Read the prospectus and product highlight sheet. You need to be aware of where and how your money will be invested, as well as what fees and charges are involved.

If buying unit trust funds via a salesperson or agent, request to see his authorisation document or card issued by the Federation of Investment Managers Malaysia (FIMM).

Do not rely on verbal statements from salespersons. Check if information given is contained in the prospectus, application form or official documents issued by the management company.

Do not be pushed into making a decision by eager salespeople. Funds are available and sold throughout the life of the fund (provided the units in circulation do not exceed the approved limit).

Never give cash or issue a cheque to a salesperson. Payment should only be made out to the management company.

The higher the expected rate of return, the greater the risk. Therefore, make sure you invest in a fund that matches your risk appetite.

Keep all records of your investments. Make sure they are accurate and timely. If there are any inconsistencies, highlight it to the management company.

For more information, visit www.investsmartsc.my or download our InvestSmart™ app from the App Store or Google Play.

Like us at facebook.com/InvestSmartSC

Securities Commission Malaysia
T 03 6204 8999
E aduan@sc.com.my
www.sc.com.my

GOLDEN RULES TO REMEMBER

WHEN INVESTING IN UNIT TRUSTS?

GETTING STARTED IN UNIT TRUST INVESTING

Be Aware of the Risks Involved

Understand Fund's Financial Status

Measuring Fund's Performance

Identify Fees and Charges Involved

Golden Rules to Remember

WHAT SHOULD YOU CONSIDER WHEN INVESTING IN UNIT TRUSTS?
MEASURING UNIT TRUST FUND'S PERFORMANCE

The changes in the value of an investment in the fund (fund’s unit price), assuming the reinvestment of income and capital gains distributions.

<table>
<thead>
<tr>
<th>TOTAL RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>The rate of return on your investment, taking into consideration the compounding effect of the investment for each year.</td>
</tr>
</tbody>
</table>

- **CUMULATIVE TOTAL RETURN**
  - Total rise in the fund value over time, assuming that income and capital gains distributions were reinvested.
- **COMPOUNDED ANNUAL RETURN**
  - The rate of return on your investment, taking into consideration the compounding effect of the investment for each year.

When evaluating fund performance, compare its total return with the returns from similar funds or appropriate market index or benchmark over the same time period.

**About InvestSmart™**

InvestSmart™ is a comprehensive investment awareness and literacy campaign under the Securities Commission Malaysia's Investor Empowerment initiative, to enable more confident and informed retail participation in the capital market. It aims to provide the public, particularly the next generation of investors, with valuable investment information, presented in a simplified format through new technology and multimedia platforms, supplementing existing investor education channels.

The InvestSmart™ approach is guided by 3 main principles:

- **Comprehensiveness:**
  - To target all segments of the Malaysian investing population to educate them with fundamentals of making sound investment decisions.

- **Simplicity:**
  - To demystify investing by using plain language and employing impactful methods.

- **Multiple modalities:**
  - To carry out our efforts through multiple channels: both traditional and new media, as well as face-to-face engagements.

For more information, visit www.InvestSmartSC.my and Like us at facebook.com/InvestSmartSC.

This financial literacy programme is supported by the Capital Market Development Fund (CMDF).
BE AWARE OF THE RISKS INVOLVED

Funds can aim to generate income for their investors, or focus on reaping tax benefits or gear towards capital appreciation or preservation. You should ensure the fund’s expectations match your personal expectations.

INVESTING EXPERIENCE

The more investing experience and knowledge an investor has, the better they will be at weighing the risks and merits of an investment opportunity.

TIME HORIZON

Knowing your time horizon is important when it comes to choosing your investments and asset allocation. You can afford to be more aggressive if you have a longer time horizon. There is no "right" time frame, it depends on the investor’s individual objectives.

TOLERANCE OF FLUCTUATIONS

As investors have varying degrees of risk tolerance over the ever-changing markets, you must decide what level of risk you are comfortable having in your portfolio.

