

Annual Report **2002**



Federation Of Malaysian Unit Trust Managers
(272577-P)

Our Vision

To develop the unit trust industry as the preferred vehicle for savings and retirement.

Our Mission

To educate and develop awareness of the investing public and to further enhance the prestige and reputation of member companies, both locally and internationally.

Our Objectives

To improve the regulatory, fiscal and legal environment for unit trusts;

To formulate sound and ethical business practices to promote the interest of the unit trust industry and provide investor protection;

To provide information, assistance and other services to its Members; and

To promote public awareness of the benefits and risks of investing in unit trusts.

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Notice of Annual General Meeting

NOTICE IS HEREBY given that the Ninth (9th) Annual General Meeting of the Federation of Malaysian Unit Trust Managers will be held at Mahkota 1, Ballroom Level, Hotel Istana, No. 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Tuesday, 3rd of June, 2003 at 11.00 a.m.

AGENDA

1. To confirm and adopt the Minutes of the Eighth (8th) Annual General Meeting held on 18 March 2002.
2. To receive the President's Report.
3. To receive, consider and adopt the audited accounts and the report of the Council of FMUTM for the financial year ended 31 December 2002.
4. To re-appoint KPMG as the auditors of FMUTM and to authorise the Council to fix their remuneration.
5. To deal with any other ordinary business for which due notice shall have been received.

By Order of the Council,

Lee Lai Huat
Secretary

Dated this 9th day of May 2003.

Note:

A member of the Company, entitled to attend and vote at this meeting, is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. The Form of Proxy must be deposited with the Secretary at the Registered Office of the Company at RDL Corporate Services Sdn Bhd, 18th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur not later than 5 p.m. on 29 May 2003.

Corporate Information



Council Members

Y. Bhg. Dato' Abdul Azim Mohd Zabidi
President

En. Cheah Swee Leng, Edmond
Vice President
Chairman, Tax & Accounting For Unit Trust Funds

Y.M. Tunku Dato' Ya'acob Tunku Abdullah
Chairman, Professional Practices

En. Cheah Chuan Lok
Chairman, Investment Management

En. Low Hong Ceong, Paul
Chairman, Marketing and Distribution

En. Norkhalim Ahmad
Chairman, State Unit Trusts Association and Syariah Funds

En. Tan Keah Huat
Chairman, Product Development

En. Toh Chin Hian, Mark
Chairman, Corporate Communication

En. Wong Say Fun, Peter
Chairman, International Affairs

En. Yeoh Keat Seng
Chairman, Education and Conference

En. Christopher Foo Kah Foong
Independent Councillor

En. Mohammad Faiz Mohammad Azmi
Independent Councillor

Prof. Dr. Saiful Azhar Rosly
Independent Councillor

Management

Pn. Tan Chai Fong, Kathy
Executive Director

Past Council Presidents

Year 1993
Pro tem Council – **En. Steven Soh Teck Toh**

Year 1994 - 1995
Y. Bhg. Dato' Malek Mexican

Year 1996 - 1997
Y. Bhg. Dato' Kamaruddin Mohammed

Year 1998 - current
Y. Bhg. Dato' Abdul Azim Mohd Zabidi

Registered Office

RDL Corporate Services Sdn Bhd
18th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur
Tel: 03 - 2694 9999
Fax: 03 - 2698 4759

En. David Lee Lai Huat
Company Secretary

Auditors & Tax Consultant

KPMG
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Tel: 03 - 2095 3388
Fax: 03 - 2095 2177

Bankers

Maybank Berhad
AG 1-2 & AG 9-10
Plaza Pekeliling
2, Jalan Tun Razak
50500 Kuala Lumpur
Tel: 03 - 4041 6049
Fax: 03 - 4041 5161

Maybank Berhad
Wisma Tan Kim San
518A, Jalan Ipoh
51200 Kuala Lumpur
Tel: 03 - 4042 8030
Fax: 03 - 4042 3112

"I do the very best I know how - the very best I can; and I mean to keep doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong, ten angels swearing I was right would make no difference".

Abraham Lincoln
(1809-1865)

On behalf of the Council Members of the Federation of Malaysian Unit Trust Managers (FMUTM/the Federation), I have great pleasure in presenting to you the Ninth Annual Report and Audited Financial Statements for the 12 months ending 31 December 2002.

The Year Under Review

The second year of this new millennium will be remembered as a year fraught with difficulties and uncertainties not only for the managed funds industry, but I suspect, for all sectors of the economy, both locally and globally. At the time of writing this report, the world faces an unfavourable environment with the war in Iraq and, much closer to home, the impending spread of a new disease known as the Severe Acute Respiratory Syndrome (SARS). With the resolution of both these worrying situations still not at hand, the outlook for 2003 does not seem to provide us with a better picture.

Against this backdrop, I am therefore most pleased to report that the Malaysian unit trust industry performed remarkably well registering a compounded annual growth rate of 13% in year 2002. This growth was far beyond our expectations and outperformed most other jurisdictions involved in the same industry.

Following a watershed year in 2001 during which far-reaching recommendations were made in the Capital Market Masterplan (CMP) and significant developments have been undertaken, it is heartening to note that members of the Federation, i.e. the unit trust management companies (UTMCs), have resolutely embraced the full potential of this industry despite the economic and geopolitical uncertainties that we face. I would like to acknowledge the positive outlook of members in this regard.

Additionally, given the numerous long-term strategies charted for the industry, I hope that all members have also set aside a considerable amount of time to re-think and re-position themselves to take advantage of the potential. In particular, the Development Plan (DP) for our industry is meant to better position members to grow in tandem with the recommendations contained in the CMP. Collectively, these plans serve as the blueprints for the way forward for our industry over the next 10 years. It would thus be appropriate that the recommended strategies outlined in the DP become a reference point when members prepare their own corporate and strategic plans.

At the Federation level, we will continue to monitor the developments of the industry as a whole and the progress of each member company in particular, to ensure that their scope of business is further expanded beyond unit trust products. In relation to this, measures are in place to introduce changes in the role of the FMUTM and to develop it into a national association representing all organisations and companies involved in managed funds. Consequently, an Extraordinary General Meeting will be arranged and a special resolution will be put forward to change the name of the FMUTM to the **Federation of Malaysian Investment Managers**, or the **FMIM**.





The change will reflect the significant role that the FMIM will play at the forefront of the implementation process of the numerous CMP recommendations pertaining to the investment management industry.

In the period under review, the Federation submitted two proposals to the regulatory authorities, both of which were aimed at protecting the interest of, and further developing, the industry. These proposals dealt with the review of fees and charges, and revisions on foreign investment restrictions.

Competitive costs of transactions in the various industries of the local capital market, coupled with the different products and services offered by other intermediaries, have put pressure on the fees and charges of the UTMCs. The Federation was asked by the Securities Commission (SC) to review the fees and charges structure and to make recommendations aimed at lowering overall transaction costs. This task was by no means easy, given the far-reaching implications that an incorrect decision would bring especially in stifling or impeding industry growth.

Suffice to say, your Council stood its ground in refusing to be involved in the setting of floors and ceilings. Instead we maintained our policy of allowing market forces to dictate the appropriate levels of fees and charges. We reiterated our view that disclosure of fees and charges by the UTMCs would provide a viable solution to the issue. Our stand is that the disclosure of fees and charges would give more information to the investing public to enable them to make more informed decisions. Moreover, it would also build investors' trust and confidence, which are important pillars for the continued growth of our industry. After evaluating the proposal, the SC issued an order to implement the additional disclosure of fees and charges for the industry effective 1 August 2002. This move is definitely a milestone for our industry as we continue to build it on the foundations of credibility and integrity.

To ensure that the industry's investment portfolio management is further liberalised, the Federation submitted a proposal to Bank Negara Malaysia (BNM) on the need to allow the UTMCs to invest funds abroad. Current restrictions by BNM due to capital control measures and foreign exchange management have posed numerous practical problems for members to structure a more diversified and balanced portfolio. We have recommended that specifically designed funds for full investments abroad be allowed. The FMUTM will continue to liaise with BNM on developments in this area.

The Federation's objective of promoting greater public awareness of investing in unit trusts were evinced by its continuing efforts in organising various events over the past year. These events include the 3rd Malaysia Unit Trust Week 2002, which was jointly organised with Permodalan Nasional Berhad (PNB), and was held in Alor Setar, Kedah. It was noted that a growing number of member companies participated in this event as they clearly saw the long-term benefits this sort of event would provide to the industry. However I regret to say that effective 2003, the FMUTM will not be expected to play a role in this propitious annual event. The Council feels it is imperative that we promote the industry as one body and to this end we shall continue to engage PNB in sharing this view. To ensure growth, the interest of the industry must be held paramount.

As regards to the Federation's own Annual Exhibition and Seminar, the year 2002 saw a different approach being taken when the event was organised together with The Royal Mint of Malaysia. Held at the Putra World Trade Centre in November, the Kuala Lumpur Investment Fair 2002 included a one-day seminar entitled "Investing in Unit Trusts". The Council will continue to explore ways to jointly organise similar events as there are obvious benefits that can be derived from them, notably reaching out to a wider audience.

Recognising that Persons Dealing in Unit Trusts (PDUTs) are an integral part of our industry, the Federation took the conscious decision to offer a one-day seminar to this group; such seminar shall thereafter be held on an annual basis. The main aim of the seminar is to ensure that PDUTs are kept abreast of developments in the industry and to also provide them with an additional avenue to interact with the Federation on various matters which need resolution. During the period under review, a seminar entitled "Unit Trust Industry Beyond 2002" was organised for PDUTs and it was attended by nearly 850 participants.

The role of the Federation in promoting public awareness is not only limited to organising seminars for the investing public and PDUTs, but it also encompasses the task of enhancing the image of our industry and the visibility of the FMUTM. As such, we continue to participate as speakers and exhibitors at various local, regional and international forums.

At the local level, we participated in the Capital Market Summit 2002, on the subject of “Unit Trust and Asset Management - The Way Forward”. At the regional level, we were invited by the Thai Securities and Exchange Commission to deliver a paper entitled “Unit Trust Funds - Responding to a Challenging Financial Landscape” during its International Seminar commemorating the Commission’s 10th Anniversary. We were also invited to present a paper at the Investment Companies Institute’s (United States of America) Annual Asia Conference entitled “The Malaysian Mutual Funds Industry - Market Regulatory Developments”.

The FMUTM continues to be an exhibitor at the Kuala Lumpur Stock Exchange’s (KLSE’s) Investors’ Week, and we are exploring ways in which we can collaborate more with the KLSE to undertake campaigns jointly with regards to investor awareness.

The Challenges Ahead

Moving forward, allow me to once again reiterate the statement I have been making over the past years based on the strong evidence that foretells the enormous potential of our industry. I have full confidence that our industry will be a major force in the ensuing years, and this confidence is predicated on the fact that first, all the stakeholders of the industry are in unison when charting its growth; and secondly, that the industry will attain the scale or critical mass that it seeks. While we are hopeful about the future, we must always be mindful of the threats and challenges that will surface. The industry constantly faces all kinds of risks and given the current global situation, the greatest risk we face is the real possibility of a global economic meltdown. In charting our own industry growth, it is critical that we consider the situations in other jurisdictions which have a direct impact on our domestic market.

Let me recapitulate the three-pronged strategy which was laid out as the road map for our industry, as this would remain the reference point until the regulatory framework for the industry is achieved.

First, is for the unit trust sector to be a significant force in the investment management industry. In the CMP recommendation to rationalise and streamline licensing for the investment management industry, we are optimistic that the UTMCs which are operationally ready will be the beneficiaries of this recommendation.

Second, is for the industry to capture a bigger share of funds in the financial services sector, by moving more banking assets into managed funds. Given that Malaysians are high savers, accounting for about 38% of the nation’s GDP, much of these savings are held in financial deposits, which were estimated at RM433.1 billion as at end of 2002. Compared with the total Net Asset Value (NAV) of our industry of RM53.7 billion, the ratio of banking deposits to unit trust investment is 8:1. In other words, for every RM8.00 of deposits placed by an individual, RM1.00 will be invested in a unit trust scheme. The potential therefore is enormous for the industry, and bearing in mind that the Federation has set itself a target of achieving a total NAV against The KLSE’s market capitalisation of 40% by the year 2020, those members that are savvy, sophisticated, quick to adapt and are able to provide value added services to their investors would be the ones that will reap the benefits.

Third, is for the industry to be competitive and ready for both domestic and global challenges. For industry players, a tremendous amount of re-thinking will be required to face these challenges, one of which perhaps could be that the thrust in providing investment management should be viewed in terms of services and product lines made available to the investing public.

While we work to further enhance our services and product lines to the public, we must also not forget that the investors themselves are getting much more sophisticated and demanding in their needs. Consistent with educating the public of the potential returns that can be derived from investing in managed funds, we must also inform and advise them of potential risks. In this respect, the Federation has taken the initiative to work closely with the two independent assessors, namely Lipper Asia Ltd. and Standard & Poor’s, to introduce performance comparisons based on risk-adjusted returns. One should seriously recognise that fund management without considering risks can be carried out by almost anyone. The professional fund management fraternity must be able to differentiate themselves by consistently delivering expected, or better still superior, risk-adjusted returns to the investors.



Apart from the above initiatives, the FMUTM will continue to work on other equally important issues such as lobbying for tax incentives for investments in unit trust schemes, lowering of EPF contributors' eligibility to invest in unit trust funds, the role of unit trusts in retirement planning and examining the impact of e-commerce on distribution of unit trusts.

On the regional and international fronts, the FMUTM has assumed a more prominent role in the International Investment Funds Associations (IIFA). Our views and concerns about the industry continue to dominate the forums of the IIFA and the fact that the FMUTM, and indeed Malaysia, has been selected to host the 17th Annual Assembly of the IIFA in October 2003 is testimony to the high regard that we command at this level.

Housekeeping Issues

The Secretariat at the Federation has commenced work on the computerisation of our entire operations. The project, named the "Internet Investment Information System", or "I³ System", is meant to leverage on the web-enabled system that encompasses both a front-end interface and back-end processing so as to prepare the Secretariat to accommodate the various developments expected of the industry. In addition, the I³ System is anticipated to be a major medium in disseminating information to members of the Federation and the public at large.

The Secretariat has also organised for the 3rd Council Brainstorming Session and the 4th CEOs' Roundtable Meeting during the year. Both meetings are extremely important to discuss, deliberate and set future direction to be undertaken for the industry.

The tasks that the Secretariat has to undertake seem endless and it becomes more considerable when additional responsibilities are thrust upon it. It continues to play a significant role in promoting the interests of the industry, the investors and the capital market of Malaysia. Already, we are hearing the possibility of the Federation evolving into a Self-Regulatory Organisation at a rate which is much faster than we had initially anticipated. All this would not be possible without the unwavering support of members and the untiring efforts of the staff at the Secretariat. My heartfelt gratitude goes to each one of them for their invaluable contributions in making the Federation what it is today.

My gratitude also extends to my colleagues on the Council who have laboured often under intense pressure and have emerged victorious on many an occasion. As each of them would realise by now, the job of a Council Member is a thankless one, but we must keep persevering to enable our aspirations to materialise in the near future.

All our efforts would amount to nought if it were not for the backing and patronage of the SC. I would like to take this opportunity to thank the Commission for its confidence and trust in our vision of the industry.

Dato' Abdul Azim Mohd Zabidi
President

12 May 2003



Standing from left to right : **En. Norkhalim Ahmad / En. Tan Keah Huat / En. Toh Chin Hian, Mark / En. Wong Say Fun, Peter / En. Cheah Chuan Lok
Y.M. Tunku Dato' Ya'acob Tunku Abdullah / Prof. Dr. Saiful Azhar Rosly / En. Low Hong Ceong, Paul
En. Mohammad Faiz Mohammad Azmi**

Seated : **En. Cheah Swee Leng, Edmond (Vice President) / Y. Bhg. Dato' Abdul Azim Mohd Zabidi (President)
Pn. Tan Chai Fong, Kathy (Executive Director)**

Not in photo : **En. Yeoh Keat Seng / En. Christopher Foo Kah Foong**

**Y. BHG. DATO' ABDUL AZIM MOHD ZABIDI**

Y. Bhg. Dato' Azim Mohd Zabidi is currently the Chairman of Bank Simpanan Nasional (National Savings Bank), a position he has held since July 1999. He has risen quickly through the ranks of the Malaysian financial industry. He joined Bank of Commerce Berhad in 1984 and was seconded to Commerce Property Trust Managers Berhad in September 1990 as Assistant General Manager, before assuming the position of General Manager in March 1992. In January 1995, he was made Group General Manager of Commerce Asset Managers, with the added task of overseeing the operations of a new initiative within the Commerce Asset Holding Group, namely Commerce Asset Fund Managers Sdn Bhd.

Y. Bhg. Dato' Azim was elected by the Malaysian Government to be a member of the National Economic Consultative Council where he served on the Islamic Banking and Finance Committee. He is also Deputy Chairman of the Board of Advisors to the Malaysian Central Depository. He is a member of the Index Sub-Committee of the Kuala Lumpur Stock Exchange and was appointed by the Securities Commission to be a member of the Capital Market Advisory Council in 2000.

On the international front, Y. Bhg. Dato' Azim is the President (Asia Pacific) of the World Savings Bank Institute and is a member of the Institute's Development and Communication Committee. Additionally, he is also a member of the Steering Committee of the International Investment Funds Associations.

In the political arena, Y. Bhg. Dato' Azim has served in numerous positions at all levels of UMNO, including being an elected member of UMNO Youth Malaysia for the period 1996 to 2000. In May 2000, he was elected to be a Supreme Council Member.

Y. Bhg. Dato' Azim is a Fellow of the Chartered Institute of Secretaries UK and holds an MA in Business Law from London Guildhall University, United Kingdom. He has been on the Council of the FMUTM since 1995 and is currently serving as its President, a post he has held since 1998.

**EN. CHEAH SWEE LENG, EDMOND**

En. Edmond Cheah B.A (Honours), A.C.A., is the Executive Director-cum-Chief Executive Officer of Public Mutual and a member of the Investment Committee of the various unit trust schemes managed by Public Mutual.

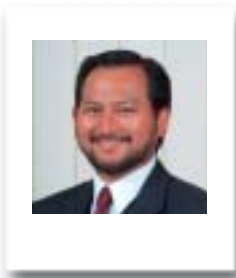
He has extensive experience in audit, portfolio and investment management, corporate planning and merchant banking. He has been involved in unit trust management since 1984 when he started his career in portfolio management with a merchant bank.

In 1992, he joined Public Mutual as its Deputy Managing Director and was subsequently appointed Chief Executive Officer. Prior to his appointment as the Deputy Managing Director, he was the General Manager of Investment and Corporate Planning of a public listed company.

