ADVERTORIAL

FIMM as a Self-Regulatory Organisation (Part 1)

Introduction

The Federation of Investment Managers Malaysia (FIMM) was recognised by the Securities Commission (SC) Malaysia as a self-regulatory organisation (SRO) for the unit trust industry under section 323(1) of the Capital Markets and Services Act 2007 via a gazette order dated 20 January 2011.

FIMM
Federation of Investment Managers Malaysia
Tel : 03 - 2093 2600 • www.fimm.com.my

Background and Objectives of FIMM

FIMM started as the Federation of Malaysian Unit Trust Managers (FMUTM) on 7 August 1993. As at 6 September 2012, FIMM has 42 ordinary members; all unit trust management companies (UTMCs) are ordinary members of FIMM, which acts as a common platform for discussing issues related to unit trust and Private Retirement Scheme industry. The recognition of FIMM as an SRO, is a significant milestone in its history as it will play a dual role of an industry body and public interest body, while advocating the growth of the unit trust and Private Retirement Scheme (PRS) in Malaysia.

What is an SRO?

A recognised self-regulatory organisation shall ensure that in exercising any of its powers or in carrying out any of its functions, such power or function shall be exercised or carried out in the public interest having regards to the need for the protection of investors. FIMM, as an SRO will regulate its members, to protect investor's rights through the establishment of rules that promotes ethics and integrity.

Self-regulation is characterised by professional conduct and competence, fairness, transparency, accountability and public participation. FIMM is accountable for ensuring its members namely its Unit Trusts Consultants (UTCs) and Private Retirement Scheme Consultants (PRC) are competent and act in the best interest of the investing public. UTCs / PRCs are personally accountable for their practice through adherence to codes and standards whilst maintaining competence and conduct.

As an SRO, FIMM will:

- Uphold public interest by enhancing market integrity, market efficiency and investor protection
- Register all members and organisations that wish to market and distribute Unit Trusts and PRS
- Promote Investor education and awareness programmes to create an informed investing community
- Balance the regulation over its members with the advocacy of their interests and the investing public
- Demonstrate proactive monitoring of the industry behaviour and fair and consistent disciplinary measures must be taken against any misconduct or non-compliance
- Provide industry expertise in the development of the unit trust industry
- Enhance industry's sales practices and distribution standards by formulating a robust sales regime with adequate supervision and monitoring mechanism
- Improve professionalism among UTCs and other distributors
- Increase standards of testing and selection, qualifying examinations and trainings to maintain the high standards of entry, professional credibility and expertise
- Introduce a Continuing Professional Development ("CPD") framework to keep distributors aligned with the latest industry developments

Growth with Governance

The unit trust industry in Malaysia has developed at a rapid pace, with an annual growth rate of 18% over the last 10 years. This has been largely shaped by the efforts of its industry players; but in order to move forward and grow in a more sustainable fashion, proper governance must be upheld.

Only with strengthened governance, rules and practices, can a higher level of investor trust and confidence be achieved. Ultimately, this indicates well for not only the unit trust and PRS industry but also the overall economic and capital market development in Malaysia.

Several initiatives are undertaken by FIMM to meet its SRO responsibilities such as, to increase professionalism of UTC and distributors through industry training and robust examination regime, to adopt more ethical distribution practices, to enhance the framework for active surveillance, to enforce and take disciplinary action for breaches of rules and guidelines and also to expand public campaigns.

1. The primary purpose of FIMM as an SRO is to protect the public and investor's interests. This is accomplished through the regulation of professional conduct and competence. Effective self-regulation helps to develop a more inclusive regulatory framework where working alongside regulators such as SC will lead to a sustainable development of the capital market and help generate more wealth for everyone.

2. The empowerment of FIMM is an important step towards the industry's long term sustainable development, because being part of the industry FIMM is better able to understand and adapt to the very changing market environment. This complements the SC's efforts to ensure a more efficient and effective regulatory regime without compromising on investor protection.