FACTORS THAT DETERMINE RISK APPETITE

- Management Risk
  Fund performance depends on the experience, expertise, knowledge and investment techniques of the fund manager. Poor fund management can cause losses, which may affect the capital invested.

- Interest Rate Risk
  When interest rates rise, the value of the fixed income securities and bonds fall and vice versa—thus affecting the NAV of the fund.

- Inflation Risk
  While a fund will constantly seek to maximize returns and exceed inflation rate, it may occasionally experience losses. This will result in returns that will not keep pace with inflation in the short run.

- Liquidity Risk
  Relates to the fund’s ability to quickly and easily trade at a reasonable price, whether in position or out of position. Should a fund become illiquid or difficult to sell, the fund manager may need to sell the security at a discount to its fair value, which eventually affects the fund’s value.

- Market Risk
  Funds are prone to losses as a result of global, regional or national economic conditions, governmental policies or political developments. Market uncertainties and fluctuations in the market caused by these uncertainties will affect the NAV to fall or rise, thus causing the income generated by the fund to fluctuate.

TYPES OF RISK

- Initial Service Charge
  Covers the cost of marketing, distributing, and monitoring of unit trust funds by the unit trust consultant for the duration the unit trusts is held.

- Switching Fee
  Charged when switching unit trust funds from one category to another (e.g: equity to money market).

- Repurchase/Redemption Fee
  Exit fee upon repurchase or redemption of unit trust funds.

- Exit Fee
  The cost of disposing the unit trust funds.

- Management Fee
  Includes fees for portfolio management, portfolio manager, trustee & custody costs, audit & administrative charges (e.g: annual report, postage).
UNDERSTAND FUND’S FINANCIAL STATUS*

*Financial status of a fund refers to its characteristics (e.g. objective, strategy), risk factors and past performance (e.g. returns, capital gains). This can be obtained by reading through the fund’s annual report and prospectus.

**Key Points to Look Out for When Reading and Understanding the Annual Report**

**Previous Year’s Performance**
Contains information about the fund’s performance over the last one year, five years or ten years.

**Fund Manager’s Report**
Provides a brief explanation on the fund’s performance and key developments in the invested company, sector or country.

**Financial Statements**
Provides financial figures to help you keep track of the fund’s ongoing performance & financial health.
- Balance sheet
  Summarises a fund’s assets, liabilities and shareholders’ equity at a specific point in time.
- Income statement
  Summarises how the fund incurs its returns - shows the net profit or loss incurred by the fund.
- Cash flow statement
  This provides information regarding all cash inflows a fund receives from its ongoing investing activities and external investment sources.
- Changes in equity statement
  Shows the changes in shareholders’ equity accounts. Changes may occur due to issuance of new units, payment of dividends, changes in returns and others.
- Accounting policies & explanatory notes
  These include any methods, measurement systems, policies and procedures for presenting disclosures.

**Distributions Policy**
This will explain when and how dividends will be distributed among investors.

**Election Auditors & Deciding Their Remuneration**
Gives an insight on the corporate governance of the unit trust company, such as the composition, background and remuneration for board of directors.

You will receive this report annually describing how your investment has performed in the previous year. You can identify whether or not your investment is performing according to your expectations. The report includes the investment’s past year performance, fund manager’s report, financial statements, dividend declaration, and auditor’s election and remuneration.

**Key Points to Look Out for When Reading and Understanding the Prospectus**

**Financial Performance**
Fund’s performance over the last one year, five years or ten years (depending on how long the investment has been around).

**Investor Profile**
Whether you are an aggressive or conservative investor.

**Fees & Charges**
Funds charge their investors a variety of fees and expenses that could eat into your total investment return from the fund.

**Investment Objective**
Some funds can aim to achieve short-term growth while others might focus on long-term stability.

**Investment Strategy**
This is how a fund plans to accomplish its objective. Aspects to be considered are asset allocation and investment restrictions.

**Risk Factors**
This refers to the types and level of risk that the fund is exposed to.