En. Cheah is a member of the Institute of Chartered Accountants of England and Wales and a Chartered Accountant of the Malaysian Institute of Accountants.

He has been a Council Member of the FMUTM and Chairman of the Tax & Accounting Committee since 1995. He is currently also the Vice President of the FMUTM. En. Cheah is also a founder member and Deputy President of the Financial Planning Association of Malaysia (FPAM), and Chairman of its Board of Certification and Standards.

He co-authored Malaysia's first most comprehensive financial planning book entitled "Financial Freedom – Your Guide To Lifetime Financial Planning" and a second book entitled "Financial Freedom – Through Malaysian Equities and Unit Trusts". Both books have had a combined sale and distribution of more than 60,000 copies since their launch.



Y.M. TUNKU DATO' YA'ACOB TUNKU ABDULLAH

Y.M. Tunku Dato' Ya'acob was appointed a Council Member of the FMUTM on 11 April 2002. He holds a B.Sc. (Honours) in Economics and Accounting from City University, London (1982) and is also a Fellow of the Institute of Chartered Accountants of England and Wales. He was attached to the offices of PricewaterhouseCoopers in London and Kuala Lumpur from 1982 to 1987.

Y.M. Tunku Dato' Ya'acob served as the Chief General Manager of Malaysian Assurance Alliance Berhad (MAA Assurance) from 1987 to 1995 and was its Managing Director/Chief Executive Officer until May 2000, when he became Chairman of MAA Assurance, a position which he still holds today. He is also the Deputy Group Managing Director of the Melewar Group Berhad, an investment holding company.

Y.M. Tunku Dato' Ya'acob is also the Managing Director/Chief Executive Officer of MAA Holdings Berhad, Managing Director of Maruichi Malaysia Steel Tube Berhad, Director of Malaysian National Reinsurance Berhad and Chairman of Toyochem Corporation Berhad, all of which are public listed companies on the KLSE. He also holds directorships in several private limited companies.

Y.M. Tunku Dato' Ya'acob is currently the Chairman of the National Insurance Association of Malaysia (NIAM), the President of the Financial Planning Association of Malaysia (FPAM), and the Deputy President of the Federation of Public Listed Companies (FPLC). At the FMUTM, he chairs the Professional Practices Committee.



EN. CHEAH CHUAN LOK

En. Cheah is the Chief Executive Officer who is responsible for the general management of AmInvestment Services Berhad, formerly known as AMMB Investment Services Berhad. Prior to his present appointment, he was a Fund Manager and also the Head of Equities Research of AMMB Asset Management Sdn Bhd.

En. Cheah holds a Master of Business Administration degree from Maryhurst College, Oregon, USA.

He is currently a Council Member of the FMUTM, chairing the Investment Management Committee.



EN. LOW HONG CEONG, PAUL

En. Paul Low is the Chief Executive Officer of BHLB Pacific Trust Management Berhad (BPTMB). He is responsible for the company's performance and leads the company in the formulation of its business strategies and future plans. He was previously the General Manager of BPTMB and has been with BPTMB since July 1998.

He holds an MBA from McNeese State University, Louisiana, USA. En. Low has been in the financial services circuit since 1986 which includes international experience in the USA. Before his return to Malaysia in 1993, he was with Northwestern Mutual and Metlife in the USA. He was also the Founder and President of the Malaysian-California Chamber of Commerce 1992/1993 and President of St. Louis Chinese Junior Chamber of Commerce USA in 1987/1988.

En. Low is also a board member of the Financial Planning Association of Malaysia (FPAM) and a Council Member of the FMUTM who currently chairs the Marketing and Distribution Committee.



EN. NORKHALIM AHMAD

En. Norkhalim has been the Chief Executive Officer of Amanah Saham Kedah Berhad (ASKB) since 1 November 1994. He holds a degree in Operations Research from University of Denver, USA.

He started his professional career in 1986 as a Corporate Planning Executive at the Johor State Economic Development Corporation (JSEDC) before he moved on to be an Investment Executive at Pelaburan Johor Berhad (PJB), where he handled asset management and investment research. He was then promoted to become the Operations Manager and was responsible for re-launching Amanah Saham Johor in 1992. Backed with experience gained in Johor, En. Norkhalim was then assigned as a Consultant in the establishment of Amanah Saham Sarawak Berhad (ASSB) and entrusted to lead its Operations Division in 1993. While at ASSB, he was also a Consultant in the establishments of Saham Sabah Berhad and ASKB. He joined ASKB in 1994.

With his vast knowledge in unit trusts and asset management, he was appointed the Chairman of State Unit Trusts Association (SUTRA) effective 16 December 1999. SUTRA, a body representing all unit trust management companies offering state funds was formed to enhance the public's interest and participation in state unit trusts. He is also constantly being sought after by the State and various government agencies to assist in strengthening their investment activities.

En. Norkhalim is a Council Member of the FMUTM chairing the State Unit Trusts Association and Syariah Funds Committee. He also represents the Federation in the Securities Commission's Islamic Capital Market Working Group (ICMWWG).



EN. TAN KEAH HUAT

En. Tan is the Chief Executive Officer of Apex Unit Trusts Berhad and Director of Apex Asset Management Sdn Bhd. He holds a Bachelor of Science (Honours) degree in Actuarial Science from the University of Western Ontario, Canada and he is also a Certified Financial Planner (CFP).

En. Tan has been involved in the fund management industry since 1995 and previously held the position of Chief Executive Officer in AMMB Investment Services Berhad. In the same previous company, he also assumed the roles of Investment Committee Member, Chairman of Fixed Income Risk Committee and Chairman of Derivative Risk Management Committee.

En. Tan is currently a Council Member of the FMUTM, chairing the Product Development Committee.



EN. TOH CHIN HIAN, MARK

En. Mark Toh is an Associate of the Chartered Insurance Institute (UK) with a Master degree from the University of Keele, UK. He began his career with Prudential Assurance Company Limited holding various positions until his appointment in 1991 by a local banking group to start up and manage a group of financial services companies that included unit trusts, asset management, trustee and will writing. In 2000, he rejoined Prudential as the Chief Executive Officer of Prudential Unit Trusts Berhad, bringing along with him more than 25 years of both local and international experience in the financial services industry.

He is a Founder Member of the FMUTM and also currently a Council Member who chairs the Corporate Communication Committee.



EN. WONG SAY FUN, PETER

En. Peter Wong was appointed the Executive Director/Chief Executive Officer of MBF Unit Trust Management Berhad in December 1998. Prior to this, he headed the company's fund management team in March 1996, and became Vice President/Chief Investment Officer in 1997.

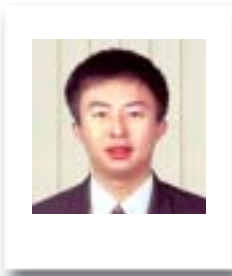
En. Wong holds an MBA (Finance and Investment) from the National University of Singapore, a Bachelor of Science (First Class Honours) in Chemistry from University of Malaya, and diplomas in Finance & Accounting, Systems Analysis and Personnel Management.

He has a multi-disciplinary background in investment, management consultancy, corporate treasury, foreign exchange management, financial and corporate planning, EDP and personnel management. He has worked for 13 years with Singapore Airlines Ltd., including six years in fund management as head of the Treasury Planning Department overseeing the airline's global investment portfolio of a few billion Singapore Dollars.



He has also worked as a Consultant with PA Consulting Group Sdn Bhd in Kuala Lumpur, and subsequently assumed the post of Chief Strategist for portfolio investment at SJ Asset Management Sdn Bhd.

En. Wong is currently a Council Member of the FMUTM chairing the International Affairs Committee.



EN. YEOH KEAT SENG

En. Yeoh is the Chief Executive Officer of Commerce Trust, having joined the company in June 2001. Prior to his current position, he had spent 10 years in investment research, the last 3 1/2 years as First Vice President with Merrill Lynch. He holds a Bachelor of Accountancy degree from the National University of Singapore and has been qualified as a Chartered Financial Analyst since 1992.

En. Yeoh is currently a Council Member of the FMUTM chairing the Education and Conference Committee. He is also a columnist for various Malaysian newspapers, including The Star.



EN. CHRISTOPHER FOO KAH FOONG

En. Christopher Foo has been a partner of a legal firm, Messrs Raja, Darryl & Loh since March 1994. Prior to this, he was a partner of Messrs Murphy & Dunbar for more than 10 years. He obtained his LLB (Honours) degree from the University of Malaya in 1980 and was admitted as an Advocate & Solicitor of the High Court of Malaya in January 1981.

En. Foo has contributed and provided advice to various unit trust management companies and trustees on legal matters pertaining to the unit trust industry such as the establishment of funds, the preparation of various legal documentation and the organisation of unit holders' meetings, amongst others.

He was appointed as an Independent Councillor of the FMUTM on 28 November 2000.



EN. MOHAMMAD FAIZ MOHAMMAD AZMI

En. Mohammad Faiz is currently an Executive Director (Assurance and Business Advisory Services) in the Financial Services Group in PricewaterhouseCoopers Malaysia, which specialises in providing services to clients in the financial industry. He holds an honours degree in Law from Durham University, United Kingdom and is a member of both the Malaysian Institute of Accountants as well as the Institute of Chartered Accountants of England and Wales. His audit clients include banks, stockbroking firms, fund management firms and funds.

En. Mohammad also acts as a trainer in his firm's banking and securities courses. He is a Director in Financial Risk Management, a unit specialising in offering advice on risk management and accounting matters particularly on special products and transactions. He represents his firm on the MASB's committees on Islamic Accounting, IAS39 and Bank Reporting.

En. Mohammad was appointed as an Independent Councillor of the FMUTM on 6 June 2001.



PROF. DR. SAIFUL AZHAR ROSIY

Prof. Dr. Saiful is currently an Associate Professor in the Department of Economics, International Islamic University Malaysia. He obtained a PhD in Economics from the National University of Malaysia (UKM) in 1994 and specialises in Islamic Economics, Islamic Banking, Finance and Investment, Banking and Financial Market, Input-output Modelling and Economic Development and Industrialisation.

Prof. Dr. Saiful is also the Coordinator of the University's Centre for Islamic Economics and Banking since 1999. He is currently researching on "Islamic Convertible Bond: Product Design and Market Research" on behalf of the Ministry of Science and Technology. He has written numerous articles and academic works that were presented at seminars and published in various journals and in the press.

He was appointed as an Independent Councillor of the FMUTM on 8 December 2000 and is also an advisor of Syariah funds.



PN. TAN CHAI FONG, KATHY

Pn. Kathy Tan joined the FMUTM in June 1998 as the Development Manager. In April 1999, she was promoted to Executive Director, a position she currently holds. Pn. Kathy Tan graduated with a Bachelor in Economics, majoring in Accounting from Monash University, Melbourne, Australia and also an MBA in Finance from the University of Hull, United Kingdom.

Pn. Tan worked with the NZI Bank Group in New Zealand from 1987-1992. Her responsibilities included financial management planning, financial reporting and analysis, group consolidation and special projects. Prior to joining the FMUTM, she was the Group Finance Manager for Commerce Property Trust Managers Berhad and Commerce Asset Fund Managers Sdn Bhd. She has also worked as an Investment Manager with Premier Capital Management Sdn Bhd.

Pn. Tan is an Associate Member of the Australian Society of Certified Public Accountants and New Zealand Society of Accountants. In Malaysia, she was admitted as a Registered Accountant with the Malaysian Institute of Accountants in July 1992, and is also a member of the Malaysian Institute of Management.

Malaysian Unit Trust Industry Review 2002



The Malaysian Economy

The Malaysian economy staged a gradual recovery in 2002 after slipping into negative growth in the second half of 2001. Gross Domestic Product (GDP) growth accelerated from 1.1% in the first quarter of 2002 to 5.6% in third quarter, underpinned by, among other factors, a sustained domestic demand, higher exports and an expansion in manufacturing output.

Despite the improvement in the domestic economy, the year 2002 proved to be another volatile year for the local equity market. The KLSE Composite Index (KLCI) initially reached a closing high of 808.07 in April, largely fuelled by optimism of a quicker global economy recovery following the release of robust first quarter GDP growth figures for the US, and upgrading of Malaysia by international rating agencies.

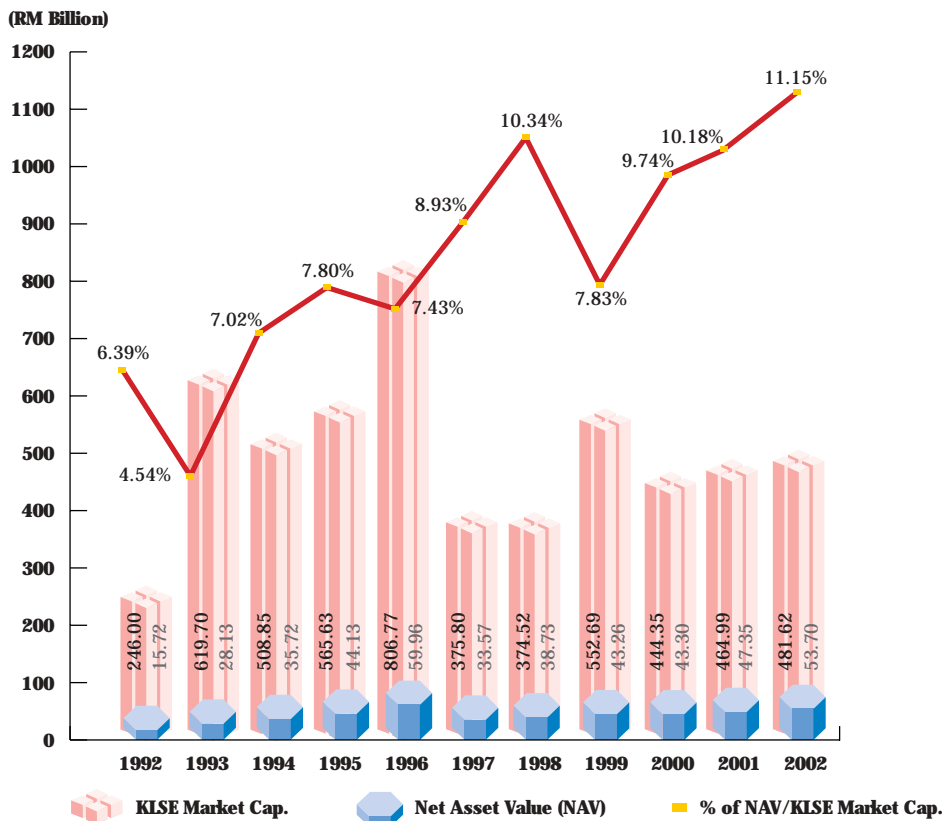
However, such optimism was subsequently overshadowed by investors' fears of a double-dip recession in the US and the shocking resignation of the Malaysian Prime Minister, as well as continuous accounting scandals in the US and the bombing of Bali in October. These factors exerted downward pressure on the KLCI and caused the benchmark index to close at 646.32, lower by 7.15% compared with the previous year.

Analysis of the Net Asset Value (NAV) of the Industry

Against this backdrop, the unit trust industry fared rather well, registering increases in NAV in almost all of the funds. As a whole, the NAV of unit trust funds rose from RM47.35 billion in 2001 to RM53.70 billion by end of 2002, an increase of 13.41% for the year under review compared with 9.35% in 2001. As illustrated in Chart 1, the NAV of the industry also accounted for a higher percentage of the KLSE's market capitalisation at 11.15%, which was 0.97% higher than in the previous year.

The industry's assets have grown at a compounded annual growth rate of 13.07% since 1992.

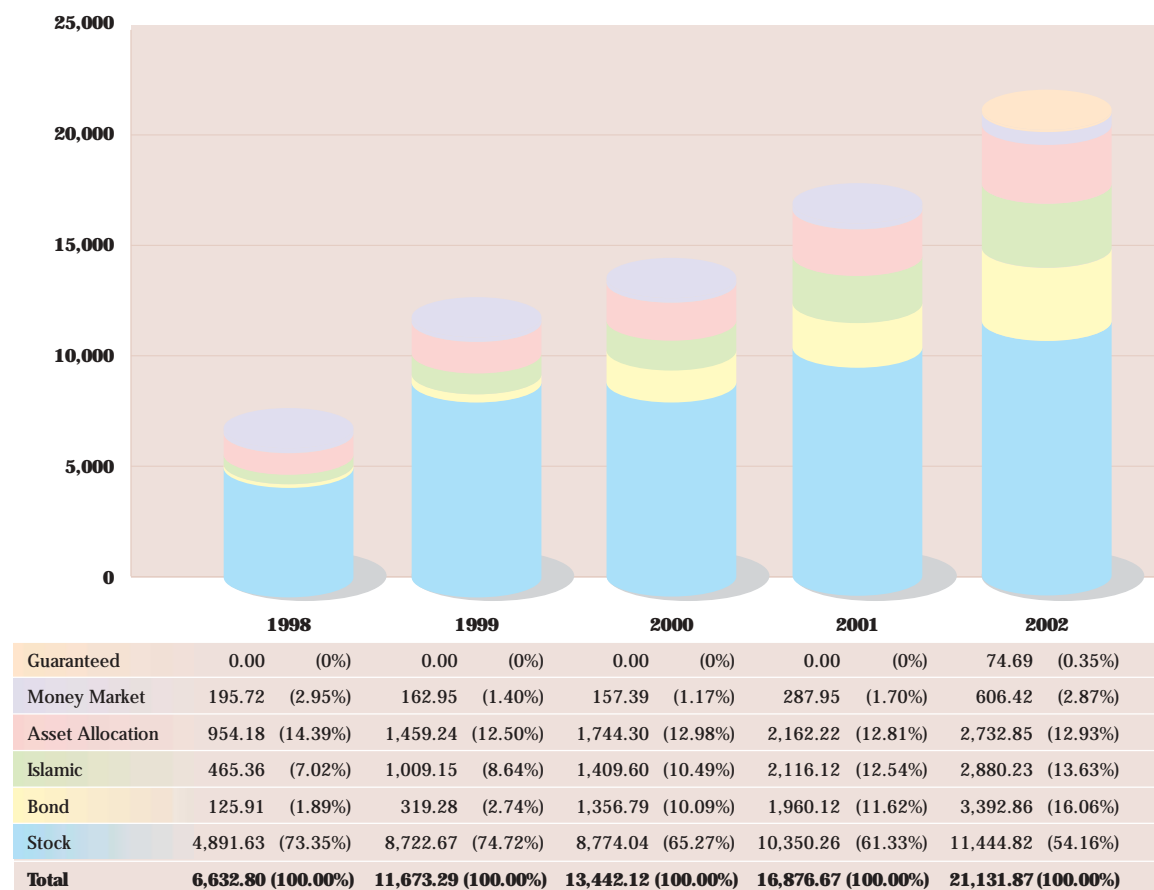
Chart 1
Total Net Asset Value vs KLSE Market Capitalisation (RM billion) as at 31 December



As depicted in Chart 2, stock funds continued to command the largest portion of investment assets at 54.16% or RM11.44 billion of the private unit trust funds at year-end 2002. However, the weak market performance of stocks, among others, depressed the dominance of stock funds which has been waning from 2000, to trace out a pattern that saw the NAV of stock funds sliding from 65.27% in 2000 to 61.33% in 2001, before dipping to a new low of 54.16% in 2002.

