

Questions that every Unit Trust Investor must ask



trust investor is entitled to a full refund if he decides not to continue investing in the fund within the “cooling-off period”. “Cooling-off” is your right! Details on “cooling-off” are highlighted in the prospectus.

How easy can I sell the fund if I need my money right away? How long do I have to wait before I can get my money back?

Unit trusts are liquid investments. You may approach your distribution agents and submit a redemption notice to redeem the units and get your money back. Ask your agent for details regarding the period of redemption etc.

Will I be getting any statements regarding my investment status from the management company?

Yes. Find out how frequently you will be getting such statements from your agent.

Where can I get more information about the fund?

Most of the information about a unit trust fund is in its prospectus and annual report. Ask your agent for a copy of the prospectus and read it before investing.

How will I make money from this fund? (Capital gains? Distribution?) What is the quantum of my returns?

If you invest in unit trusts, your returns could be in the form of :

- (i) Capital gains (if the price moves favourably), and/or
- (ii) Distribution of income (if the management company announced any).

Get your agent to explain this and read the prospectus. However, be mindful of any promises made by your agent. Agents should not be promising you specific returns as a fund’s performance is influenced by various factors. Contact the SC at aduan@seccom.com.my or call 03-6204 8999 if such promises are made by your unit trust agent. Alternatively, you can contact the Federation of Malaysian Unit Trust Managers (FMUTM) at info@fmutm.com.my or call 03-2093 2600.

Do I have to pay any fees or charges?

Every investment has a cost to it and investing in unit trust funds is no exception. Generally, unit trust management companies will impose the following fees and charges :

- (i) distribution / transaction charges, such as sales charge and / or redemption charge, when you buy and sell units
- (ii) management fees
- (iii) trustee fees

Your agent must explain this clearly to you. Read the prospectus for more details on the kind of fees and charges imposed.

If I change my mind after I have invested in a fund, can I sell it back to the company and get a full refund?

Eligible first-time investors are given a “cooling-off” period which is time given to investors to reconsider if they want to continue investing in the unit trust fund or otherwise. The cooling-off period is for six (6) business days from the date of receipt of an investor’s application by the management company. Subject to conditions, a unit

QUESTION 9

QUESTION 10

QUESTION 11

QUESTION 6

QUESTION 7

QUESTION 8



Thinking about investing in unit trust?

Make sure you ask your unit trust agent the following questions before investing.

QUESTION 1 *Is this unit trust fund approved by the Securities Commission?*

All unit trust products must be approved by the Securities Commission, Malaysia (SC). To ensure that an investment product is approved by the SC, call **03-6204 8000** and ask for the Trust and Investment Management Department or visit the SC's website at www.sc.com.my.

QUESTION 2 *How can I gauge the performance of a unit trust fund? Where can I find information on the unit trust and relevant fund management company?*

You can find out the track record of a unit trust fund by reading the latest annual reports. However, you need to remember that the past performance of a fund does not guarantee its future performance. Information regarding the unit trust and relevant fund management company can be obtained from the prospectus. Make it a point to read through and understand the prospectus before investing.

QUESTION 3

Does the fund suit my investment goals and risk profiles?

Nowadays, there are many categories and types of funds in the market, each with its own benefits and risks. Hence, it is important for you to understand the funds being offered and for you to choose a fund or funds that really suit your investment goals and risk tolerance. You should not be pressured by any agent to invest in a fund that is not suitable for you. "Do not invest in something you do not understand!"

QUESTION 4

What will happen to the money that I put in a fund? Where will it be invested?

Each unit trust fund has its own investment objective. You should understand the funds' strategies in meeting these investment objectives. For example, for an equity fund, generally, most of the funds assets will be invested in equities of companies listed on the stock market. On the other hand, a bond fund will invest most of its funds in bond products, which has relatively lower risk. It is therefore crucial for an investor to know which investment products/instruments the funds will be investing in, as this will have direct implication on risk tolerance of the investors. If the fund is investing in high-risk investment products, the unit trust fund itself becomes a high-risk investment.

QUESTION 5

How do I know that my fund is doing well? How can I compare it with other funds?

Each fund has its own benchmark (something that you can compare its performance with), which is stated in the prospectus. You can compare the rate of return of your fund with this benchmark. For example, for bond funds, it is normally the average 12-month fixed deposit rate of banks. Alternatively, you can compare your fund with other funds of similar characteristics. A more complex unit trust fund may have a more complicated benchmark.



ABOUT US

SECURITIES INDUSTRY DEVELOPMENT CORPORATION (SIDC), the leading capital markets education, training and information resource provider in ASEAN, is the training and development arm of the Securities Commission, Malaysia (SC). It was established in 1994 and incorporated in 2007.

SIDC has been delivering professional excellence for more than ten years. We organise training programmes for Malaysian and foreign regulators, company directors and market professionals as well as conduct public investor education seminars on wise investing and investors' rights.

We develop and facilitate training both locally and internationally through a range of programmes and activities, including conferences, seminars, and workshops. In collaboration with the SC, we develop examination questions and modules and conduct licensing examinations as part of the licensing regime for Malaysian capital market intermediaries.

For more information, visit www.sidc.com.my and www.min.com.my.

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