3. As an SRO, FIMM is responsible to ensure that all individuals seeking entry into the profession are qualified, competent and ethical professionals. To this end, FIMM will enhance the standards of testing and selection, review its qualifying examinations and training, and introduce a certification programme to maintain the high standard of entry, professional credibility and expertise. In addition, the introduction of the Continuing Professional Development (CPD) Programme in its education framework keeps its distributors up to date on market development and trends.

4. Adherence to the principles of fairness, transparency, accountability and public participation build public confidence and trust and ensure that the work of the profession is in the public interest. Public representation and open communication are key public accountability mechanisms. 45% representation on the Board by Public Interests Directors (PID) will provide oversight of FIMM's activities to ensure the public's interest and investor protection remain the number one priority.

5. Unit trust funds remain an important and simple way for the man-on-the-street to invest his / her money, and to accumulate wealth long-term. As investors in unit trust fund rely on the professional service and advice of their consultants, unit trust consultants therefore have a duty to apply their knowledge in a fair, professional and equitable manner. On this note, FIMM will continue to develop rules that are designed to set standards of behaviour for its members and registered persons to promote investor protection as well to ensure a business in-built with high ethical standards.

Summary

The core function of FIMM as an SRO is to provide investor protection. FIMM is committed to growing the unit trust and PRS industry by ensuring a high quality of governance, a system of accountability, fair treatment of investors, and professionalism. With a robust regulatory framework, FIMM will ensure that investor protection, confidence and market integrity is upheld whilst advocating the growth of the unit trust investment and PRS industry.

Part 2 next week will highlight why the unit trust is as an investment vehicle of choice for Malaysians to achieve their financial freedom.

FIMM
Federation of Investment Managers Malaysia
Tel : 03 - 2093 2600 • www.fimm.com.my

Invest for your Future with unit trust funds

Introduction

The purpose of this article is to promote unit trust as the investment vehicle of choice for Malaysians who want to achieve their financial freedom. This article explains the benefits of investing; and why unit trust funds moving forward should become a household necessity to meet your children's education, investment and retirement needs.

What is financial freedom?

Financial freedom may mean different things to different people; it could be being able to do the things that you want to do. To achieve financial freedom means having different financial goals to aim for. Some of the common ones are:

- Saving for your children's tertiary education
- Having a substantial amount of savings for your retirement
- Having more luxuries in life for example, owning a bungalow home, or a fancy car like a BMW or Ferrari

So, in order to achieve these financial dreams and goals, we need to earn, learn to save and invest our money wisely

Saving and investing

The common questions asked by new investors

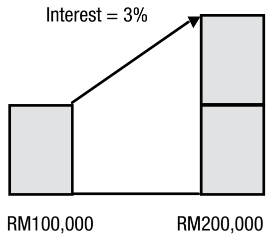
- How much risk do I need to take in order to get higher returns from investing - for example, in a unit trust fund, compared to fixed returns from savings in a bank's fixed deposit account (FDA)?
- What if things do not go as planned? How would that affect my financial plans?

The golden rule of investing is "high risk, high returns". To obtain higher returns we should be prepared to take on some higher risks. Saving your money in FDA is obviously more secured compared to other types of investments including unit trusts. But, the returns are "fixed", for example, FDA currently returns around 3 percent per annum (p.a). What that means is you may need to put aside more savings every month, and take a longer time to reach your financial goals. However, by placing some of your money in unit trust funds, you may be able to achieve a slightly higher return, which commensurate with the slightly higher risks (depending on the type of fund you invest in) – and reach your goal faster.

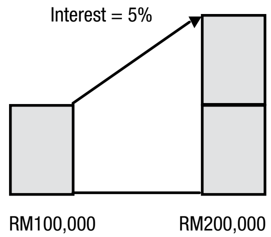
The magic of compounding

For example, if you put aside RM100, 000.00 in a FDA earning 3% p.a. it would take you 24 years to double your money to RM200, 000.00. On the other hand, if you are able to achieve a potential return of 5% p.a. from your investments, such as in a unit trust fund, it would only take you 15 years to double your money. This is the power of compounding; an additional return of 2% p.a. above your average FDA returns could potentially save you the time needed to reach your financial goal. In this example, the difference in time needed of 9 years is significant.