In contrast, buoyed by years of increased investor demand, the NAV of bond funds strengthened significantly to a record RM3.39 billion at year-end 2002 or 73% higher than in 2001. The stronger demand for bond funds was largely due to investors seeking solace in the bond market as the equities market turned anaemic due to the increasing geopolitical risks and looming uncertainties. In addition, the generally benign inflationary pressures, healthy growth of money supply and ample liquidity that helped interest rates to remain low, also contributed to the growth of bond funds. Partly driven by similar factors, a capital guaranteed fund was introduced for the first time in 2002.

Chart 2
Net Asset Value by Types of Funds as at 31 December (RM million)



Source: Lipper Asia Ltd.

Based on respondent private funds as categorised by Lipper Asia Ltd. and adopted by members.

Notes:

1. Based on Lipper's fund investment objectives, these funds have been grouped into the following six types of funds:

- (a) Guaranteed Fund : Comprises Capital Guaranteed Fund.
- (b) Money Market Funds : Include all Money Market Funds.
- (c) Asset Allocation Funds : Include Balanced Funds and Balanced Income Funds.
- (d) Islamic Funds : Include Islamic Balanced Funds, Islamic Bond Funds and Islamic/Syariah Equities Funds.
- (e) Bond Funds : Include General Bond Funds and Short-Term Bond Funds.
- (f) Stock Funds : Comprise Index Tracking Funds, Growth Funds, Growth & Income Funds, Small Companies Funds and Info & Technology Funds.

2. The private sector fund classification may differ between the Securities Commission and Lipper.



In the case of Islamic funds, additional funds were introduced and promoted by more industry players to meet the burgeoning demands of investments that conform to Syariah principles. As a result, these funds garnered a bigger market share to attain 13.63% of the private unit trust funds, up from 12.54% last year, and reached a record RM2.88 billion by year-end.

Assets of asset allocation funds and money market funds also saw sizeable increases. In the case of money market funds, the NAV of these funds recorded RM0.61 billion, more than double the previous record of RM0.29 billion in 2001, while asset allocation funds increased 26.39% to RM2.73 billion in 2002 from RM2.16 billion the previous year.

New Funds Launched

A total of 26 funds were launched by 14 unit trust management companies during the period under review. This brought the total number of unit trust funds to 172 after taking into consideration three funds that had completed the merger exercises by the year-end. Further details of the new funds are illustrated in Table 1.

In the case of fund types, Islamic funds topped the list with the addition of eight new funds that amounted to 30.77% of all new funds launched in the year. This shows that companies continued to take advantage of this market segment that has been thriving on a financial landscape which also harbours the country's aspiration of becoming the Islamic capital market destination, as championed by the Capital Market Masterplan.

In order to meet the investment needs of investors during periods of volatile equity market returns, the number of new bond funds offered has increased tremendously compared with the previous year. Out of the total number of new funds, seven or 26.92% comprised these funds.

Table 1: New Funds Launched in Year 2002

Funds	Launch Date	Approved Fund Size (million units)	Management Company
1. MBf Syariah Index	4 Jan 02	300	MBf Unit Trust Management Berhad
2. Pheim Emerging Companies Balanced	28 Jan 02	100	Pheim Unit Trusts Berhad
3. Pheim Income	28 Jan 02	100	Pheim Unit Trusts Berhad
4. Dana Makmur Pheim	28 Jan 02	100	Pheim Unit Trusts Berhad
5. KUT-Negara Equity Islamic	29 Jan 02	200	Kenanga Unit Trust Berhad
6. HLG Money Market	29 Jan 02	500	HLG Unit Trust Berhad
7. Alliance Moneyplus	30 Jan 02	300	Alliance Unit Trust Management Berhad
8. MAA Mutual Growth	18 Feb 02	} Combined approved fund size = 1 billion units	MAA Mutual Berhad
9. MAA Mutual Bond	18 Feb 02		MAA Mutual Berhad
10. MAA Mutual Progress	18 Feb 02		MAA Mutual Berhad
11. HLG Balanced	29 Apr 02	200	HLG Unit Trust Berhad
12. TA Income	6 May 02	150	TA Unit Trust Management Berhad
13. Mayban Index-Linked	16 May 02	200	Mayban Management Berhad
14. PRUIslamic Trust - Prudential Dana Al-Islah	14 Aug 02	} Combined approved fund size = 300 million units	Prudential Unit Trusts Berhad
15. PRUIslamic Trust - Prudential Dana Al-Ilham	14 Aug 02		Prudential Unit Trusts Berhad
16. CMS Islamic	15 Aug 02	500	CMS Trust Management Berhad
17. CMS Bond	15 Aug 02	500	CMS Trust Management Berhad
18. Prudential First Capital Guaranteed	22 Aug 02	150	Prudential Unit Trusts Berhad
19. Mayban Dana Ikhlas	17 Sep 02	400	Mayban Management Berhad
20. PB Fixed Income	3 Oct 02	300	Public Mutual Berhad
21. PB Growth	3 Oct 02	600	Public Mutual Berhad
22. Hwang-DBS Dana Izdihar	8 Oct 02	400	Hwang-DBS Unit Trust Berhad
23. Avenue Money Extra	8 Oct 02	200	Avenue Unit Trust Management Berhad
24. Avenue Bond Extra	8 Oct 02	200	Avenue Unit Trust Management Berhad
25. Avenue Versatile Extra	28 Oct 02	200	Avenue Unit Trust Management Berhad
26. KSC Value	16 Dec 02	100	KSC Capital Berhad

Performance of the Malaysian Unit Trusts in 2002

A Tough But Growing Year

For many investors in the world, the year 2002 was mixed with angst and hope. We worried about economic recovery, geopolitical conflict, corporate governance, unemployment, deflation, and many more issues, and were hoping that the worst would end soon. The Malaysian unit trust industry certainly had another tough but improving year in 2002, as all the funds on average posted 3.5% gains, and only 32 of 162 unit trusts ended in negative territory. However, the average annual return was significantly lower than the over 6% return in 2001, and much worse than the average return of over 30% in 1999. Back in 2001, all Lipper Malaysian sectors averaged gains, but in 2002, three of 15 Lipper Malaysian unit trust sectors declined. The sector averages varied widely in returns, ranging from the 6.9% drubbing of the Equity Information & Technology group to the 10.6% ascent of Equity State funds.

Despite the expectations of a better year for 2002 falling flat, the Malaysian unit trust investors had many reasons to be cheerful. Looking around the region, Hong Kong-authorized mutual funds were down on average of over 17% for the year, mutual funds available for sale in Japan lost over 11%, and Singapore-authorized funds averaged an over 10% drop in 2002. The Malaysian unit trust industry was one of the few that were able to realise growth. The reason for the untimely cheer was not only because Malaysian funds did better than their Asian counterparts, but also because most of the equity fund managers were able to beat the market.

In 2002 there were hardly any gains in the equity funds all over the world and investors had to live with painful memories of being robbed in the global equity markets. The Malaysian equity market was not immune from losses, as the KLSE Composite Index (KLCI) closed the year at 646.32, down 7.2%. However, only two of seven equity unit trust sectors on average posted losses, and all the equity sectors beat the passive market index. The equity unit trusts in general did brilliantly well, as only five unit trusts underperformed the benchmark KLCI. While a single unit trust's worst annual return recorded a 14.5% drop, a 23.6% gain also led the way on the upside.

The only two sectors that ended in negatives were the Information & Technology group and the Index-Tracking group, down 6.9% and 2.6%, respectively, on annual averages. The poor performances of these two sectors were most likely due to the overall market climate, as we all know that technologies experienced a dramatic correction and were the hardest hit during the year. Overall, Malaysian unit trust managers have proven that, even in difficult market conditions, savvy investors can make money.

Following the footsteps of global investors, the swings between equities and fixed income, growth and value, and risk-taking and safe havens dominated the Malaysian unit trust investment activities during the year 2002. Most unit trust investors would rather be defensive and choose to hold cash or fixed income investments, thus making the fixed income investments popular and appealing, given that the world was full of uncertainties and unknowns. As a result all the Lipper Malaysian unit trust bond sectors managed to post over 5% average annual returns. Money Market investments also had an impressive 2.4% gain on average for the year.

Over the longer term, Malaysian unit trusts averaged about 6% losses for three years; they also accumulated 33% gains for five years and 20% growth over the past ten years. Since 1992 the unit trust industry had experienced a boom year in 1993 with average over 76% gains; but it also declined to a 46% loss during the Asian financial crisis in 1997. The Malaysian unit trust industry has developed for over 40 years since the first Malaysian unit trust was launched by Australians in 1959. The limited number of unit trusts as well as smaller fund size, indicated a slow development in the country.

The development of investment funds/unit trusts in Asian markets in general was significantly influenced by the competition from alternative forms of financial instruments and investments. Although Asian families on average have a high savings rate compared to American and European families, banking deposits are still holding the majority of Asian household savings. Meanwhile, direct investment in stock markets was the major source of competition for the fund industries all over the Asia Pacific region. Hence the performance of the stock market played an influential role in directing the flow of savings from the retail investors. The general Asian investors' mentality for quick gains which is inherited from investing in the stock market, was one of the deciding factors that impeded growth in the region's fund industry. Malaysia unfortunately fell into the same loop.

Despite the slower pace of development, the Malaysian fund industry continued to evolve to meet the voracious demands of a broad spectrum of investors who were willing to experiment with a gamut of new investment opportunities. Despite the global gloom and uncertainty, there were still 26 unit trusts newly authorised for sale in Malaysia in 2002. Investors continued to pile money into the unit trust industry in a volatile global equity market environment.



Malaysian investors not only witnessed the debut of 26 new funds, but also experienced product innovation such as the launch of the first guaranteed fund. The concept of pooled investment was surely gaining acceptance as an alternative investment instrument. All of these factors indicated that although the global equity markets took a licking in 2002, Malaysian investors didn't flee the unit trust market. During this difficult time, Malaysian unit trust managers had reasons to be cheerful and to be proud of themselves.

As one way of recognising fund managers' efforts and accomplishments, a total of 27 unit trusts won awards at The Edge-Lipper Malaysian Unit Trust Funds Awards 2002. Compared to previous fund awards conducted in Malaysia, this year's three-and five-year awards highlighted the need for individual investors to pick unit trusts that produce consistently good results over time through measuring the performance using the Information Ratio, instead of absolute returns as in previous years. Lipper has adopted the Information Ratio as the global standard by which fund awards winners are selected over three-and five-year periods, in recognition of consistent strong performance versus peers. Information Ratio is a globally accepted quantitative algorithm used to determine the performance of a fund in relation to the amount of risk taken by the fund manager, with the optimal result being to achieve the highest possible Information Ratio compared to similar funds.

Although Lipper's award methodology addresses the consistency of returns, investors have to be aware that an award-winning fund is not necessarily the right one to meet personal investment objectives. We all know that a unit trust that did great in the past may not necessarily continue to do handsomely in the future. Awards are often given based on some quantitative measures that may not capture every investor's own interest. Therefore, fund awards reward performance, not necessarily investment suitability.

All in all, the development and expansion in the Malaysian unit trust market will not only bring greater benefits to local investors, but may also provide enormous opportunities to investors and business people around the world. There is no doubt that the Malaysian unit trust industry will survive and thrive on the financial landscape along with the country's economic development; it will prosper no matter how many bumps there are down the road.

Table 1
The 2002 Edge-Lipper Awards Winners List (Note 1)

Sectors	1-year Ended	Performance	3-year Ended	Performance		5-year Ended	Performance	
	31 Dec 2002	Absolute	31 Dec 2002	Absolute	Information Ratio	31 Dec 2002	Absolute	Information Ratio
	(Note 2)		(Note 3)			(Note 3)		
Bond General	BHLB Pacific Bond	10.4%	BHLB Pacific Bond	34.48%	0.39	Public Bond	65.76%	0.18
Equity Growth	Prudential Growth	13.12%	RHB Capital	4.68%	0.29	CMS Premier	117.52%	0.25
Equity Growth & Income	Hwang-DBS Select Opportunity	23.56%	TA Comet	13.89%	0.24	Pacific Premier	82.37%	0.22
Equity Index Tracking	ASM Index	1.63%	Public Index	-8.4%	0.15	Public Index	40.35 %	0.03
Equity Islamic/Syariah	TA Islamic	9.29%	Pacific Dana Aman	9.83%	0.36	AUTB Dana Bakti	53.48%	0.07
Equity Small Companies	Prudential Small-Cap	11.49%	OSK-UOB Small-Cap Opportunity	9.83%	0.17	Pacific Pearl	77.02%	-0.05
Equity State Fund	PJB Dana Johor	18.24%	PJB Amanah Saham Johor	-12.89%	0.08	PJB Amanah Saham Johor	-27.56%	-0.01
Mixed Asset Balanced	Prudential Balanced	8.74%	Mayban Balanced	2.67%	0.06	NA		
Mixed Asset Balanced Income	OSK-UOB Kidsave Trust	12.36%	Alliance First	9.29%	0.04	Alliance First	95.07%	0.06
Mixed Asset Islamic/Syariah	RHB Mudharabah	3.02%	NA	NA	NA	NA	NA	NA
Best overall performance	Hwang-DBS Select Opportunity	23.56%	BHLB Pacific Bond	34.48%	0.39	CMS Premier	117.52%	0.25

Source: Lipper Asia Ltd.

Notes:

1. Data for all periods was calculated on the basis of bid-to-bid or net asset value (NAV)-to-Nav in Malaysian Ringgit, with gross income reinvested at ex-dividend date. No charges were applied.
2. One-year award winners were based on absolute performance.
3. Three-and-five-year award winners were determined by the highest information ratio versus the sector average.

Extracted from Lipper Asia Ltd. - "Performance of the Malaysian Unit Trusts in 2002: A Tough But Growing Year".

As a quasi Self-Regulatory Organisation, the FMUTM is responsible for the registration of eligible individuals who wish to market and distribute unit trusts. In line with the Securities Commission's requirements to ensure that eligible individuals possess the minimum level of product knowledge and understanding of unit trusts before they are registered and licensed to market and distribute the units, the conduct of the mandatory Unit Trust Examination (UTE) for Persons Dealing In Unit Trust (PDUTs) has been entrusted to the FMUTM.

Registration of Persons Dealing In Unit Trusts (PDUTs)

As at 31 December 2002, the total number of registered PDUTs increased to 32,818 from 26,963 as at 31 December 2001. Of this, 30,417 were attached to Ordinary Members of the FMUTM while the remaining 2,401 were attached to Associate Members (Table 2).

The number of PDUTs increased by 21.71% in 2002 as compared against 2001 mainly due to the continued recruitment of PDUTs by the Ordinary Members. The profile analysis in Chart 3 showed a slight increase in Third Party Corporate Representatives as compared to 2001 (7.63% compared to 6.64%) at the expense of the other three categories, indicating a shift in the distribution and marketing of unit trusts towards Third Party Distributors.

As illustrated in Chart 3, as at 31 December 2002, 76.11% or 24,977 of the registered PDUTs were Tied-Agents. Related Party Corporate Representatives made up 12.42% (4,077) whereas Staff of UTMCS and Third Party Corporate Representatives constituted 3.84% (1,260) and 7.63% (2,504) respectively.

Table 2: Number of Registered PDUTs

Members	31 December 2001	31 December 2002
Ordinary Members		
Abrar Unit Trust Management Berhad	8	7
Affin Trust Management Berhad	162	307
Alliance Unit Trust Management Berhad	24	25
Amanah Saham Kedah Berhad	32	33
Amanah Saham Nasional Berhad	154	259
Amanah Saham Sarawak Berhad	33	46
AmInvestment Services Berhad	882	847
Apex Unit Trusts Berhad	205	347
Asia Unit Trusts Berhad	483	554
ASM Mara Unit Trust Management Berhad	235	403
Avenue Unit Trust Management Berhad	18	27
BBMB Unit Trust Management Berhad*	143	93
BHLB Pacific Trust Management Berhad	5,475	6,201
BIMB Unit Trust Management Berhad	17	27
CMS Trust Management Berhad	328	416
Commerce Trust Berhad	67	159
HLG Unit Trust Berhad	1,497	1,608
Hwang-DBS Unit Trust Berhad	98	107
Kenanga Unit Trust Berhad	35	65
KL City Unit Trust Berhad	35	78
MAA Mutual Berhad	0	495
Mayban Management Berhad	731	1,175
MBf Unit Trust Management Berhad	445	466
Metrowangsa Unit Trusts Berhad	196	188
OSK-UOB Unit Trust Management Berhad	573	542
Sub-total	11,876	14,475



Members	31 December 2001	31 December 2002
Sub-total (brought forward from previous page)	11,876	14,475
Ordinary Members		
Pacific Mutual Fund Berhad	1,271	1,699
Pelaburan Johor Berhad	40	25
Pengurusan Kumipa Berhad	22	25
Permodalan BSN Berhad	62	61
Pheim Unit Trusts Berhad	0	36
Prudential Unit Trusts Berhad	1,554	2,026
PTB Unit Trust Berhad	8	11
Public Mutual Berhad	9,045	10,929
RHB Unit Trust Management Berhad	723	651
Saham Sabah Berhad	55	53
SBB Unit Trust Management Berhad	365	1
TA Unit Trust Management Berhad	281	389
Tabung Amanah Saham Selangor Berhad	37	36
Sub-total	25,339	30,417
Associate Members		
Alliance Bank Malaysia Berhad	170	216
CIMB Securities Sdn Bhd	13	26
Citibank Berhad	260	335
Commerce International Merchant Bankers Berhad	0	10
Deutsche Bank (Malaysia) Berhad	6	6
EON Bank Berhad	0	30
EON Finance Berhad	0	32
HSBC Bank Malaysia Berhad	249	318
Inter-Pacific Securities Sdn Bhd	0	8
OCBC Bank (Malaysia) Berhad	258	319
Overseas Union Bank (M) Berhad	123	78
RHB Bank Berhad	108	489
RHB Delta Finance Berhad	35	33
Southern Bank Berhad	44	52
Standard Chartered Bank Malaysia Berhad	358	285
United Overseas Bank (Malaysia) Berhad	0	164
Sub-total	1,624	2,401
Grand Total	26,963	32,818

