date	Issuer	ISIN Code	Nominal Value	Market Value
7/4/2037	Malaysia Government Bond	MYBMX1700033	40,000,000	44,070,280.62
15/10/2042	Malaysia Government Bond	MYBMY2200023	40,000,000	44,024,227.82
15/9/2039	Malaysia Government Investment Issue	MYBGY1900021	40,000,000	42,993,708.04
27/05/2039	1MDB	MYBVZ0902446	35,000,000	41,652,564.09
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	41,168,974.35
15/06/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	40,580,693.43
30/09/2027	Malaysia Government Investment Issue	MYBGL2000018	40,000,000	40,535,343.21
15/08/2029	Malaysia Government Bond	MYBMO1900020	40,000,000	40,510,495.05
31/05/2027	Malaysia Government Bond	MYBMX0700034	40,000,000	40,393,282.00
15/10/2030	Malaysia Government Investment Issue	MYBGO2000020	40,000,000	40,071,384.25

The tracking error based on gross return for the last 3 years (28 February 2022 – 28 February 2025) of the Fund was 10.98 basis points while the tracking error based on net return was 10.98 basis points.

Net asset value of the portfolio stood at RM 1,739,971,904.02 at end of February 2025.