Time needed to double your money



Time: 24 years



Time: 15 years

Thus, unit trust funds may be suitable for investors looking to earn potentially above-average returns – and a shorter time to reach their goal. Unit trust funds are professionally managed, so, invest in a wide range of investments such as bond, stocks, commodities and other (and hence, provide greater diversification). In addition, unit trust funds generally have high liquidity, lower investment costs, and higher investment exposure.

Why unit trust?

Unit Trust is an investment vehicle, which pools together funds from investors, to be invested and managed for mutual benefit. The operation of the funds is governed by a legal document known as the trust deed. As an individual investor, you may not have sufficient capital or access to invest directly into the stock market unless you are an accredited investor (or a high net worth individual). Even if you did have sufficient capital, most investors may not be able to achieve proper portfolio diversification by investing individually. The securities in which unit trust funds invests in includes stocks, bonds and other financial securities. Professional and experienced fund managers are employed to manage the investment portfolios.

Benefits of investing in unit trusts

1) **Access to a Broader Array of Financial Assets**

   They have access to a wide range of investments such as the Malaysian Government Securities (government bonds), commodities, properties and others, and more importantly, professional managers who help manage these funds on their behalf. Investing in unit trusts is an ideal way to earn potentially above-average returns over a longer term. Further, the risks involved can be much lower compared to investing directly in shares or bonds, through proper portfolio diversification.

2) **Diversification**

   Investors can diversify their money by spreading it into many types of investments, including stocks, mutual funds, bonds and cash, in order to reduce the overall portfolio risks. Money can also be diversified into different fund investment strategies, including growth funds, balanced funds, index funds, small cap, large cap, and sector-specific funds. Or, it can be diversified geographically by owning a mixture of domestic and international investments. Diversification helps reduce the risk of a portfolio but will not necessarily reduce the returns.

3) **Continuous Professional Management**

   Experienced, knowledgeable and professional fund managers ensure that the investment process adopted by fund is structured and follows basic investment principles. In the long run, this advantage should help generate potential above-average returns for fund investors.

   It may appeal to investors who do not have the time to monitor the performance of their investments constantly; generally, at the end of each quarter, unit trust investors will receive a report on the performance of their fund and also the outlook for the coming year, which makes investing more hassle free.

4) **Liquidity – There is an ease in selling and buying unit trusts**

   Units in the funds can be bought and sold readily through the Unit Trust Management Companies (UTMCs), Institutional Unit Trusts Adviser(s) (IUTAs) and Unit Trust Consultant(s) (UTCs). Under the guidelines on Unit Trust Funds, the UTMC should pay the proceeds of the repurchase unit in not more than ten (10) working days upon receiving the repurchase request.

5) **Affordability – Unit trust investments involve a minimum capital outlay**

   Investing directly in the stock market may be more costly for individuals and retail investors as they do not enjoy economies of scale. By pooling funds together, fund managers have better purchasing power and are able to enjoy lower trading costs due to their volume of trades, which is advantageous to the funds.

In short, unit trust should be considered as an investment of choice for Malaysians looking to enhance their financial future.

Part 3 next week will highlight the importance of being an informed investor as well as why education and financial literacy is the road map to financial freedom.

ADVERTORIAL

FIMM
Federation of Investment Managers Malaysia
Tel : 03 - 2093 2600 • www.fimm.com.my

Education : Key to an Informed and Smart Investor

Introduction
In the previous article "Investing for your future in unit trusts, we discussed the importance of investing in unit trust funds to achieve your financial dreams and goals. Before you invest your hard-earned money, you should learn how to be an informed investor. Education and financial literacy is the road map to financial freedom; being well-equipped with the necessary knowledge, increases your chances of being successful in investing.