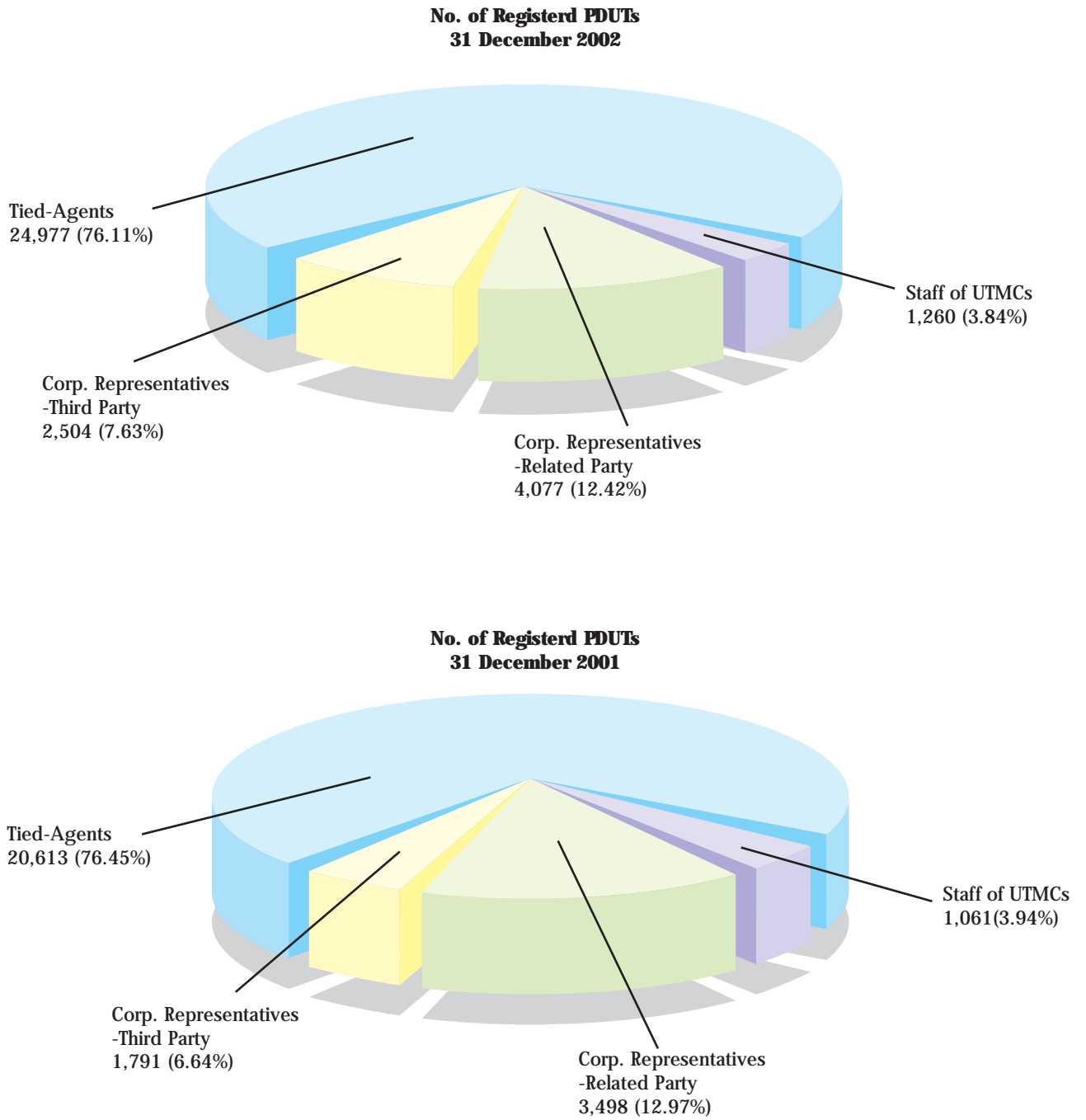
Source: FMUTM

Note:

The statistics show the number of PDUTs who have passed the UTE and have been issued with FMUTM Numbers. Also include termination, re-registration of PDUTs with different members and non-renewal cases.

* With the exit of BBMB Unit Trust Management Berhad, all registered PDUTs have since been terminated.

Chart 3
Profile of Registered PDUTs



Source : FMUTM



Unit Trust Examination (UTE)

During the year under review, 20 Unit Trust Examination (UTE) sessions were conducted, out of which 12 sessions were held nationwide (Table 3). Besides the eight permanent examination centers, the nationwide sessions were also conducted at ad-hoc centers in Alor Setar, Kota Bahru, Melaka, Sibul and Tawau as and when there were adequate number of candidates.

As depicted in Table 3, a total of 9,950 candidates sat for the UTE during 2002. Compared with 2001, this represented a decrease of 2.5% of the total registered candidates, with the year seeing a lower average of 829 candidates per month registering for the UTE, compared to 850 candidates in 2001. The slight decline was due to less UTE sessions conducted during the year as a result of the UTE coinciding with gazetted public holidays.

The overall attendance for the examination was satisfactory with an average of 85% attendance achieved during the year. The highest attendance was recorded in the first quarter with an average of 87% while the lowest attendance was in the last quarter with an average of 82%. The analysis of the UTE results is illustrated in Chart 4.

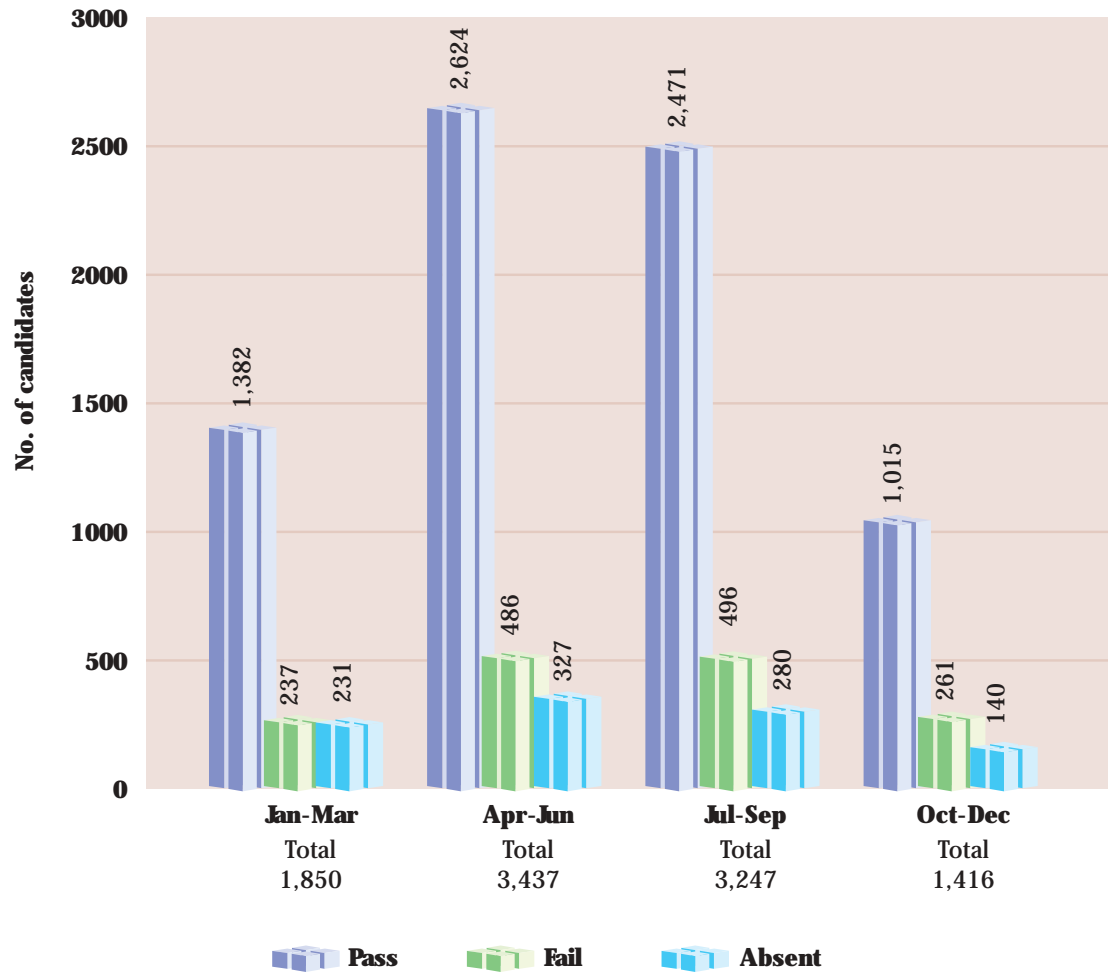
The examinations were conducted in three languages: English, Bahasa Melayu and Chinese. The majority of 8,228 or 82.69% of the candidates took the examination in English, while 929 (9.34%) of them chose Bahasa Melayu and the remaining 793 (7.97%) selected Chinese (Chart 5).

Table 3: UTE Sessions Held from January 2002 to December 2002

Examination Date	Location	No. of Registered Candidates
26 January 2002	Nationwide	454
9 February 2002	Nationwide	260
9 March 2002	Kuala Lumpur	255
23 March 2002	Nationwide	500
13 April 2002	Kuala Lumpur	381
27 April 2002	Nationwide	668
11 May 2002	Nationwide	588
8 June 2002	Kuala Lumpur	363
22 June 2002	Nationwide	715
13 July 2002	Kuala Lumpur	330
27 July 2002	Nationwide	773
10 August 2002	Kuala Lumpur	254
24 August 2002	Nationwide	928
14 September 2002	Kuala Lumpur	334
28 September 2002	Nationwide	756
12 October 2002	Kuala Lumpur	260
26 October 2002	Nationwide	715
9 November 2002	Kuala Lumpur	165
23 November 2002	Nationwide	700
21 December 2002	Nationwide	551
Total		9,950

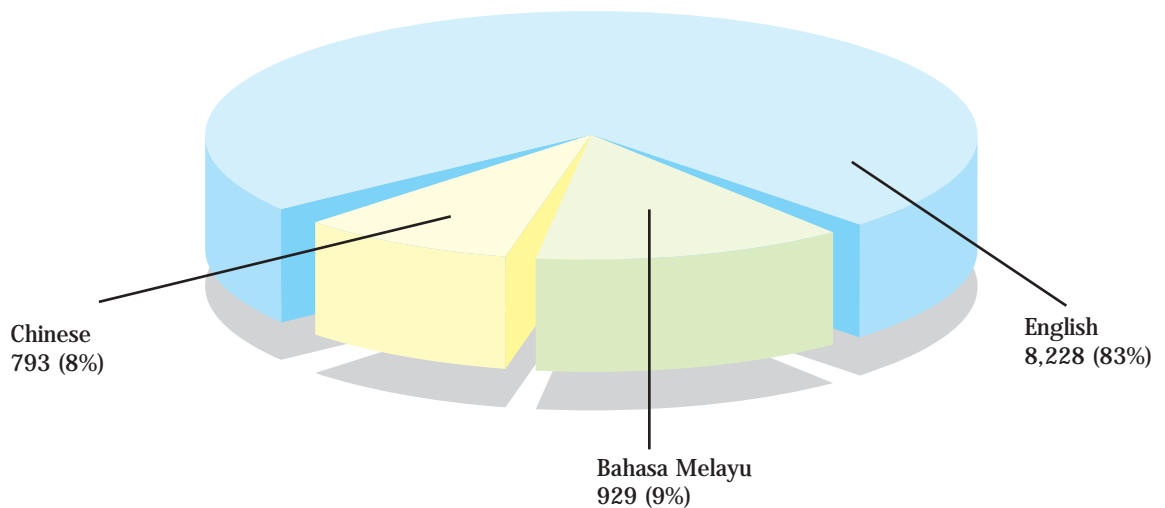
Source : FMUTM

Chart 4
Results of UTE Conducted in 2002



Source : FMUTM

Chart 5
Analysis by Language for UTE Conducted in 2002



Source : FMUTM



Registration of Institutional Unit Trust Agents (IUTAs)

Since the introduction of the Guidelines for Registration of Institutional Unit Trust Agents for the Marketing and Distribution of Unit Trusts (IUTA Guidelines) in February 2000, the FMUTM has received a total of 47 applications. Of these applications, 34 were approved, four are pending approval, four were withdrawn, two rejected and three terminated.

During 2002, nine IUTAs were approved to market and distribute unit trusts. Of these, five were Related Party distributors while four were Third Party distributors. As at 31 December 2002, the total number of registered IUTAs stood at 34 following the de-registration of Overseas Union Bank (Malaysia) Berhad and MBf Finance Berhad due to the completion of their merger and acquisition exercises which were effective from 1 March 2002 and 1 September 2002 respectively.

The total number of approved IUTAs as at 31 December 2002 comprised 17 banks, four UTMCs, six finance companies and seven stockbroking firms.

In terms of distributorship, the number of registered Third Party IUTAs has increased by five to 17 in 2002, which is half of the total number of registered IUTAs as at end of the year.

Name of IUTAs	Effective Date*	Types of Distributorship
Approved IUTAs (in Year 2002)		
1. United Overseas Bank (Malaysia) Berhad	15 Mar 2002	Third Party
2. Affin Bank Berhad	1 Apr 2002	Related Party
3. AMMerchant Bank Berhad	1 May 2002	Related Party
4. Commerce International Merchant Bankers Berhad	1 May 2002	Third Party
5. Kenanga Unit Trust Berhad	1 Jul 2002	Third Party
6. HLG Securities Sdn Bhd	1 Aug 2002	Related Party
7. Malayan Banking Berhad	15 Sep 2002	Third Party
8. Mayban Finance Berhad	15 Sep 2002	Related Party
9. Southern Finance Berhad	15 Oct 2002	Related Party
Approved IUTAs (in previous years)		
10. RHB Bank Berhad	1 Feb 2001	Related Party
11. RHB Delta Finance Berhad	15 Apr 2001	Third Party
12. AMInvestment Services Berhad	15 Jun 2001	Third Party
13. AMSecurities Sdn Bhd	15 Jun 2001	Related Party
14. AMFinance Berhad	15 Jun 2001	Related Party
15. AMBank Berhad	15 Jun 2001	Related Party
16. Alliance Bank Malaysia Berhad	1 Aug 2001	Third Party
17. SBB Securities Sdn Bhd	1 Sep 2001	Related Party
18. RHB Securities Sdn Bhd	1 Oct 2001	Related Party
19. CIMB Securities Sdn Bhd	1 Oct 2001	Third Party
20. Citibank Berhad	1 May 2000	Third Party
21. Standard Chartered Bank Malaysia Berhad	1 May 2000	Third Party
22. HSBC Bank Malaysia Berhad	1 May 2000	Third Party
23. OCBC Bank (Malaysia) Berhad	1 May 2000	Third Party
24. Deutsche Bank (Malaysia) Berhad	1 Jul 2000	Third Party
25. OSK Securities Berhad	15 Jul 2000	Related Party
26. Hong Leong Bank Berhad	1 Aug 2000	Related Party
27. Hong Leong Finance Berhad	1 Aug 2000	Related Party
28. BHLB Pacific Unit Trust Management Berhad	1 Sep 2000	Third Party
29. Public Bank Berhad	1 Oct 2000	Related Party
30. Public Finance Berhad	1 Oct 2000	Related Party
31. Southern Bank Berhad	15 Oct 2000	Third Party
32. Bumiputra-Commerce Bank Berhad	1 Nov 2000	Third Party
33. Apex Unit Trusts Berhad	1 Nov 2000	Third Party
34. Straits Securities Sdn Bhd	15 Dec 2000	Related Party

Source: FMUTM

* Date of commencement to market and distribute unit trusts.

Developmental Initiatives with Regulators and Authorities

During the year under review, the FMUTM continued to play a significant role in the development of the unit trust industry and in nurturing close working relationships with the regulators, authorities and other relevant organisations on issues of mutual concern. This is in line with the capital market's move towards liberalisation and the increasing popularity of unit trusts as an option for savings and retirement.

The Securities Commission (SC)

a) Dialogues with the SC

During 2002, the FMUTM participated in various dialogues with the SC.

The Seventh Policy Meeting with the SC was held on 12 July 2002. Significant issues raised included single licensing regulatory framework, independent financial advisors, proposed amendment to the Guidelines on Eligibility of a Management Company and revision of the IUTA Guidelines.

The FMUTM also participated in other SC dialogues that discussed issues related to the overall capital market such as market readiness for Disclosure-Based Regulation (DBR), proposed framework for Phase 3 of DBR and auditors' independence.

b) Revision of the Guidelines on Unit Trust Funds

A meeting was held with the SC on 16 September 2002 to discuss the proposed revision to the Guidelines on Unit Trust Funds. Among the issues discussed were:

- Liberalisation of investment restrictions on futures contracts and borrowing and lending for redemption requests;
- Investment limits on futures contracts;
- Investment restrictions on warrant funds; and
- Investment in foreign securities.

c) Revised Guidelines on Property Trust Funds

The revised Guidelines were issued on 13 November 2002 by the SC. Among the major revisions were:

- Extension of eligibility of management companies to include subsidiaries of property investment holding companies and property development companies;
- Liberalising of the limits in respect of investment portfolio and allowing property trust funds to invest in more diversified asset classes that include permissible instruments such as real property-related assets;
- Spread and concentration of investments for proper risk diversification; and
- Enhanced level of disclosures and reporting by property trust funds.

A briefing was held by the SC for all members to highlight the changes in the Guidelines as well as to clarify any doubts on the revisions.

Bank Negara Malaysia (BNM)

On 29 April 2002, the FMUTM met with BNM and discussed issues pertaining to foreign investments.

Faced with greater challenges for fund performance which is limited by the unavailability of geographical diversification, the industry is of the view that the foreign investment limit for unit trust funds should be revised so that unit trust management companies could look into diversifying single-country risk as well as take advantage of opportunities abroad which may not exist here in Malaysia.

In view of the above, the FMUTM submitted a proposal to BNM in July 2002 on revising the foreign investment limit for unit trust funds. On 2 August 2002, the SC organised a roundtable discussion on investments abroad. BNM, the FMUTM and several other capital market participants were invited for the discussion. The proposal is currently awaiting the decision of BNM.



The FMUTM will work closely with both the SC and BNM on this issue as it is important to ensure that the unit trust industry continues to meet the changing needs and demands of investors in the light of increasing individual wealth, growing financial literacy and investor sophistication.

The Kuala Lumpur Stock Exchange (KLSE)

The annual dialogue with the KLSE serves as a forum that provides opportunity to not only exchange ideas and thoughts on issues of mutual concerns, but also provide a deeper understanding of each other's objectives.

