

ABF MALAYSIA BOND INDEX FUND

MONTHLY REVIEW

**For the month of
June 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	28-June-24 (%)	Net Change MoM (bps)	Net Change Year-To-Date (bps)
3Y	3.52	-6	+4
5Y	3.65	-5	+6
7Y	3.79	-6	+7
10Y	3.86	-3	+13
15Y	4.00	-3	+4
20Y	4.12	-1	+2
30Y	4.21	0	-3

Source: Bond Pricing Agency Malaysia, 28 June 2024

In June, the Malaysian bond market further strengthened, driven by similar movement in the US Treasuries as the economic data showed some signs of moderating inflation. Overall, the Malaysian Government Securities (“MGS”) curve experienced a bull steepening, with yields declining by 1 to 6 basis points on a month-on-month (“MoM”) basis in June, led by the 3-year and 7-year.

There were three sovereign bond auctions with a total size of RM11 billion and RM4 billion privately placed in June, namely the reopening of 20-year Government Investment Issue (“GII”), the reopening of 3-year MGS and the reopening of 30-year GII. Demand was stronger for longer duration auctions with bid-to-cover (“BTC”) of 3.48x and 2.50x for the 20-year and 30-year, respectively, while the 3-year only garnered 1.68x BTC, partly due to its shorter duration and more sizeable auction size of RM5 billion against RM3 billion auction size for the 20-year and 30-year auctions.

Local bond market saw trading volume of corporate bonds (including quasi-sovereign) decrease 15% MoM to RM10.6 billion in June (May: RM12.5 billion), partly due to the festive season during the month. In terms of foreign flows, Ringgit fixed income securities managed to record a third straight month of inflow, with an inflow of RM4.4 billion in May (April: +MYR1.2 billion) despite headwinds from global rates. Consequently, total foreign holdings rose to MYR271.9 billion (April: MYR266.4 billion), with foreign share increased to 13.4% (April: 13.1%).

Notable domestic corporate issuances in June include RM1.1 billion of Pengurusan Air SPV Bhd (GG) sukuk, RM1.0 billion of Hong Leong Bank Bhd (AA1) bond and RM1.0 billion of CIMB Group Holdings Bhd (A1) bond. The 3-year, 5-year, 7-year, and 10-year generic AAA corporate yield ended the month at 3.80% (-1 bps MoM), 3.88% (-4 bps MoM), 3.96% (-6 bps MoM), and 4.08% (flat MoM) respectively.

B. PORTFOLIO ACTIVITY REVIEW

For the end of the month of June 2024, there are four inclusions and one exclusion in the ABF Malaysia Index.

The details of the inclusion:

Maturity Date	Issuer	ISIN Code	Outstanding Amount
4/6/2031	Pengurusan Air SPV Berhad	MYBVK2401159	520,000,000
3/6/2039	Pengurusan Air SPV Berhad	MYBVS2401137	1,080,000,000
28/6/2034	Prasarana Malaysia Bhd	MYBVN2401419	500,000,000
28/6/2039	Prasarana Malaysia Bhd	MYBVS2401400	500,000,000

The details of the exclusions:

Maturity Date	Issuer	ISIN Code	Outstanding Amount
30/6/2025	Danga Capital Bhd	MYBVG2202308	1,200,000,000

The portfolio had 88.42% of sovereign bonds, 10.58% of quasi-sovereign bonds and 1.40% in cash. As of 28 June 2024, the portfolio held 83 bonds versus the benchmark universe of 295 bonds.

C. PERFORMANCE EVALUATION REVIEW

As of 28 June, 2024	Modified Duration (years)	Weighted Market Yield (%)	Total Return (Net) for the Month of June 2024
Benchmark	7.31	3.83	0.38%
Actual Portfolio	7.34	3.84	0.38%

The top 10 holdings of the portfolio as of 28 June 2024 are as shown below:

Maturity Date	Issuer	ISIN Code	Nominal Value	Market Value
30/09/2026	Malaysia Government Investment Issue	MYBGO1600036	45,000,000	46,054,501.25
15/10/2042	Malaysia Government Bond	MYBMY2200023	40,000,000	43,380,789.71
15/10/2030	Malaysia Government Investment Issue	MYBGO2000020	42,500,000	42,099,766.20
05/07/2034	Malaysia Government Bond	MYBMS1900047	41,500,000	42,085,415.22
14/08/2043	Malaysia Government Investment Issue	MYBGY2300023	40,000,000	41,469,803.48
27/05/2039	1MDB	MYBVZ0902446	35,000,000	41,165,118.75
15/08/2029	Malaysia Government Bond	MYBMO1900020	40,000,000	40,992,603.02
15/06/2028	Malaysia Government Bond	MYBMS1300057	40,000,000	40,224,722.10
15/06/2050	Malaysia Government Bond	MYBMZ2000016	40,000,000	38,990,700.37
22/05/2040	Malaysia Government Bond	MYBMY1900052	40,000,000	38,662,465.83

The tracking error based on gross return for the last 3 years (30 June 2020 – 28 June 2024) of the Fund was 11.35 basis points while the tracking error based on net return was 11.37 basis points.

Net asset value of the portfolio stood at RM 1,779,326,316.17 at end of June 2024.