Before you invest, you need to :

- **Know your financial goals**
- **Evaluate your current financial status and understand the benefits as well risks involved in investing**
- **Develop a financial plan**
- **Spend wisely and save up so that you are able to invest the extras to generate additional returns**
- **Do your homework and seek professional assistance**

When you invest, you are putting your money on something which you can get a reasonable amount of return from. To do this, you need to analyse and evaluate the investment properly or seek professional assistance.

This creates awareness on the importance of education and financial literacy. There are no short cuts in investing; being a well-informed investor is necessary to lead you along the road to financial success. As an investor, you will also need to be aware of industry developments.

Professional conduct and ethics

It is important that the person that you are dealing with is properly licensed to sell and has the necessary credentials. A Unit Trust Consultant (UTC) is subjected to both FIMM's Codes of Conduct and also Security Commission's Code of Ethics and Standards of Professional Conduct. In order to deal in unit trust, the person must be appointed by a Unit Trust Management Company (UTMC) or Institutional Unit Trust Advisors (IUTA), and meet all the registration requirements prescribed by the SC and must be registered with FIMM. The similar applies to the Private Retirement Scheme (PRS).

The Code of Ethics requires that the registered person conducts business with honesty, dignity and with the highest level of integrity. At the same time, they must always act in good faith, be competent, and deal with clients in a fair and reasonable way. UTCs or PRCs must always ensure that client confidentiality is protected and maintain a high level of professionalism. Consultants must act with due care, skill and diligence when advising clients on their unit trusts or PRS investments; this includes providing sufficient information for decision making and not omit any material facts or make exaggerated, misleading claims or forecasts.

Consultants must also meet the Standards of Professional Conduct, which includes complying with laws, regulations and rules governing the unit trust and PRS industry :

- Required to advise clients that they are registered with FIMM to deal in unit trusts / PRS and must possess, and show his / her current authorisation card, when requested
- Only use the appropriate designation and not make any statements, publish information or advertise in any way that could be false or misleading
- Adequately explain to clients, the nature and characteristics of fund; this includes clearly explaining the features and benefits of the fund

Invest in approved funds

Are the investment products being offered properly registered? For investors, it is essential to ensure that the unit trust fund they plan to invest in is approved and registered with the Securities Commission Malaysia (SC) to avoid being misled into possible scams. Distributors must provide prospectus to investors. The prospectus contains information that investors need to know before investing in the product or funds.

Aware of the fees involved?

Before investing, it is important that unit trust holders understand the fees, charges and other costs associated with the unit trust funds. Typically there are two types of fees and charges associated with unit trust funds namely, direct and indirect fees.

Direct fees are those expenses that are directly borne by investors, and sometimes also known as upfront fees. This is the cost you pay to the Unit Trust Management Company (UTMC) to enter the fund, to cover marketing and distribution costs, and is a one-time charge, and normally ranges from 5-7%; there may be other direct charges such as fees to switch funds and to exit funds applicable.

Indirect fees are fees and charges that are deducted from the assets of the fund and which are incurred indirectly by unit holders in proportion to the Net Asset Value (NAV) of the units. This covers the annual management fee (typically around 1.5% of the fund's gross NAV) which is charged by the fund manager to manage the fund, and also trustees' fee which is not more than 0.08% of the fund's gross NAV. As an informed investor, you should clarify and have understood these direct and indirect charges before making your investment.

Lodgement of complaints

If you are unhappy with the level of service (or explanation) by the UTC, or feel that you may have been misled into investing in a fund, FIMM provides a channel to lodge your complaints. Once a complaint is received, FIMM will conduct investigations, hold hearings and impose penalties if the need arises. FIMM is responsible for investors' protection and will take disciplinary action towards UTCs for breaches of rules and guidelines. This is to maintain investor confidence and market integrity with enhanced standards of professional conduct by UTCs.