The Fifth Annual Dialogue with the KLSE was held on 6 August 2002 and the following issues were discussed:

- Proposed tagging of securities relating to any group of companies listed on the KLSE;
- Listing of Exchange Traded Funds; and
- Hosting of the 17th Annual Assembly of the International Investment Funds Associations 2003 (IIFA 2003).

The Employees Provident Fund (EPF)

During the year under review, the following progress were noted:

- Since the beginning of 2002, the EPF has been providing the FMUTM members with statistics of investments under the EPF Members Withdrawal Investment Scheme; and
- The EPF reminded approved fund management institutions of their responsibility to submit monthly reports under the EPF Members Withdrawal Scheme. Approved fund management institutions are required to comply strictly with the reporting requirements, otherwise action will be taken to impose late penalty charges and de-registration of the approved status of the institutions.

The FMUTM has long supported efforts to promote greater retirement savings and security for all Malaysians and will continue to do so by working closely with the EPF to provide additional opportunities for retirement savings, which in turn could potentially boost the long-term growth and development of the unit trust industry.

Malaysia Derivatives Exchange Berhad (MDEX)

Since the establishment of the Derivatives Masterplan Task Force, the FMUTM has actively participated in providing constructive views on how unit trusts can contribute to the development of the derivatives market.

Following the Third Derivatives Masterplan Task Force Meeting that was held on 12 April 2002, the FMUTM conducted an industry survey on behalf of MDEX to understand practical issues faced by the industry in derivative investments as well as to identify opportunities in the provision of derivative products and services that could benefit the industry and investors.

Cooperative Development with Other Associations

The Association of Trust Companies, Malaysia (ATCM)

Following the dialogue held in 2001, the SC has removed the minimum restriction on trustee fees via Practice Note 17 issued on 1 July 2002, in line with efforts to further liberalise and enhance the competitiveness of the fee structure for unit trust funds. The remuneration of trustees is now the decision of the trustee and the management company, based on the level of services provided by the trustee, the role, duties and responsibilities of the trustee as well as the interest of unit holders.

Membership

During 2002, the total number of the FMUTM members increased by 12 to 62, after accounting for the exit of BBMB Unit Trust Management Berhad which had officially completed its merger exercise and ceased operations, and three other Associate Members that have ended their memberships.

Three of the 12 new members have joined as Ordinary Members with the remaining nine as Associate Members. A list of Ordinary Members, Associate Members and their respective Authorised Representatives, is shown below.

Ordinary Members, Associate Members and Authorised Representatives as at 31 December 2002

Ordinary Members	Year Joined	Authorised Representative
1. Amanah Property Trust Managers Berhad	1993	En. Eugene Hon Kah Weng
2. AmInvestment Services Berhad	1993	En. Cheah Chuan Lok
3. AmProperty Trust Management Berhad	1993	En. Kamalul Arifin Othman
4. Asia Unit Trusts Berhad	1993	En. Mushthaq Ahmad Ibrahim
5. ASM Mara Unit Trust Management Berhad	1993	En. Mansoor Ahmad
6. BHLB Pacific Trust Management Berhad	1993	En. Low Hong Ceong, Paul
7. KLCity Unit Trust Berhad	1993	En. Wong Mien
8. MBf Unit Trust Management Berhad	1993	En. Wong Say Fun, Peter
9. Pelaburan Johor Berhad	1993	En. Ahmed Muzni Mohamed
10. Public Mutual Berhad	1993	En. Cheah Swee Leng, Edmond
11. RHB Unit Trust Management Berhad	1993	En. Tan Lib Chau, Michael
12. Affin Trust Management Berhad	1994	Brig. (B) Gen. Abdullah Omar
13. Amanah Saham Sarawak Berhad	1994	Tn. Hj. Soedirman Aini
14. Mayban Management Berhad	1994	En. Ismail Mohd Yusof
15. Pengurusan Kumipa Berhad	1994	Pn. Hj. Nor Asmah Abdul
16. HLG Unit Trust Berhad	1995	Cik Tye Su Leng
17. PTB Unit Trust Berhad	1995	En. Othman Muhammad
18. SBB Unit Trust Management Berhad	1995	En. Robin Hannigan
19. Abrar Unit Trust Management Berhad	1996	En. Zaini Ramlee
20. Alliance Unit Trust Management Berhad	1996	En. Tan Wai Kuen, Kenny
21. Amanah Saham Kedah Berhad	1996	En. Norkhalim Ahmad
22. CMS Trust Management Berhad	1996	En. S. Kumaravelloo Pillai
23. OSK-UOB Unit Trust Management Berhad	1996	To be appointed
24. Pacific Mutual Fund Berhad	1996	En. Michael Auyeung
25. Permodalan BSN Berhad	1996	En. Mohamed Sirad Mohamed Marzuki
26. Saham Sabah Berhad	1996	Y. Bhg. Dato' Hassan Otoi
27. TA Unit Trust Management Berhad	1996	En. Richard Chua Lai Huat
28. Tabung Amanah Saham Selangor Berhad	1996	En. Abdul Rahim Abdul Aziz
29. Apex Unit Trusts Berhad	1997	En. Tan Keah Huat
30. BIMB Unit Trust Management Berhad	1997	En. Ahmad Nazrien Hj. Yusof
31. Commerce Trust Berhad	1997	En. Yeoh Keat Seng
32. Amanah Saham Nasional Berhad	1998	En. Paisol Ahmad
33. Metrowangsa Unit Trusts Berhad	1998	En. Abdul Aziz Abdullah
34. Pelaburan Hartanah Nasional Berhad	1998	Pn. Siti Ramelah Yahya
35. Kenanga Unit Trust Berhad	1998	En. Johan Tazrin Hamid Ngo
36. Avenue Unit Trust Management Berhad	1999	En. Wong Teck Meng, Danny
37. Prudential Unit Trusts Berhad	2001	En. Toh Chin Hian, Mark
38. Hwang-DBS Unit Trust Berhad	2001	Cik Lee Le Leng
39. MAA Mutual Berhad	2002	Y.M. Tunku Dato' Ya'acob Tunku Abdullah
40. Pheim Unit Trusts Berhad	2002	En. Chong Chee Fire
41. KSC Capital Berhad	2002	En. Daud Mah Abdullah



Associate Members	Year Joined	Authorised Representative
1. Standard Chartered Bank (Malaysia) Berhad	1996	En. Goh Teck Eng
2. HSBC Bank Malaysia Berhad	1998	En. Rohit Bhargava
3. Citibank Berhad	1999	En. Sik Wan King, Charles
4. Deutsche Bank (M) Berhad	1999	Cik Chan May Wan
5. OCBC Bank (Malaysia) Berhad	1999	Cik Wong Hung Ching, Sheila
6. RHB Delta Finance Berhad	2000	Dr. Hii Sui Cheng
7. Southern Bank Berhad	2000	En. Tom Van Tighem
8. Alliance Bank (Malaysia) Berhad	2001	En. Chan Chun Fee
9. Bank Simpanan Nasional	2001	En. Mohd Ariffin Marzuki
10. CIMB Securities Sdn Bhd	2001	En. Gui Eng Hock, Paul
11. Jupiter Securities Sdn Bhd	2001	En. Johari Hassan
12. RHB Bank Berhad	2001	Cik Lee Ee Lang, Chris
13. Commerce International Merchant Bankers Berhad	2002	En. Neville Ian Azzopardi
14. HLG Securities Sdn Bhd	2002	En. Lee Wai Kok
15. United Overseas Bank (M) Berhad	2002	En. Aw Tee Woo
16. Inter-Pacific Securities Sdn Bhd	2002	En. Tan Mun Choy
17. Malayan Banking Berhad	2002	En. Zulkify Sulaiman
18. Affin Bank Berhad	2002	En. Alzafty Mohd Zaliff Mohamed Adahan
19. ENG Securities Sdn Bhd	2002	En. Mohd Fuad Foo Abdullah
20. EON Bank Berhad	2002	En. Abdul Jamel Pawanteh
21. EON Finance Berhad	2002	En. Lau Yiong

Note:

The list of Authorised Representatives is compiled based on company resolutions received by the FMUTM.

Report from the Council

In line with the recommendations in the Capital Market Masterplan (CMP) for the investment management industry as a whole, the existing committees have been restructured at the Eight Annual General Meeting. The new committees and activities for the year under review are summarised below:

1. Tax & Accounting for Unit Trust Funds

En. Cheah Swee Leng, Edmond
Chairman

Areas of focus:

- To be responsible for preparing tax proposals for submission to the Malaysian tax authorities.
- To coordinate liaison with the government, Inland Revenue Board, or other authorities on all matters pertaining to tax and accounting for unit trust funds.
- To develop, in conjunction with other authorities, the accounting and reporting standards for unit trusts.

Activities:

a) Additional Disclosure of Information for Unit Trust Funds

As the industry's credibility and effectiveness depend largely on the commitment to reforms that will demonstrate our responsibility towards the investing public, the FMUTM has heeded the SC's call to assess the need for revision of fee structures, particularly transaction costs pertaining to unit trusts.

Led by the Chairman, in the capacity of the FMUTM's Vice President, a proposal was submitted to the SC which recommended that additional information on fees and charges to be disclosed to the investing public. The central premise of the recommendation is the belief that the market forces will determine the competitive level of fees and charges more effectively than fixing the limits at the industry level. The additional disclosure along with an array of innovative investment products and services geared to make saving and investing simpler, more accessible, and more affordable will eventually produce substantially lower costs.

The SC has thereafter required that all unit trust management companies disclose their charges and annual management fee in the major dailies and the FMUTM was requested to implement the additional disclosure.

b) Tax Planning Proposal

The FMUTM has written to the Ministry of Finance to seek clarification on issues with regards to income earned from Persons Dealing In Unit Trusts (PDUTs), given that Budget 2002 has granted an indefinite income tax exemption to trade associations on subscriptions received.

c) IAS 39- Financial Instruments: Recognition and Measurement

The Malaysian Accounting Standards Board would undertake a project to amend and improve IAS 39 Financial Instruments: Recognition and measurement. The amendments will affect the treatment of financial assets and liabilities in the financial statements of unit trust funds.



2. Professional Practices

Y.M. Tunku Dato' Ya'acob Tunku Abdullah
Chairman

Areas of focus:

- To be responsible for the provision and compliance of guidelines on ethics and code of conduct for the industry.
- To be responsible for setting up a disciplinary body and procedures for the unit trust industry.
- To deliberate on formal complaints received by the FMUTM and to inform complainants of the Committee's intention to consider such complaints.

The FMUTM seeks to enhance public understanding of the unit trust business and serve the public interest by encouraging adherence to the highest ethical standards by all segments of the unit trust industry.

Activities:

a) 4th Committee Meeting

The meeting was held on 14 June 2002 to discuss the following issues:

- Code of Conduct for Any Person Registered to Deal in Unit Trusts Under the Registration of Persons Dealing in Unit Trusts (PDUT);
- Non-disclosure of Investors by IUTAs; and
- Consultation Paper on the Exercise of Voting Rights by Unit Trust Management Companies to Appoint Directors onto the Board of Investee.

b) IUTA Business Practices

A committee meeting was held jointly with the Marketing and Distribution Committee to discuss the following issues:

- Fees and charges imposed by the IUTAs;
- Advertisement and promotional materials issued by the IUTAs; and
- Retention of clients' data by the IUTAs.

3. Investment Management

En. Cheah Chuan Lok
Chairman

Areas of focus:

- To propose and recommend reform of the current investment practices so that the best international standards could be achieved in the conduct of fund management activities in Malaysia.
- To obtain worldwide acceptance of our standard for the calculation and presentation of investment performance in a fair, comparable format that provides full disclosure.

Activities:**a) Presentation on Risk-Adjusted Performance Measurement**

A presentation by Standard & Poor's Fund Services on risk-adjusted performance measurement was organised by the Committee for members on 16 July 2002. The presentation was a follow-up from the earlier presentation made by Lipper Asia Ltd on similar subject.

b) Study on Role of Unit Trusts in Managing Pensions and Retirement Funds

A Steering Committee headed by the Chairman was formed to study the role of unit trusts in pensions and retirement funds as well as explore a workable fund proposal for the industry. Subsequently, a meeting was held on 19 November 2002 to deliberate and discuss the proposal.

The committee will also seek external consultants' opinions before submitting a proposal to the Council.

c) Appointment to the Licensing Examination Review Committee (LERC)

The Chairman of the Committee is one of the FMUTM representatives appointed by the Council to the Licensing Examination Review Committee established by the SC. The LERC is entrusted to ensure adequacy, quality, relevance and accuracy of the syllabus, questions and coverage of the licensing examinations in the Malaysian capital market.

4. Marketing and Distribution**En. Low Hong Ceong, Paul
Chairman****Areas of focus:**

- To monitor the registration of Persons Dealing in Unit Trusts (PDUTs).
- To evaluate minimum standards or qualifications of the candidates for the purpose of the Unit Trusts Examination (UTE) and registration with the FMUTM.
- To develop, in conjunction with other Committees of the FMUTM, a career path for PDUTs.
- To coordinate liaison with the SC on guidelines or policies pertaining to all unit trust examinations.

Activities:**a) One-Day Seminar: "Unit Trust Industry Beyond 2002"**

Following the successful inaugural launch last year, the seminar was organised again on 12 November 2002 for member companies and targeted at PDUTs. A total of 831 participants attended the seminar.

Topics presented include equity outlook, tax planning for unit trust agents, leadership, investment-linked products, psychology of change and Islamic principles on unit trusts.

b) Revision of the IUTA Guidelines

The Committee is in the midst of revising the IUTA Guidelines. Issues arising from the practice of IUTAs, which involve the Code of Ethics and Standards of Professional Conduct, were also being looked into together with the Professional Practices Committee.



c) Computerisation of PDUT Registration and the Conduct of UTE

With the commencement of first phase of the I³ System project, preparations on computerising the registration of PDUTs and conduct of the UTE were actively pursued. The Committee held meetings to discuss and deliberate operational issues and also to provide a forum to obtain feedbacks on the proposed implementation of the two modules.

5. State Unit Trusts Association and Syariah Funds

En. Norkhalim Ahmad

Chairman

Areas of focus:

- To be responsible for discussion on all issues relating to state unit trust funds.
- To coordinate liaison with the federal and state governments and the SC on guidelines or policies pertaining to state unit trust funds.
- To focus on the development and proliferation of Syariah funds.
- To attend and deliberate all operational issues relating to Syariah principles in the Islamic capital market.

Activities:

Members of the State Unit Trusts Association (SUTRA) and managers of Syariah funds met whenever necessary during 2002 to discuss issues of mutual importance and interest. The following were the highlights:

a) Syariah Committee Working Group

Due to the growing emergence of Syariah funds, the Syariah Committee Working Group has been set up with representatives from the leading Syariah fund managers to discuss and advocate a uniform and cohesive strategy to develop Syariah funds to its full potential. Among others, the committee is working towards a comprehensive understanding of the salient features of Islamic equity investment funds and making a comprehensive analysis of the similarities/differences between Islamic and conventional investment products.

This Committee will have dialogues with the SC's Syariah Advisory Council from time to time and also provide PDUTs and IUTAs with information on Syariah matters.

b) Registration and appointment of Syariah Committee Members/Syariah Consultants

Managers of Syariah funds have taken note of the new requirement introduced by the SC via Practice Note 19 in respect of the registration process for persons appointed as Syariah Committee members and Syariah consultants for schemes managed and administered in accordance with Syariah principles. Individuals or companies wishing to be appointed as such must first be registered with the SC prior to their respective appointments.

c) Additional requirements for Syariah Schemes

Managers of Syariah funds also observed additional requirements introduced by the SC through Practice Note 18 regarding additional roles to be taken by a Syariah committee/consultant, investment committee, trustee and compliance officer of schemes managed and administered in accordance with Syariah principles.

d) Appointment to the Islamic Capital Market Working Group

The Chairman of the Committee was appointed by the Council to represent the FMUTM in the Islamic Capital Market Working Group (ICMWG) established by the SC. The ICMWG is a sub-committee that supports the deliberation of the Capital Market Advisory Council for industry consultation and enabling continuous input on various issues pertaining to the development and regulation of the Malaysian Islamic capital market.

6. Product Development

En. Tan Keah Huat
Chairman

Areas of focus:

- Responsible for the deliberation of matters relating to equity, fixed income and property trusts.
- To coordinate liaison with the government, the SC or any other authority on policies, amendments, new proposals or any other matter pertaining to equity, fixed income and property trusts.
- To coordinate reviews of the Guidelines on Unit Trust Funds, or draft legislations as and when appropriate.

Activities:

a) Proposal to Broaden the Investment Restriction on Index Funds

A Working Group meeting was held to discuss the limitations of investment restrictions on index funds, and a proposal was drawn up to seek a blanket approval under Clause 10.8.1 of the Guidelines on Unit Trust Funds. However, the proposal was subsequently dropped and instead included as one of a broader agenda of amendments that the Committee was also seeking in another deliberation with the SC (see item "b" below).

b) Revision on the Guidelines on Unit Trust Funds

As a response to the SC's initiative to revise the Guidelines on Unit Trust Funds (Guidelines), the Committee led a working group to deliberate on the revisions and provide the feedback to the SC.

c) Investment-Linked Insurance Product

Subsequent to a meeting called by the SC to update and discuss information disclosure issues pertaining to the above, the Committee has forwarded to the SC relevant information and materials on the product. The SC will deliberate on the issues further and revert to the FMUTM in due course.

7. Corporate Communication

En. Toh Chin Hian, Mark
Chairman

Areas of focus:

- To develop, in conjunction with other Committees of the FMUTM, effective communication channels among the FMUTM members, Committees and other parties related to the industry.
- To enhance working relationship between the FMUTM members and various Committees.
- To enhance and reinforce the corporate image of unit trust products and services, the industry and the FMUTM.



Activities:

a) Industry Market Survey

The Committee has planned for an industry market survey to be conducted. The aims are to gain insights into consumers' behaviour, monitor the changes over time and to forecast for future market trends.

Opinions were first sought from the industry on the key areas the survey should focus on, and a framework of the survey will be proposed to the Council for deliberation before engaging an independent market research company to conduct the survey.

b) FMUTM Newsletter

The Committee is in the midst of preparing the FMUTM Newsletter for 2003. The newsletter is a bi-annual publication and will serve as the communication medium on the latest development in the unit trust industry in Malaysia between FMUTM and related parties such as the PDUTs.