Checklist for a smart and informed investor :

1. Have you identified your goals and objectives for investing and your time horizon?
2. Have you evaluated the investment policies and strategies of the fund?
3. Have you evaluated your financial status and understood various investment policies?
4. Did you do your homework about the size of funds and growth trends?
5. Do you know your risk tolerance?
6. Are you aware of the fees and charges involved?
7. Have you verified that your UTC / PRC is authorised?
8. Have you read the latest prospectus?
9. Are you aware of your rights and responsibilities as a unit holder?
10. Have you read and understood the content of the Pre-Investment Form provided by UTC / PRC?

Note of Caution: Do not make any payment in cash to the UTC or issue a cheque in the name of the consultant.

Complaints may be directed to the Complaints Bureau at **03-2092 3800** or e-mail to **legalcomp@fimm.com.my**

Log on to **www.fimm.com.my** for more information on Unit Trust Management Companies (UTMC), registered members, information on unit trust investments or Private Retirement Scheme and the lists of approved funds.

Part 4 next week will highlight on Accumulating Wealth With Unit Trusts & PRS.

Accumulating Wealth with **Unit Trusts** and **PRS**

ADVERTORIAL

FIMM

Federation of Investment Managers Malaysia

Tel : 03 - 2093 2600 • www.fimm.com.my

Introduction

Investors are encouraged to invest in unit trust funds for long term sustainable growth. Investors should not invest with a short term view. Like all good things in life, you need time for it to mature; it takes time and effort to accumulate wealth and to maximise the benefits from compounded returns. This is more so given that most of us are saving for the long term such as for our retirement years.

Wealth is the value of assets owned by a person less his or her liabilities (net worth), and most of us want to accumulate as much wealth as possible during your productive years. This means increasing the value of our net worth over time; and in order to do this we need to invest and manage risks accordingly.

Why invest in unit trusts? Firstly, investing in unit trust is for the long term which ties in well with wealth accumulation strategies. Secondly, investing in unit trust provides us with benefits of diversification, which is a way of "not putting all our eggs in one basket". Lastly, unit trust funds are professionally managed by fund managers, which provide a good vehicle to achieve sustainable growth in our wealth accumulation.

Managing risks

As they say there is no free lunch in investing and as such, there is always a price to pay. The higher the potential returns, the higher the risks. It is important that investors are aware of their own risk tolerance before they invest in any unit trust funds. There are many different types of unit trust funds available for Malaysians and they have different risk levels. Investors need to be aware of the risks involved before committing their funds. In addition, new investors should assess their own risk profile using a risk profile questionnaire, with help of their UTC; the function of the profiler is to help identify the investor's level of adversity.

Diversification

Unit trust funds invest in wide range of investments, for example, stocks, bonds, commodities, and others, and hence this provides us with diversification benefits. By pooling investors' funds together, fund managers can help to reduce the risk in a unit trust portfolio without sacrificing the returns; this can be achieved when they invest in different assets which are not perfectly correlated with each other. Diversification can minimise exposure to any particular type of risk.

Invest using your EPF

The Employees Provident Fund (EPF) is a social security institution created by law to ensure that Malaysians save for their retirement, through a mandatory contribution scheme, made by both employees and employers. While the EPF serves as a safety net to ensure that contributors have some savings when they retire, unfortunately most people won't have enough from their EPF savings to retire comfortably.

- Malaysians will need between RM1.4 to RM2.8million to retire comfortably, but most will not have this amount despite high savings rate and their EPF savings. Less than 10% of all total contributors to EPF have more than RM100,000 savings in their account when they are eligible to withdraw their money; 90% of all contributors have on average only RM106,000 at their retirement which is not much to live by
- The life expectancy for Malaysians (2010) is 71.9 years and 76.8 years for male and female respectively; based on an average EPF savings of RM149,216 accumulated by the EPF member at age of 54 years old, the monthly withdrawal available during their retirement can be as low as RM570.39 per month. This is assuming the member does not have any additional savings besides EPF and there is no inflation impact
- Those who withdraw their EPF savings at the age of 55 which is the retirement age for men, 70% of them will have exhausted all of their savings after just 3 years

How can we ensure that we have enough money in EPF savings to retire comfortably?