8. International Affairs

**En. Wong Say Fun, Peter
Chairman**

Areas of focus:

- To exchange views and deliberate on matters relating to the managed funds industry at the international level.
- To establish and foster friendly relationships with foreign funds associations to facilitate exchanges of information that can help accelerate development of our industry.
- To tune in to emerging issues and latest developments or trends in products and services abroad to help ensure that our products, services and system of regulation are in sync with advancements in the international marketplace.
- To collect and disseminate information or statistical data obtained from foreign funds associations for the benefit of members.

Activities:

a) Seventh Asia-Oceania Regional Meeting

The meeting which was held in Singapore from 9-12 April 2002 was attended by 38 delegates representing the investment funds associations from 10 countries. The meeting provided an opportunity for the participants from the region to discuss and exchange views on a wide range of issues related to the investment funds industry.

b) Revision of Foreign Investment Limit for Unit Trust Funds

The FMUTM has proposed to BNM to revise the foreign investment limit for unit trust funds. Members' views were sought and taken into consideration in drafting the proposal. The Committee assisted with the proposal which was submitted to BNM on 8 July 2002. The FMUTM was subsequently invited to a roundtable discussion with the SC, BNM and several other capital market participants.

The proposal is currently awaiting decision from BNM.

c) 17th Annual Assembly of the International Investment Funds Associations 2003

A working committee was set up specially to oversee the overall preparations of the above event, which will be hosted by Malaysia. Part of the preparations saw the development of an event CD-ROM, brochure and an official Website which were presented and delivered to all the delegates during the IIFC 2002 held in Berlin.

d) Appointment to the Licensing Examination Review Committee (LERC)

The Chairman of the Committee is one of FMUTM representatives appointed by the Council to the Licensing Examination Review Committee established by the SC. The LERC is entrusted to ensure adequacy, quality, relevance and accuracy of the syllabus, questions and coverage of licensing examinations in the Malaysian capital market.

9. Education and Conference

En. Yeoh Keat Seng

Chairman

Areas of focus:

- To organise education and training programmes for staff of member companies and PDUTs.
- To organise public awareness programmes to educate the public on unit trusts.
- To be responsible for the preparation of financial budgets for seminars and conferences.
- To liaise with local or overseas professional institutions and organisations in matters relating to education and training.
- To develop, in conjunction with other Committees of the FMUTM, a career path for PDUTs.

Activities:

a) Unit Trust Roadshow, Johor Bahru

This annual exhibition and seminar was held in January 2002 at the City Square, Johor Bahru and officiated by the Menteri Besar of Johor. A total of 37 members participated in the exhibition. The seminar was held at the Puteri Pan Pacific Hotel, with approximately 300 participants.

As part of the FMUTM's services to members, the exhibition was organised and funded by the FMUTM.

b) Malaysia Unit Trust Week 2002

Held in Alor Setar, Kedah during 20-26 April, this is the third annual event jointly organised by PNB and the FMUTM. Apart from the exhibition, activities such as nationwide seminars were also organised. The event was officiated by the Deputy Prime Minister, YAB Dato' Seri Abdullah Ahmad Badawi and the closing ceremony was graced by the Prime Minister, YAB Dato' Seri Dr. Mahathir Mohammad.

In conjunction with the Malaysia Unit Trust Week, an investment seminar and game were conducted earlier on 10-11 April 2002. The aim of the seminar was to give participants a better understanding of the latest financial instruments and their application in asset management and allocation. The seminar concluded with an investment simulation game to enable participants to apply the knowledge derived from the seminar.

c) Kuala Lumpur Investment Fair 2002 (KLIF 2002)

Jointly hosted with The Royal Mint of Malaysia, the Kuala Lumpur Investment Fair 2002 was held from 1-3 November 2002 at the Putra World Trade Centre, Kuala Lumpur, in conjunction with the Kuala Lumpur International Money Fair 2002. A number of activities were conducted concurrently with the event and the unit trust industry participated actively in the exhibition and the investment seminar.



The KLIF 2002 exhibition showcased investment products and services offered by the FMUTM's members. Together with the concurrent events, the exhibition was visited by over 6,000 visitors.

The seminar entitled "Investing in Unit Trusts" was well-attended by 368 participants. They benefited greatly from views and insights of a panel of exceptional speakers on subjects pertinent to personal finance such as investing in unit trusts through the EFE, financial planning for investors, how investors' unit trust investments are protected, outlook for the Malaysian economy and investing in turbulent times.

The KLIF 2002 is another continuing collective effort among the FMUTM members, the regulators and institutional unit trust agents in providing a single platform to take the message of investing to the population at large, apart from bringing important information about the benefits and associated risks of investing in unit trust funds.

Council Members' Attendance Record

Council Members	73rd	74th	75th	76th	77th	78th	79th	Total
	17 Jan 2002	21 Feb 2002	18 Apr 2002	20 Jun 2002	22 Aug 2002	19 Sep 2002	21 Nov 2002	
1. Y. Bhg. Dato' Abdul Azim Mohd Zabidi	●	●	●	●	●		●	6/7
2. Cheah Swee Leng, Edmond	●	●	●	●		●	●	6/7
3. Y.M. Tunku Dato' Ya'acob Tunku Abdullah	N/A			●	●	●	●	4/5
4. Cheah Chuan Lok	N/A		●	●	●		●	4/5
5. Kamalul Arifin Othman	●	●	Resigned from the Council					2/2
6. Low Hong Ceong, Paul	●	●			●	●	●	5/7
7. Norkhalim Ahmad	●	●		●				3/7
8. Tan Keah Huat	N/A		●	●	●	●	●	5/5
9. Toh Chin Hian, Mark	●	●	●	●		●	●	6/7
10. Wong Say Fun, Peter	●	●	●	●	●	●	●	7/7
11. Yeoh Keat Seng	N/A		●		●	●	●	4/5
Independent Councillors								
12. Christopher Foo Kah Foong	●	●	●	●	●		●	6/7
13. Mohammad Faiz Mohammad Azmi	●	●	●		●	●	●	6/7
14. Prof. Dr. Saiful Azhar Rosly			●		●	●	●	4/7
In Attendance:								
15. Tan Chai Fong, Kathy	●	●	●	●	●	●	●	7/7
16. Tai Terk Lin (on invitation)	●	Resigned from the Council						1/1

● Present

□ Absent

■ Resigned from the Council

Calendar of Events

for the Year 2002

January

11-13 January 2002
2nd Unit Trust Roadshow, City Square, Johor Bahru

17 January 2002
73rd Council Meeting

18 January 2002
2nd Derivatives Masterplan Task Force Meeting

29 January 2002
2nd FMUTM-MAAM Committee Meeting

31 January 2002
Working Group Meeting-Review of Fees and Charges in the Unit Trust Industry

February

20 February 2002
Submission to the SC-Proposal on the Review of Sales Charges and Annual Management Fee in the Unit Trust Industry

21 February 2002
74th Council Meeting

March

12 March 2002
Property Trust Committee Meeting-Consultation Paper on Property Trust Funds

18 March 2002
8th Annual General Meeting & Council's Appreciation Dinner 2002

18 March 2002
Hague Convention On Indirectly Held Securities, SC

19 March 2002
Briefing by LFX on Labuan International Financial Exchange and Fund Management Opportunities in Labuan IOFC

30 March 2002
Participated in the SC Seminar-Syariah Equity Investment and Islamic Indices

April

9-12 April 2002
7th Asia Oceania Regional Meeting, Singapore

10-11 April 2002
Investment Seminar & Game, held in conjunction with the Malaysia Unit Trust Week 2002

12 April 2002
3rd Derivatives Masterplan Task Force Meeting

17 April 2002
4th Marketing & Distribution Committee Meeting-Examination

18 April 2002
75th Council Meeting





20-26 April 2002
3rd Malaysia Unit Trust Week 2002, Alor Setar, Kedah

24 April 2002
Working Group Meeting–Investment Restriction on Index Funds

29 April 2002
Meeting with Bank Negara Malaysia (BNM)–Foreign Investments for Unit Trust Funds

May
22 May 2002
9th Marketing & Distribution Committee Meeting–PDUTs

31 May 2002
4th Marketing & Distribution Committee Meeting–IUTAs

June
14 June 2002
4th Professional Practices Committee Meeting

20 June 2002
76th Council Meeting

27-30 June 2002
3rd Council Brainstorming Session 2002, Bali, Indonesia

July
2 July 2002
SC Dialogue On Auditors' Independence, SC

8 July 2002
Submission to BNM–Proposal to Revise Foreign Investments for Unit Trust Funds

12 July 2002
7th SC-FMUTM Policy Meeting

16 July 2002
Presentation on Risk-Adjusted Performance Measurement By Standard & Poor's Fund Services

30-31 July 2002
Participated in the Malaysian Capital Market Summit 2002

August
1 August 2002
Introduction of Additional Disclosure of Information for Unit Trust Funds

2 August 2002
Participated in the SC's Roundtable Discussion on Investment Abroad



6 August 2002
5th KLSE-FMUTM Annual Dialogue

13 August 2002
2nd XVII IIFA 2003 Sub-Committee Meeting

21 August 2002
1st Briefing on Internet Investment Information (F)
System Project

22 August 2002
77th Council Meeting

24 August 2002
2nd Amanah Saham Bowling Tournament 2002

28 August 2002
Discussion with the SC-Marketing and Promotion of
Unit Trusts by Institutional Agents

September

13 September 2002
2nd Briefing on Internet Investment Information (F)
System Project

13 September 2002
3rd XVII IIFA 2003 Sub-Committee Meeting

16 September 2002
Meeting with the SC-the Proposed Revision on
Guidelines on Unit Trust Funds

16 September 2002
1st Education & Conference Committee Meeting-
Kuala Lumpur Investment Fair 2002 (KLIF 2002)

16 September 2002
4th XVII IIFA 2003 Sub-Committee Meeting

19 September 2002
78th Council Meeting

20 September 2002
Working Group Meeting on Investment Limit for Warrant
Funds and Futures Contracts

23 September 2002
SC Dialogue On Disclosure-Based Regulations

23-29 September 2002
KLSE Investors' Week 2002

27 September 2002
2nd Education & Conference Committee Meeting-
KLIF 2002





October

4 October 2002
3rd Education & Conference Committee Meeting-
KLIF 2002

10 October 2002
Press Launch for KLIF 2002

15-18 October 2002
16th International Investment Fund Conference 2002,
Berlin

24 October 2002
Study Visit from Kenyan Capital Market Authority

November

1-3 November 2002
KLIF 2002

2 November 2002
Seminar on Investing in Unit Trusts, held in conjunction
with KLIF 2002

11 November 2002
5th Marketing and Distribution Committee
Meeting-Examination
10th Marketing and Distribution Committee
Meeting-PDUTs

12 November 2002
2nd One Day Seminar: The Unit Trust Industry Beyond
2002

15 November 2002
Internet Investment Information (I³) System
Project-Prototype presentation to External Working
Committee

19 November 2002
1st Investment Management Committee Meeting-Pension
and Retirement Funds

21 November 2002
79th Council Meeting

December

16 December 2002
4th CEOs' Roundtable Meeting 2002

20 December 2002
Participated in the SC's Capital Market Graduate Training
Scheme



Council Members' Report

for the year ended
31 December 2002

The Council Members have pleasure in submitting their report and the audited financial statements of the Federation for the year ended 31 December 2002.

Principal activities

The Federation's principal functions are to conduct its affairs in the best interests of unit trust holders and the unit trust industry, to encourage and foster amongst its members conduct, ethics and standards of practice that will best serve, maintain further and protect the interests of unit trust holders and the unit trust industry. There has been no significant change in the nature of these functions during the financial year.

Results

	RM
Operating surplus for the year	<u>1,018,659</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

Council Members of the Federation

Council Members in office since the date of the last report are:

Dato' Abdul Azim Mohd Zabidi
Cheah Swee Leng, Edmond
Low Hong Ceong
Norkhalim bin Ahmad
Toh Chin Hian, Mark
Wong Say Fun, Peter
Christopher Foo Kah Foong
Prof. Dr. Saiful Azhar Bin Rosly
Mohammad Faiz Bin Mohammad Azmi
Tunku Dato' Ya'acob Tunku Abdullah (appointed on 11.4.2002)
Yeoh Keat Seng (appointed on 15.4.2002)
Cheah Chuan Lok (appointed on 15.4.2002)
Tan Keah Huat (appointed on 15.4.2002)
Kamalul Arifin Bin Othman (resigned on 18.3.2002)
Tai Terk Lin (resigned on 2.1.2002)

Council Members' benefits

Since the end of the previous financial year, no Council Member of the Federation has received or become entitled to receive any benefit (other than Honorarium Fee disclosed in Note 8 to the financial statements) by reason of a contract made by the Federation with the Council Member.

There were no arrangements during and at the end of the financial year which had the object of enabling Council Members of the Federation to acquire benefits by means of the acquisition of shares in or debentures of any other body corporate.



Other statutory information

Before the financial statements of the Federation were made out, the Council Members took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision need be made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Council Members of the Federation are not aware of any circumstances:

- i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or
- ii) that would render the value attributed to the current assets in the Federation's financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Federation misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Federation misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Federation that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Federation that has arisen since the end of the financial year.

No contingent liability or other liability of the Federation has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Council Members, will or may substantially affect the ability of the Federation to meet its obligations as and when they fall due.

In the opinion of the Council Members, the results of the operations of the Federation for the financial year ended 31 December 2002 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Council Members:

Dato' Abdul Azim Mohd Zabidi
President

Cheah Swee Leng, Edmond
Vice President

Kuala Lumpur,
Date: 12 May 2003

Statement by Council Members

**pursuant to Section 169(15)
of the Companies Act, 1965**

In the opinion of the Council Members, the financial statements set out on pages 46 to 54 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Federation at 31 December 2002 and of the results of its operations and of its cash flows for the year ended on that date.

Signed in accordance with a resolution of the Council Members:

Dato' Abdul Azim Mohd Zabidi
President

Cheah Swee Leng, Edmond
Vice President

Kuala Lumpur,
Date: 12 May 2003

Statutory Declaration

**pursuant to Section 169(16)
of the Companies Act, 1965**

I, **Tan Chai Fong, Kathy**, the officer primarily responsible for the financial management of the Federation of the Malaysian Unit Trust Managers, do solemnly and sincerely declare that the financial statements set out on pages 46 to 54, are, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Tan Chai Fong, Kathy

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 12 May 2003.

Before me:

Barathan A/L Sinniah @ Chinniah
(W 202)
Commissioner For Oaths

Report of the Auditors to the Members

of the Federation of Malaysian Unit Trust Managers



We have audited the financial statements set out on pages 46 to 54. The preparation of the financial statements is the responsibility of the Federation's Council Members. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Council Members as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Federation at 31 December 2002 and its results and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Federation; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Federation have been properly kept in accordance with the provisions of the said Act.

KPMG

Firm Number: AF 0758
Chartered Accountants

Siew Chin Kiang @ Seow Chin Kiang

Partner

Approval Number: 2012/11/04(J)

Kuala Lumpur,

Date: 12 May 2003

Balance Sheet

as at 31 December 2002

	Note	2002 RM	2001 RM
Plant and equipment	2	479,040	309,901
Current assets			
Other receivables, deposits and prepayments		178,148	140,609
Cash and cash equivalents	3	3,499,176	3,439,467
		3,677,324	3,580,076
Current liabilities			
Advanced billings		835,433	1,231,633
Other payables and accruals		434,970	710,388
Taxation		237,577	343,024
		1,507,980	2,285,045
Net current assets		2,169,344	1,295,031
		2,648,384	1,604,932
Financed by:			
Accumulated fund	4	2,590,204	1,571,545
Deferred liabilities			
Deferred income	5	1,180	6,387
Deferred taxation	6	57,000	27,000
		2,648,384	1,604,932

The financial statements were approved and authorised for issue by the Council Members on 30 April 2003.

The notes set out on pages 49 to 53 form an integral part of, and, should be read in conjunction with, these financial statements.

Balance Sheet

as at 31 December 2002

	Note	2002 RM	2001 RM
Plant and equipment	2	479,040	309,901
Current assets			
Other receivables, deposits and prepayments		178,148	140,609
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		3,677,324	3,580,076
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Deferred income	5	1,180	6,387
Deferred taxation	6	57,000	27,000
		2,648,384	1,604,932

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Cash Flow Statement

for the year ended
31 December 2002

	2002 RM	2001 RM
Cash flows from operating activities		
Excess of revenue over expenditure	1,295,243	659,656
Adjustments for:		
Depreciation	114,267	96,865
Interest income	(84,735)	(67,128)
	1,324,775	689,393
Excess of operating revenue over expenditure before working capital and changes		
Changes in working capital and deferred income		
Other receivables	(39,133)	15,134
Advanced billings	(396,200)	491,530
Other payables and accruals	(275,418)	388,233
Deferred income	(5,207)	(5,206)
	608,817	1,579,084
Cash generated from operations		
Tax paid	(352,031)	(162,840)
	256,786	1,416,244
Net cash generated from operating activities		
Cash flows from investing activities		
Purchase of plant and equipment	(283,406)	(91,817)
Interest received	86,329	55,158
	(197,077)	(36,659)
Net cash used in investing activities		
Net increase in cash and cash equivalents	59,709	1,379,585
Cash and cash equivalents at beginning of year	3,439,467	2,059,882
Cash and cash equivalents at end of year	3,499,176	3,439,467
Cash and cash equivalents comprise:		
Deposits and repo with a licensed bank	3,443,774	3,413,927
Cash and bank balances	55,402	25,540
	3,499,176	3,439,467

Notes to the Financial Statements



1. Summary of significant accounting policies

The following accounting policies are adopted by the Federation and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 19, Events After Balance Sheet Date and MASB 20, Provisions, Contingent Liabilities and Contingent Assets which are applied retrospectively. There is no material impact on the financial statements;
- (ii) MASB 23, Impairment of Assets which is applied prospectively. The restatement of comparative figures and prior year adjustment are therefore not presented; and
- (iii) MASB 24, Financial Instruments: Disclosure and Presentation which has been adopted prospectively.

(a) Basis of accounting

The financial statements of the Federation are prepared in compliance with applicable approved accounting standards in Malaysia.

(b) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation.

(c) Depreciation

The straight-line method is used to write off the cost of the following assets over the term of their estimated useful lives at the following principal annual rates:

Office equipment	20%
Furniture and fittings	10%
Office renovations	33 1/3%
Motor vehicles	20%

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

(e) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all material timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

(f) Receivables

Known bad debts are written off and specific allowance is made for any considered to be doubtful of collection.

(g) Revenue recognition**i) Subscriptions**

Annual subscriptions receivable from members and Persons Dealing in Unit Trusts are accounted for under the accruals method of accounting.

ii) Advance billings

Annual subscriptions received over the period of subscriptions for each calendar year are recognised as revenue evenly in the income statement on a monthly basis over the 12 months of each financial year.

iii) Application and examination fees

Application and examination fees are recognised upon the receipt of application and the holding of examination respectively.

iv) Refundable registration fees

Registration fees received in advance are recognised as revenue in the income statement upon confirmation of an applicant as a registered Persons Dealing in Unit Trusts.

v) Capital grants

Capital grants, received for the purchase of plant and equipment are taken to deferred income. Such grants are recognised in the income statement in accordance with the related depreciation charged on the plant and equipment.

vi) Revenue grants

Revenue grants for working capital purposes are recognised in the income statement upon receipt.

vii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(h) Impairment

The carrying amount of the Company's assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.



2. Plant and equipment

	Office equipment RM	Furniture and fittings RM	Office renovations RM	Motor vehicles RM	Total RM
Cost					
At 1 January 2002	334,528	81,803	141,627	151,630	709,588
Additions	275,793	418	7,195	–	283,406
At 31 December 2002	610,321	82,221	148,822	151,630	992,994
Depreciation					
At 1 January 2002	190,718	28,932	116,623	63,414	399,687
Charge for the year	50,500	8,204	25,236	30,327	114,267
At 31 December 2002	241,218	37,136	141,859	93,741	513,954
Net book value					
At 31 December 2002	369,103	45,085	6,963	57,889	479,040
At 31 December 2001	143,810	52,871	25,004	88,216	309,901
Depreciation charge for the period ended 31 December 2001	29,789	7,924	28,826	30,326	96,865

3. Cash and cash equivalents

	2002 RM	2001 RM
Deposits and repo with a licensed bank	3,443,774	3,413,927
Cash and bank balances	55,402	25,540
	3,499,176	3,439,467

4. Accumulated fund

	2002 RM	2001 RM
Accumulated fund brought forward	1,571,545	1,301,753
Operating surplus for the year	1,018,659	269,792
Accumulated fund carried forward	2,590,204	1,571,545

5. Deferred income

	2002 RM	2001 RM
Capital grant		
At 1 January	6,387	11,593
Recognised in the income statement	(5,207)	(5,206)
At 31 December	1,180	6,387

6. Deferred taxation

	2002 RM	2001 RM
Balance at 1 January	27,000	-
Transfer from income statement	30,000	27,000
	<hr/>	<hr/>
Balance at 31 December	57,000	27,000

The deferred taxation is in respect of timing differences between depreciation and corresponding capital allowances on plant and equipment.

7. Revenue

Revenue represents members' subscriptions and application fees, Institutional Unit Trust Agents' annual and application fees and Persons Dealing in Unit Trusts' application, registration and net examination fees received or receivable.

8. Excess of revenue over expenditure

	2002 RM	2001 RM
Excess of revenue over expenditure is arrived at after charging:		
Auditors' remuneration		
- current year	5,000	5,000
- underprovision in prior year	1,250	1,798
Honorarium fee paid to independent Council Members	4,800	6,300
Roadshow net expenses	109,325	220,902
PDUT seminar expenses	91,410	93,186
Conference expenses	50,425	-
Other project expenses	-	27,144
Unit trust examination expenses	309,690	323,251
	<hr/>	<hr/>
and crediting:		
Capital grant recognised	5,207	5,206
Interest income	84,735	67,128
Unit trust examination fees	954,026	1,000,428

The number of employees (excluding Council Members) of the Federation during the year was 15 (2001:16).

9. Tax expense

	2002 RM	2001 RM
Current tax expense	237,436	179,687
Underprovision in prior year	9,148	183,177
Deferred taxation	30,000	27,000
	<hr/>	<hr/>
	276,584	389,864

The Federation's current and prior year effective tax rate is lower than the prima facie tax rate as the Federation is treated as a 'Trade Association' under Section 53(3) of the Income Tax Act 1967, under which its income is taxed at scale rates.



10. Financial instruments

Financial risk management objectives and policies

Exposure to credit and interest rate risk arises in the normal course of the Federation's business. The Council reviews and agrees on policies for managing each of these risks and they are summarised below:

Credit risk

Management monitors credit risk on an ongoing basis. Fixed deposits are placed only with a licensed financial institution.

At balance sheet date, there were no significant concentration of credit risk other than fixed deposits that are only placed with a licensed financial institution. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest rate risk

The Federation does not have any borrowings. Excess funds are placed in short-term fixed deposits based on the prevailing rate.

The following table shows information about the Federation's exposure to interest rate risk.

Effective interest rates and repricing analysis

	2002					2001				
	Effective interest rate %	Total RM	Within 1 year RM	1-5 years RM	After 5 years RM	Effective interest rate %	Total RM	Within 1 year RM	1-5 years RM	After 5 years RM
Financial assets										
Fixed deposits and repurchase agreements	2.70	3,443,774	3,443,774	-	-	2.86	3,413,927	3,413,927	-	-

Fixed deposits and repurchase agreements amounting to RM3,443,774 (2001:RM3,413,927) of the Federation are expected to mature within one year with an effective interest rate of 2.70% (2001:2.86%).

Fair values

In the opinion of the Council Members, there is no significant difference between the fair values and the book values of financial assets and financial liabilities.

11. Capital commitments

Contracted but not provided for in the financial statements

2002 RM	2001 RM
229,200	-

12. Comparative figures

The presentation of cash flow statement has been changed from direct to indirect format to ensure comparability with the current financial year.

Detailed Income Statement

for the year ended
31 December 2002

	2002 RM	2001 RM
Revenue		
Members' subscription	770,000	114,000
Members application fees	50,000	55,000
Persons Dealing in Unit Trusts (PDUTs)		
- application and registration fees	1,342,412	1,199,534
examination fees	954,026	1,000,428
examination expenses	(309,690)	(323,251)
- net examination fees	644,336	677,177
Institutional Unit Trust Agents (IUTAs)		
- application fees	12,500	11,250
- annual fees	155,500	101,000
	2,974,748	2,157,961
Other income/(expenses)		
Books/Materials sales	608	780
Capital grant	5,207	5,206
Roadshow net expenses	(109,325)	(220,902)
PDUT seminar expenses	(91,410)	(93,186)
Conference expenses	(50,425)	-
Other project expenses	-	(27,144)
Sundry income	6,036	1,012
	(239,309)	(334,234)
Interest income	84,735	67,128
	2,820,174	1,890,855
Less:		
Expenditure		
Depreciation	114,267	96,865
Rental	103,525	98,400
Staff costs	918,637	704,112
Other operating and administrative expenses		
Advertisement	630	1,260
Auditors' remuneration		
- current year	5,000	5,000
- underprovision in prior year	1,250	1,798
Bank charges	1,452	1,276
Computer program	500	3,600
Council and committee events	73,184	11,625
Honorarium fees	4,800	6,300
Courier and postage	5,911	5,977
Entertainment	3,319	2,616
Insurance	1,031	1,134
Magazines and periodicals	7,950	6,305
Printing and stationery	21,214	38,811
Professional fees	49,390	82,982
Secretarial fees	2,025	3,036
Study tour/conference	78,710	36,857
Sundry expenses	8,163	739
Promotion	22,500	74,850
Telephone and faxes	39,973	18,821
Travelling and accommodation	42,402	13,486
Upkeep of office equipment	3,912	1,930
Upkeep of office	9,679	8,442
Water and electricity	5,507	4,977
	388,502	331,822
	1,524,931	1,231,199
Excess of revenue over expenditure	1,295,243	659,656
Tax expense	(276,584)	(389,864)
Excess of revenue over expenditure after taxation for the year	1,018,659	269,792



Members' Directory

as at 31 December 2002

Ordinary Members	56-65
Associate Members	66-68

Ordinary Members

Abrar Unit Trust Management Berhad Penthouse, Wisma MLS No. 31, Jalan Tunku Abdul Rahman 50100 Kuala Lumpur	Contact Person: En. Zaini Ramlee Tel: (03) 2698-9986 Fax: (03) 2698-1385
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There is no fund under management

Affin Trust Management Berhad 22nd Floor, Menara Boustead Jalan Raja Chulan 50200 Kuala Lumpur	Contact Person: Brig. Gen. (B) Abdullah Omar Tel: (03) 2034-2870 Fax: (03) 2034-2881
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Affin Equity	29/04/1993	Growth & Income	300
Dana Islamiah Affin	11/11/2001	Islamic/Syariah-Balanced	400
Affin Capital	12/12/2001	General Bonds	600

Alliance Unit Trust Management Berhad 23.01, 23rd Floor Menara Multi-Purpose, Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur	Contact Person: En. Tan Wai Kuen, Kenny Tel: (03) 2698-4299 Fax: (03) 2693-0792
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Alliance First	16/01/1996	Balanced Income	400
Alliance Vision	01/03/2000	Small Companies	400
Alliance Moneyplus	30/01/2002	General Bonds	300

Amanah Property Trust Managers Berhad 10th Floor Bangunan Amanah Capital 82, Jalan Raja Chulan 50200 Kuala Lumpur	Contact Person: En. Hon Kah Weng, Eugene Tel: (03) 2732-2668 Fax: (03) 2732-5833
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
First Malaysia Property Trust	10/10/1989	Property	1,000

Amanah Saham Kedah Berhad No. 178 & 179 Jalan Sultanah Sambungan 05250 Alor Setar Kedah	Contact Person: En. Norkhalim Ahmad Tel: (04) 730-0323 Fax: (04) 730-0320
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Amanah Saham Kedah	27/02/1995	State Fund	200



Amanah Saham Nasional Berhad Balai PNB 201-A Jalan Tun Razak 50400 Kuala Lumpur	Contact Person: En. Paisol Ahmad Tel: (03) 2050-5617 Fax: (03) 2161-0082
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
ASN	20/04/1981	Federal Fund	2,500
ASB	02/01/1990	Federal Fund	Unlimited
ASW 2020	28/08/1996	Federal Fund	3,000
ASN2	09/06/1999	Federal Fund	2,500
Amanah Saham Malaysia	20/04/2000	Federal Fund	3,000
Amanah Saham Didik	20/04/2001	Federal Fund	300
Amanah Saham Nasional 3-Imbang	16/10/2001	Federal Fund	1,000

Amanah Saham Sarawak Berhad Lot 357 Section 5 KTLD Jalan Satok 93400 Kuching Sarawak	Contact Person: Tuan Haji Soedirman Aini Tel: (082) 231-433 Fax: (082) 231-461
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Amanah Saham Sarawak	25/08/1993	State Fund	750

AmInvestment Services Berhad 9th Floor Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur	Contact Person: En. Cheah Chuan Lok Tel: (03) 2078-2633 Fax: (03) 2031-5210
--	--

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
AmCash Management	28/11/1986	Money Market	500
AmTotal Return	10/01/1989	Growth & Income	500
AmIttikal	01/01/1993	Islamic/Syariah-Equities	500
AmCumulative Growth	24/07/1996	Growth	200
AmIncome	20/01/2000	Money Market	200
AmBond	20/01/2000	General Bonds	500
AmNew Frontier	15/10/2001	Info & Technology	500
AmIncome Plus	26/11/2001	Short-Term Bonds	200
AmBon Islam	26/11/2001	Islamic/Syariah-Bonds	200
AmAl-Amin	26/11/2001	Money Market	200

AmProperty Trust Management Berhad 17th Floor Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur	Contact Person: En. Kamalul Arifin Othman Tel: (03) 2078-2633 Fax: (03) 2732-0644
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
AmFirst Property Trust	17/08/1989	Property	135

Apex Unit Trusts Berhad Suite 10-A3, 10A Floor Grand Seasons Avenue 72, Jalan Pahang 53000 Kuala Lumpur	Contact Person: En. Tan Keah Huat Tel: (03) 2693-2789 Fax: (03) 2693-2779
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Apex Malaysia Growth	06/08/1997	Growth	100
Apex CI Tracker	28/06/2000	Index Tracking	100
Apex Small-Cap	18/09/2000	Small Companies	300

Asia Unit Trusts Berhad 1st Floor, Bangunan Komplek Kewangan No. 82, Jalan Raja Chulan 50200 Kuala Lumpur	Contact Person: En. Mushtaq Ahmad A. M. Ibrahim Tel: (03) 2163-3311 Fax: (03) 2163-4313
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
AUTB Progress	01/06/1970	Small Companies	300
AUTB Dana Bakti	14/05/1971	Islamic/Syariah-Equities	150
AUTB Tactical	05/05/1976	Growth	50
AUTB Bond	24/01/1984	General Bonds	50
AUTB Investment	18/07/1996	Growth & Income	300

ASM Mara Unit Trust Management Berhad Ground Floor, Wisma ASMB No. 1A, Jalan Lumut 50400 Kuala Lumpur	Contact Person: En. Mansoor Ahmad Tel: (03) 4041-7199 Fax: (03) 4042-6511
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
ASM Index	19/02/1969	Index Tracking	20
ASM TKMBY Ketiga	01/11/1969	Growth & Income	20
ASM TKMBY Keempat	02/02/1970	Growth & Income	20
ASM TKMBY Kelima	03/09/1971	Growth & Income	20
ASM TKMBY Keenam	05/05/1972	Growth & Income	20
ASM TKMB - Dana Pertumbuhan	28/12/1972	Growth	20
ASM TKMBY Ketujuh	28/12/1972	Growth & Income	20
Dana Bestari	17/07/1975	Islamic/Syariah-Equities	20
ASM TKMBY Kesepuluh	24/10/1978	Growth & Income	20
ASM TKMBY Kesebelas	29/10/1979	Growth & Income	20
ASM First Public	20/04/1992	Growth & Income	350
ASM Premier	12/06/1995	Growth & Income	350
Amanah Saham Pekerja-Pekerja TNB	28/08/1995	Growth & Income	50
Dana Al-Aiman	19/05/1997	Islamic/Syariah-Equities	150
ASM Balanced	06/12/1997	Balanced	100



Avenue Unit Trust Management Berhad

Level 12, Menara Phileo
189, Jalan Tun Razak
50400 Kuala Lumpur

Contact Person: En. Wong Teck Meng, Danny

Tel: (03) 2166-3030
Fax: (03) 2161-4608

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Avenue Syariah Extra	12/03/1996	Islamic/Syariah-Equities	250
Avenue Income Extra	10/09/1999	Short-Term Bonds	1,000
Avenue Equity Extra	10/09/1999	Growth & Income	500
Avenue Bond Extra	08/10/2002	General Bonds	200
Avenue Money Extra	08/10/2002	Money Market	200
Avenue Versatile Extra	28/10/2002	Balanced	200

BHLB Pacific Trust Management Berhad

No. 52 & 54, Jalan SS 21/39
Damansara Utama
47400 Petaling Jaya
Selangor

Contact Person: En. Low Hong Ceong, Paul

Tel: (03) 7726-2088
Fax: (03) 7726-0190

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
BHLB Pacific Double Growth	15/05/1991	Growth	550
BHLB Pacific Emerging Co. Growth	10/05/1994	Small Companies	700
SBB Premium Capital	01/08/1995	Growth & Income	500
BHLB Pacific Savings	05/08/1995	Balanced	500
BHLB Pacific High Growth	28/09/1995	Growth	1,000
SBB Retirement Balanced	12/03/1997	Balanced	100
BHLB Pacific Dana Al-Ihsan	07/05/1998	Islamic/Syariah-Equities	500
BHLB Pacific Bond	28/07/1999	General Bonds	200
SBB Composite Index	23/08/1999	Index Tracking	200
BHLB Pacific Index-Linked	08/06/2000	Index Tracking	500
BHLB Pacific HGF Sequel	08/03/2001	Growth	500
BHLB Pacific Dana Al-Mizan	08/03/2001	Islamic/Syariah-Balanced	500

BIMB Unit Trust Management Berhad

Level 5, Front Wing
Bangunan Takaful
Jalan Sultan Ismail
50250 Kuala Lumpur

Contact Person: En. Ahmad Nazrien Haji Yusof

Tel: (03) 2694-6617
Fax: 03) 2694-3516

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Amanah Saham Bank Islam	20/06/1994	Islamic/Syariah-Equities	302
ASBI Dana Pendidikan	27/12/2001	Islamic/Syariah-Equities	400
ASBI Dana Persaraan	27/12/2001	Islamic/Syariah-Balanced	400
ASBI Dana Bon Islam	27/12/2001	Islamic/Syariah-Bonds	400

CMS Trust Management Berhad Level 1, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak	Contact Person: En. S. Kumaravelloo Pillai Tel: (082) 343-022 Fax: (082) 343-066
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
CMS Premier	26/11/1996	Growth	1,000
CMS Balanced	23/05/2001	Balanced Income	500
CMS Bond	15/08/2002	Islamic/Syariah-Bonds	500
CMS Islamic	15/08/2002	Islamic/Syariah-Balanced	500

Commerce Trust Berhad Level 18, Menara Dato' Onn Putra World Trade Centre No. 45, Jalan Tun Ismail 50480 Kuala Lumpur	Contact Person: En. Yeoh Keat Seng Tel: (03) 2617 2000 Fax: (03) 2617 2244
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Lifetime Dana Putra	15/06/1995	Islamic/Syariah-Equities	300
Lifetime Bond	15/11/1995	General Bonds	1,000
Lifetime - Future Goals	12/03/1998	Growth	500
Lifetime - Balanced Returns	12/03/1998	Balanced	1,000
Lifetime - Income Plus	12/03/1998	Balanced Income	500

HLG Unit Trust Berhad Level 8, Wisma Kia Peng No. 3, Jalan Kia Peng 50450 Kuala Lumpur	Contact Person: Cik Tye Su Leng Tel: (03) 2733-2500 Fax: (03) 2733-2541
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
HLG Growth	08/09/1995	Growth	300
HLG Blue Chip	26/04/1999	Growth	100
HLG Penny Stock	26/04/1999	Growth	1,500
HLG Consumer Products Sector	29/08/2000	Growth & Income	} Combined Fund Size = 500 million units
HLG Construction, Infrastructure & Property	29/08/2000	Growth & Income	
HLG Finance Sector	29/08/2000	Growth & Income	
HLG Industrial & Technology Sector	29/08/2000	Growth & Income	
HLG Trading/Services Sector	29/08/2000	Growth & Income	
HLG Dana Makmur	12/11/2001	Islamic/Syariah-Equities	500
HLG Money Market	29/01/2002	Short-Term Bonds	500
HLG Balanced	29/04/2002	Balanced Income	200



Hwang-DBS Unit Trust Berhad
 Suite 12-03, 12th Floor
 Menara Keck Seng
 203, Jalan Bukit Bintang
 55100 Kuala Lumpur

Contact Person: Cik Lee Le Leng

Tel: (03) 2142-1881
Fax: (03) 2143-1881

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Hwang-DBS Select Opportunity	07/09/2001	Growth & Income	200
Hwang-DBS Dana Izdihar	08/10/2002	Islamic/Syariah-Equities	400