We could :

1) Work longer, say till we are 65 years old, and older;

2) Make more money through seeking higher salaries and annual increments or

3) Make your EPF money work harder

The EPF Act mandates that 60% of its investment portfolio must be invested in fixed income (government bonds, or MGS); with only 40% of portfolio permitted in equity/stocks, as such, it may be difficult to consistently generate above average returns. In November 1996, EPF introduced Members Investment Scheme (MIS) allowing contributors to invest in approved unit trust funds. Its objective was to liberalise investment options for members; you decide what your appropriate risk–return is. Contributors can choose to withdraw a portion of their savings in Account 1 every quarter, subject to Age and Basic Savings requirements, to be invested in the approved unit trust funds of their choice. Thus, EPF contributors can diversify part of their savings into various funds, and hopefully generate higher returns on their money (by taking on slightly higher risks than having it in their EPF account, which is conservative in nature).

How to invest with EPF savings

The first step to invest your EPF savings into approved unit trust funds is to check the balance of our savings in Account 1. Based on your age, there is a minimum amount (known as Basic Savings) that should be kept in the account; 20% of what you have above this threshold can be withdrawn and invested. This is the maximum that you can withdraw every quarter, while the minimum is RM1000. For EPF investments, UTMC can charge an initial service charge of no more than 3% into the approved funds. Once your investment in the fund is redeemed, the money is credited directly back into your EPF Account 1.

Private Retirement Scheme (PRS) for your retirement savings

In addition to EPF as a platform for Malaysians to save for their retirement, the government announced the formation of the Private Retirement Scheme (PRS), during the 2012 Budget :

- PRS is an additional pillar to strengthen the post-retirement welfare of Malaysians. Approved PRS providers will offer long-term retirement schemes that contain a range of funds. These are intended to provide flexible and convenient fund options for use, by both employers and individuals with different risk-return profiles
- The PRS tax incentives provide personal tax relief of up to RM3,000 per annum, for 10 years on individual contributions to the approved PRS schemes, as well as tax deductions for employers for contributions above the statutory rate, up to 19% of employees' salaries. Tax exemption will also be provided on income received by funds within the schemes
- FIMM has been mandated to ensure an equitable and fair market is established for PRS products and that investors have easy access to investment-related information

In summary, investing in unit trusts and PRS is for long term, which fits in well with the wealth accumulation strategies including retirement planning. To achieve long term sustainable growth, investors should not invest with a short term, trading mindset but look at creating a balance between generating higher returns and managing the risks.

Next week part 5 will highlight the final series of the advertorial from FIMM. It will summarise the role and responsibilities of FIMM as a Self-Regulatory Organisation and its commitment towards ensuring investor protection as well as advocating the growth of the investment management industry.

FIMM as a Self-Regulatory Organisation (Part 2)

Introduction

The Federation of Investment Managers Malaysia (FIMM) was recognised by the Securities Commission (SC) Malaysia as a self-regulatory organisation (SRO) via a gazette order on 20 January 2011. This empowered FIMM to regulate its own members. With this new mandate, FIMM will play a larger role in ensuring that the unit trust industry continues to grow, at the same time making certain that investors' and the public's interests remain as its main priority.

As an industry player, FIMM is in a better position to understand and respond quickly to changing market conditions and the needs of the industry that will ensure the sustainable growth of the industry. FIMM's mission is to build the highest level of trust, integrity, standards and ethics for investor security, growth and knowledge in the investment management industry. Aligning this capability with the protection of public interests by incorporating values of ethical behaviour and integrity in its regulations, the result is an industry ingrained with a business culture necessary to maintain public confidence.

Enhancing professionalism

FIMM is fully committed in ensuring an adequate education framework is in place as it is critical to the development of the unit trust market and Private Retirement Scheme (PRS). FIMM has driven several initiatives to raise the level of competency and knowledge of its Unit Trust Consultants (UTCs) and Private Retirement Consultants (PRCs) to better serve the investing public. To ensure that UTCs remain competent, it conducts "fit and proper" assessment of UTCs and PRCs, and due diligence reviews on the applications for registration of institutional distributors.