Kenanga Unit Trust Berhad
 303, 3rd Floor
 Pernas International
 Jalan Sultan Ismail
 50250 Kuala Lumpur

Contact Person: En. Johan Tazrin Hamid Ngo

Tel: (03) 2162-5688
Fax: (03) 2162-5699

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
KUT - Negara Equity	17/01/2000	Growth	500
KUT - Negara Equity Islamic	29/01/2002	Islamic/Syariah-Equities	200

KLCity Unit Trust Berhad
 No. 8, Jalan Binjai
 Off Jalan Ampang
 50450 Kuala Lumpur

Contact Person: En. Wong Mien

Tel: (03) 2166-9799
Fax: (03) 2166-8799

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
KL City Sapphire	25/11/1977	Growth & Income	300
KL City Ruby	31/12/1980	Growth & Income	200
KL City Emerald	14/04/1982	Growth & Income	100

KSC Capital Berhad
 Suite E-13A-15, Block E
 Plaza Mont' Kiara
 2 Jalan 1/70C, Mont' Kiara
 50480 Kuala Lumpur

Contact Person: En. Daud Mah Abdullah

Tel: (03) 6203-3888
Fax: (03) 6201-2118

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Value	16/12/2002	Growth	100

MAA Mutual Berhad
 16.02, 16 Floor
 Menara MAA
 12, Jalan Dewan Bahasa
 50460 Kuala Lumpur

Contact Person: Y. M.Tunku Dato' Ya'acob Tunku Abdullah

Tel: (03) 2146-9588
Fax: (03) 2143-2143

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
MAA Mutual Bond	18/02/2002	General Bonds	} Combined Fund Size = 1 billion units
MAA Mutual Growth	18/02/2002	Growth & Income	
MAA Mutual Progress	18/02/2002	Small Companies	

Mayban Management Berhad Level 12, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur	Contact Person: En. Ismail Mohd Yusof Tel: (03) 2287-2818 Fax: (03) 2287-6818
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Mayban Unit Trust	26/03/1992	Growth & Income	500
Mayban Balanced Trust	19/09/1994	Balanced	1,000
Mayban Income Trust	19/06/1996	Short-Term Bonds	200
Mayban Dana Yakin	24/11/2000	Islamic/Syariah-Equities	100
Mayban Index-Linked Trust	16/05/2002	Index Tracking	200
Mayban Dana Ikhlas	17/09/2002	Islamic/Syariah-Balanced	400

MBf Unit Trust Management Berhad Suite 45.01, Level 45 Plaza MBf No. 8, Jalan Yap Kwan Seng 50450 Kuala Lumpur	Contact Person: En. Wong Say Fun, Peter Tel: (03) 2167-0800 Fax: (03) 2164-8996
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
MBf Balanced	01/05/1991	Balanced Income	750
MBf Growth	01/06/1995	Growth	300
MBf Equity Index	26/05/1997	Index Tracking	300
MBf Syariah Index	04/01/2002	Islamic/Syariah-Equities	300

Metrowangsa Unit Trusts Berhad No. 48, Jalan Mamanda 9 Ampang Point Ampang 68000 Kuala Lumpur	Contact Person: En. Abdul Aziz Abdullah Tel: (03) 4256-3522 Fax: (03) 4256-4587
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Asnita (Amanah Saham Wanita)	05/05/1998	Islamic/Syariah-Equities	400

OSK-UOB Unit Trust Management Berhad 5th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur	Contact Person: En. Ho Seng Yee Tel: (03) 2164-3036 Fax: (03) 2715-0099
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
OSK-UOB Equity	08/08/1996	Growth & Income	750
Small Cap Opportunity	20/04/1998	Small Companies	250
OSK-UOB KidSave	10/05/1999	Balanced Income	200
KLCI Tracker	03/04/2000	Index Tracking	500
TMT Focus	18/08/2001	Info & Technology	200
OSK-UOB Dana Islam	26/10/2001	Islamic/Syariah-Equities	100



Pacific Mutual Fund Berhad
 1001, Level 10, Uptown 1
 Jln SS 21/58
 Damansara Uptown
 47400 Petaling Jaya
 Selangor

Contact Person: En Michael Auyeung

Tel: (03) 7725-9877
Fax: (03) 7725-9859

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Pacific Premier	10/08/1995	Growth & Income	500
Pacific Pearl	06/01/1997	Small Companies	500
Pacific Dana Aman	16/04/1998	Islamic/Syariah-Equities	200
Pacific Millennium	15/04/1999	Growth & Income	500
Pacific Recovery	15/04/1999	Growth	500
Pacific Income	18/08/2000	Balanced Income	500
Pacific Progressive	02/01/2001	Info & Technology	500

Pelaburan Hartanah Nasional Berhad
 Tingkat 24, Menara PNB
 201-A, Jalan Tun Razak
 50400 Kuala Lumpur

Contact Person: Pn. Siti Ramelah Yahya

Tel: (03) 2050-5669
Fax: (03) 2050-5273

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Amanah Hartanah PNB	20/03/1989	Property	100

Pelaburan Johor Berhad
 Tingkat 10
 Menara Perbandaran Johor
 Kotaraya
 80000 Johor Bahru
 Johor

Contact Person: En. Ahmed Muzni Mohamed

Tel: (07) 223-4953
Fax: (07) 224-5251

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Amanah Saham Johor	15/05/1992	State Fund	300
Dana Johor	19/04/1995	State Fund	500
Amanah Saham Angkasa	24/04/1998	State Fund	300

Pengurusan Kumipa Berhad
 Tingkat 20, Kompleks Teruntum
 Jalan Mahkota
 25000 Kuantan
 Pahang

Contact Person: Pn. Hajjah Nor Asmah Abdul

Tel: (09) 514-5900
Fax: (09) 513-2196

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Kumpulan Modal Bumiputra Pahang	20/06/1994	State Fund	150

Permodalan BSN Berhad
 Tingkat 18, Wisma BSN
 No. 117, Jalan Ampang
 50450 Kuala Lumpur

Contact Person: En. Mohamed Sirad Mohamed Marzuki

Tel: (03) 2162-3222
Fax: (03) 2143-1910

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Amanah Saham BSN	12/01/1995	Growth & Income	500

Pheim Unit Trusts Berhad
 Letter Box 12, 3rd Floor, Mui Plaza
 Jalan P. Ramlee
 50250 Kuala Lumpur

Contact Person: En. Chong Chee Fire

Tel: (03) 2144-4188
Fax: (03) 2141-9199

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Dana Makmur Pheim	28/01/2002	Islamic/Syariah-Balanced	100
Pheim Emerging Companies Balanced	28/01/2002	Balanced	100
Pheim Income	28/01/2002	General Bonds	100

Prudential Unit Trusts Berhad
 Level 8A, Menara Prudential
 No. 10, Jalan Sultan Ismail
 50250 Kuala Lumpur

Contact Person: En. Toh Chin Hian, Mark

Tel: (03) 2031-8228
Fax: (03) 2070-6708

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
PRU Master Trust-Prudential Growth	29/05/2001	Growth	} Combined Fund Size = 1 billion units
PRU Master Trust-Prudential Small-Cap	29/05/2001	Small Companies	
PRU Master Trust-Prudential Bond	29/05/2001	General Bonds	
PRU Master Trust-Prudential Balanced	29/05/2001	Balanced	} Combined Fund Size = 300 million units
PRUIslamic Trust-Prudential Dana Al-Islah	14/08/2002	Islamic/Syariah-Balanced	
PRUIslamic Trust-Prudential Dana Al-Ilham	14/08/2002	Islamic/Syariah-Equities	
Prudential First Capital Guaranteed	22/08/2002	Guaranteed	150

PTB Unit Trust Berhad
 Level 3A (4th Floor), Tower B
 AMCORP Trade Centre
 18, Jalan Persiaran Barat Off Jalan Timur
 46200 Petaling Jaya
 Selangor

Contact Person: Tuan Haji Othman Muhammad

Tel: (03) 7954-3030
Fax: (03) 7958-8779

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
PTB Amanah Saham Darul Iman	31/10/1994	State Fund	500

Public Mutual Berhad
 Block B, Sri Damansara Business Park
 Persiaran Industri
 Bandar Sri Damansara
 55200 Kuala Lumpur

Contact Person: En. Cheah Swee Leng, Edmond

Tel: (03) 6279-6800
Fax: (03) 6277-9800

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Public Savings	29/03/1981	Growth & Income	500
Public Growth	11/12/1984	Growth & Income	1,000
Public Index	02/03/1992	Index Tracking	1,500
Public Industry	18/11/1993	Growth & Income	1,000
Public Aggressive Growth	25/04/1994	Growth	500
Public Regular Saving	25/04/1994	Growth & Income	1,500
Public Balanced	07/06/1995	Balanced Income	1,000
Public Bond	11/06/1996	General Bonds	800
Public Ittikal	10/04/1997	Islamic/Syariah-Equities	300
PB Balanced	05/05/1998	Balanced Income	300
Public SmallCap	13/06/2000	Small Companies	300
Public Equity	15/08/2001	Growth	2,000
Public Islamic Bond	15/08/2001	Islamic/Syariah-Bonds	300
PB Growth	03/10/2002	Growth	600
PB Fixed Income	03/10/2002	General Bonds	300



RHB Unit Trust Management Berhad Level 7, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur	Contact Person: En. Tan Lib Chau, Michael Tel: (03) 9286-2666 Fax: (03) 9287-2576
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
RHB Dynamic	15/09/1992	Growth & Income	750
RHB Capital	12/04/1995	Growth	500
RHB Mudharabah	09/05/1996	Islamic/Syariah-Balanced	500
RHB Bond	10/10/1997	General Bonds	300
RHB Malaysia Recovery	03/05/1999	Growth	500
RHB Islamic Bond	25/08/2000	Islamic Bonds	100
RHB Spectrum-RHB Technology	18/04/2001	Info & Technology	125
RHB Spectrum-RHB Balanced	18/04/2001	Balanced	125
RHB Spectrum-RHB Income	18/04/2001	Balanced Income	125
RHB Spectrum-RHB Index	18/04/2001	Index Tracking	125

Saham Sabah Berhad Suite 1-9-W2, W3 & W4, 9th Floor CPS Tower, Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah	Contact Person: Dato' Hassan Otoi Tel: (088) 266-588 Fax: (088) 262-588
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Saham Amanah Sabah	10/10/1994	State Fund	500

SBB Unit Trust Management Berhad 10th Floor, Wisma Perdana Jalan Dungun Damansara Heights 50490 Kuala Lumpur	Contact Person: En. Robin Hannigan Tel: (03) 254-2288 Fax: (03) 254-0684
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There is no fund under management

TA Unit Trust Management Berhad 23rd Floor, Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur	Contact Person: En. Chua Lai Huat, Richard Tel: (03) 2072-1277 Fax: (03) 2031-4479
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Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
TA Growth	01/07/1996	Growth & Income	200
TA Comet	01/10/1999	Growth & Income	150
TA Islamic	24/04/2001	Islamic/Syariah-Equities	250
TA Income	06/05/2002	Balanced Income	150

Tabung Amanah Saham Selangor Berhad Lot 1 & 10, Aras 1A, Blok Podium Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor	Contact Person: En. Abdul Rahim Abdul Aziz Tel: (03) 5510-1536 Fax: (03) 5510-1255
--	---

Fund	Launch Date	Type of Fund	Approved Fund Size (million units)
Amanah Saham Selangor	06/08/1994	State Fund	500

Associate Members

Affin Bank Berhad

17th Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur

Contact Person: En. Alzafry Mohd Zaliff
Mohamed Adahan
Tel: (03) 2055-9000
Fax: (03) 2026-1415

Alliance Bank Malaysia Berhad

36th Floor
Menara Multi-Purpose
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

Contact Person: En. Chan Chun Fee

Tel: (03) 2694-8800
Fax: (03) 2694-8249

Bank Simpanan Nasional

Finance Department
117, Jalan Ampang
50450 Kuala Lumpur

Contact Person: En. Mohd Ariffin Marzuki

Tel: (03) 2142-6907
Fax: (03) 2164-5819

Commerce International Merchant Bankers Berhad

10th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

Contact Person: En. Neville Ian Azzopardi

Tel: (03) 2093-6688
Fax: (03) 2093-5522

CIMB Securities Sdn Bhd

9th Floor, Commerce Square
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

Contact Person: En. Gui Eng Hock, Paul

Tel: (03) 2093-2288
Fax: (03) 2093-9071

Citibank Berhad

Level 13, Wisma Char Yong
89, Jalan Ampang
50450 Kuala Lumpur

Contact Person: En. Sik Wan King, Charles

Tel: (03) 2383-3323
Fax: (03) 2713-5538

Deutsche Bank (Malaysia) Berhad

Level 18, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Contact Person: Cik Lee Kwee Hua

Tel: (03) 2053-6826
Fax: (03) 2031-1899



EON Bank Berhad

12th Floor, Wisma Cyclecarri
288, Jalan Raja Laut
P. O. Box 12996
50796 Kuala Lumpur

EON Finance Berhad

11th Floor, Wisma Cyclecarri
288, Jalan Raja Laut
P. O. Box 12996
50796 Kuala Lumpur

ENG Securities Sdn Bhd

95, Jalan Tun Abdul Razak
80100 Johor Bahru
Johor

HSBC Bank Malaysia Berhad

15th Floor, Bangunan HSBC
2, Leboh Ampang
50100 Kuala Lumpur

HLG Securities Sdn Bhd

Level 5, Wisma Kia Peng
No. 3, Jalan Kia Peng
50450 Kuala Lumpur

Inter-Pacific Securities Sdn Bhd

Level 7
Menara Shahzan Insas
30, Jalan Sultan Ismail
50250 Kuala Lumpur

Jupiter Securities Sdn Bhd

Level 9
Menara Olympia
No. 8, Jalan Raja Chulan
50200 Kuala Lumpur

Contact Person: En. Abdul Jamel Pawanteh

Tel: (03) 2694-1188
Fax: (03) 2694-9588

Contact Person: En. Lau Yiong

Tel: (03) 2612-8888
Fax: (03) 2694-2080

Contact Person: En. Mohd Fuad Foo Abdullah

Tel: (07) 2240-482
Fax: (07) 2246-266

Contact Person: En. Rohit Bhargava

Tel: (03) 2270-3548
Fax: (03) 2032-2434

Contact Person: En. Lee Wai Kok

Tel: (03) 2168-1168
Fax: (03) 2161-5163

Contact Person: En. Tan Mun Choy

Tel: (03) 2144-1888
Fax: (03) 2144-1686

Contact Person: En. Johari Bin Hassan

Tel: (03) 2034-1888
Fax: (03) 2034-2288

**EON Bank Berhad**

12th Floor, Wisma Cyclecarri
288, Jalan Raja Laut
P. O. Box 12996
50796 Kuala Lumpur

EON Finance Berhad

11th Floor, Wisma Cyclecarri
288, Jalan Raja Laut
P. O. Box 12996
50796 Kuala Lumpur

ENG Securities Sdn Bhd

95, Jalan Tun Abdul Razak
80100 Johor Bahru
Johor

HSBC Bank Malaysia Berhad

15th Floor, Bangunan HSBC
2, Leboh Ampang
50100 Kuala Lumpur

HLG Securities Sdn Bhd

Level 5, Wisma Kia Peng
No. 3, Jalan Kia Peng
50450 Kuala Lumpur

Inter-Pacific Securities Sdn Bhd

Level 7
Menara Shahzan Insas
30, Jalan Sultan Ismail
50250 Kuala Lumpur

Jupiter Securities Sdn Bhd

Level 9
Menara Olympia
No. 8, Jalan Raja Chulan
50200 Kuala Lumpur

Contact Person: En. Abdul Jamel Pawanteh

Tel: (03) 2694-1188
Fax: (03) 2694-9588

Contact Person: En. Lau Yiong

Tel: (03) 2612-8888
Fax: (03) 2694-2080

Contact Person: En. Mohd Fuad Foo Abdullah

Tel: (07) 2240-482
Fax: (07) 2246-266

Contact Person: En. Rohit Bhargava

Tel: (03) 2270-3548
Fax: (03) 2032-2434

Contact Person: En. Lee Wai Kok

Tel: (03) 2168-1168
Fax: (03) 2161-5163

Contact Person: En. Tan Mun Choy

Tel: (03) 2144-1888
Fax: (03) 2144-1686

Contact Person: En. Johari Bin Hassan

Tel: (03) 2034-1888
Fax: (03) 2034-2288

(Incorporated in Malaysia)
PROXY FORM

I, _____
of _____

being the Authorised Representative of the Ordinary Member (being a member of the FMUTM) HEREBY APPOINT

_____ of _____

(being a person entitled to vote at a General Meeting of the FMUTM in accordance with and subject to the Articles of the FMUTM) as my proxy to vote for me on my behalf at the Ninth (9th) Annual General Meeting of the FMUTM to be held on the 3rd day of June, 2003 and at any adjournment thereof.

This form is to be used *in favour of/against the following resolutions specified below:

Resolutions	For	Against
Resolution No. 1 To confirm the Minutes of the 8th Annual General Meeting held on 18 March 2002.		
Resolution No. 2 To receive the President's Report.		
Resolution No. 3 To receive, consider and adopt the audited accounts and the Council Report of the FMUTM for the financial year ended 31 December 2002.		
Resolution No. 4 To re-appoint KPMG as the auditors of the FMUTM and to authorise the Council to fix the remuneration of the auditors for 2003.		

* (Please indicate with an "X" in the spaces provided how you wish your vote is to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

Signed on this _____ day of _____ 2003.

Signature

NOTE:

The instrument appointing a proxy must be deposited with the Secretary at the Registered Office of the FMUTM at RDL Corporate Services Sdn Bhd, 18th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur (Tel No: 2694 9999, Fax No: 2692 7942) not later than 5 p.m. on 29 May 2003.

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Our Values

Professionalism
Integrity
Consistency

These values are important to the growth and image of the unit trust industry.



COVER RATIONALE

The FMUTM is like the sapling, sprouting into a redefined role of becoming the national association that represents Malaysia's investment management business. The burgeoning leaves symbolise its member companies offering an increasing variety of investment management products and services. The growing branches signify networking, an important element in the sharing and combination of resources to achieve common objectives.

As the sapling grows into a strong tree, so will the FMUTM mature into an effective organisation that nurtures an investment management industry flourishing on high standards of quality, accountability and integrity.

Federation of Malaysian Unit Trust Managers

19-07-3, 7th Floor, Plaza Kelanamas, No. 19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.
Tel: (603) 2093 2600 Fax: (603) 2093 2700 E-mail: info@fmutm.com.my Website: www.fmutm.com.my