In ensuring professionalism, new entrants to the industry undergo an examination and must continually demonstrate competency and enhance their knowledge by keeping abreast with the industry developments. The introduction of the Continuing Professional Development (CPD) Programme assures market intermediaries are equipped with the right skills, knowledge and are able to play an advisory role in assisting investors making informed decisions about their investments.

Formulating robust sales practices

FIMM has formulated robust sales practices to ensure sustainable growth of the unit trust industry through ethical business conduct. This is part of the industry wide governance framework to maintain public confidence in the integrity of unit trust and PRS industry which is essential to the growth of the industry. Investors must have confidence in the integrity of the investing framework and in FIMM, in order for them to continue to invest their hard earned money in unit trust funds and PRS.

As an SRO, FIMM is committed towards the establishment and enforcement of financial, operational and sales practice standards. To this end, a surveillance framework to monitor and supervise members has been set up. This involves putting in place a compliance audit framework which conducts regular audits on the marketing and distribution practices of its distributors as outlined in the Code of Ethics and Standards of Professional conduct, and also SC and FIMM guidelines. If there are misconducts or non-compliance, FIMM will initiate disciplinary proceedings and action will be taken against those found to have breached the code. Raising the ethical standards will lead to better protection of investor and public's interests.

Investor Protection

Investor protection refers to the effort, activities to observe, safeguard, and enforce the rights and claims of a person in the role of an investor, which may include providing advice, assistance and avenue for complaints. By definition, an investor is a person who allocates capital with expectations of future financial returns. E.g. Investors in unit trust funds or PRS. Initiatives by FIMM to ensure investor protection :

- The Continuing Professional Development (CPD) framework introduced in January 2010, is a mandatory requirement for consultants to acquire knowledge and achieve professionalism through a series of activities such as training, seminars and workshops.
- Expanded education and financial literacy campaigns are organised nationwide to enhance investors' knowledge. In addition to engagement with industry stakeholders such as, through dialogues there are also other means of reaching out to investors through educational articles in mainstream media and radio campaigns.
- Increasing efficiency and enhanced services: FIMM works closely with Employee Provident Fund (EPF) to streamline processes for investors to invest in unit trust funds via their (EPF) members' savings. Its E-PPA (Elektronik-Pilihan Pelaburan Ahli) marked the successful implementation of an automated system that significantly improved the processing efficiency of EPF member's withdrawal and reinstatement submission. The Complaints Bureau provides an avenue for lodging of complaints and a framework for dealing with them in a timely and efficient manner.

FIMM – an avenue for lodging complaints

Complaints from the investing public provide valuable feedback to FIMM and helps in the development of the industry. Furthermore, such complaints could lead to discovery of misconduct, non-compliance and insight into the public's needs and expectations. By Laws relating to the procedures for disciplinary proceedings sets out how FIMM deals with such complaints arising from misconducts of UTMC and its distributors. The investing public can be assured that appropriate disciplinary proceedings will be taken against the offenders if it is found to have merit.

In line with this, investors must know of their rights and responsibilities. Investors should also be aware of the requirements when they sign and acknowledge the Pre-Investment Form (PIF) for first time investors (effective from 15 February 2010); UTCs need to clearly explain the terms and conditions of investing in the unit trust fund, while investors should ask questions to better understand the product, risks and fees involved.

In summary, FIMM as an SRO is significant as confidence on the unit trust and PRS industry is key and in achieving this, we strive to discharge our duties with the protection of investors in mind. The recognition of FIMM as an SRO is not achieved by FIMM's strength alone but with the collective support its industry players. In navigating the development of the unit trust and PRS industry towards greater financial strength and resilience, FIMM will continue to strengthen distribution practices, enhance the professionalism of its members, and ensure a robust regulatory framework is in place that reflects its commitment towards investor protection. This will likely lead to investors having more faith in the integrity of the unit trust investment framework as well as PRS that will lead towards a sustainable growth for the investment management industry.