

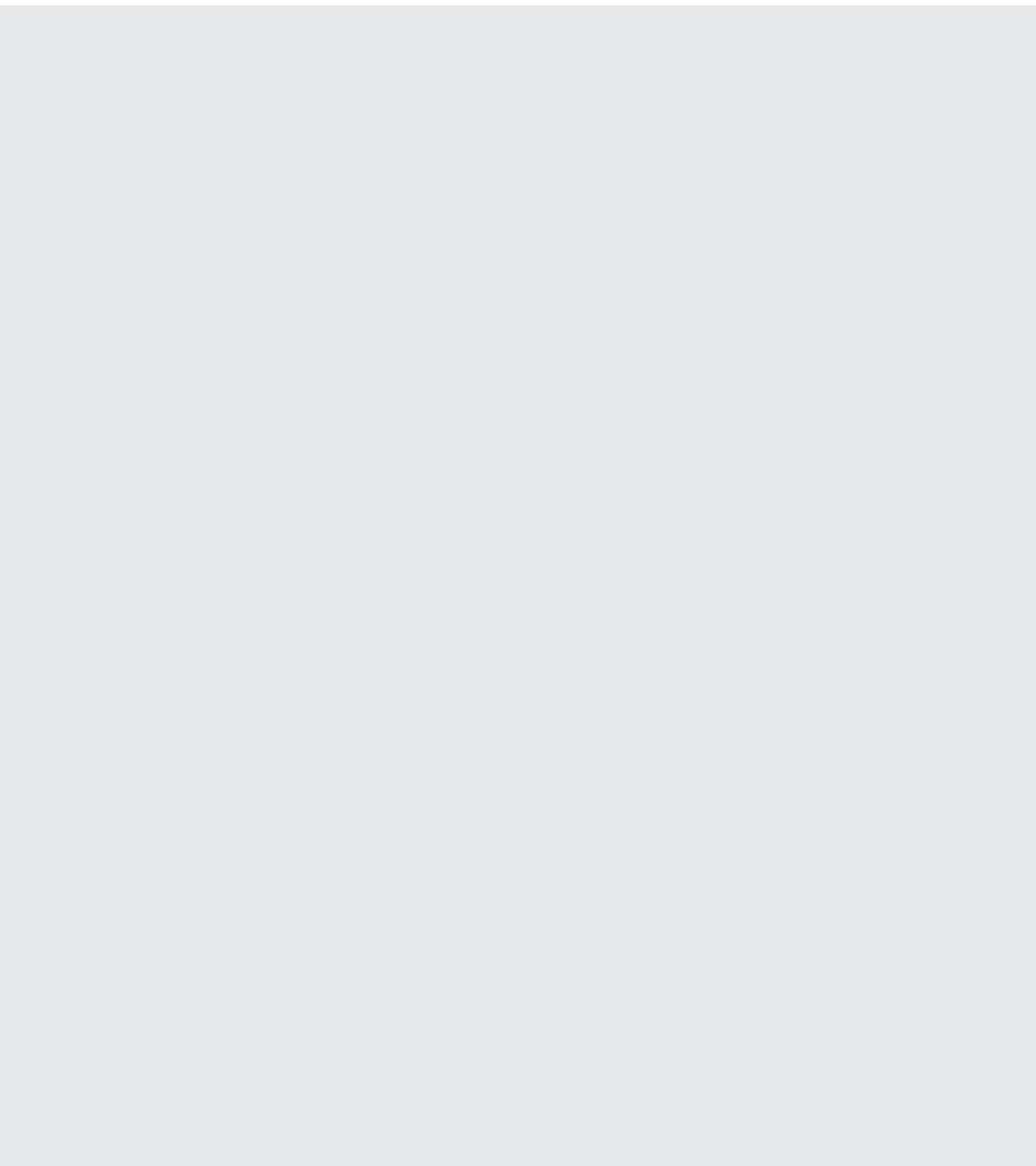


# PROTECTING INVESTORS' INTEREST

*Regulate. Educate. Protect*

Federation of Investment Managers Malaysia

As a Self-Regulatory Organisation (SRO), FIMM regulates and supervises its members and registered persons to strive for the highest level of integrity and standards of practice that will best serve the investment management industry and promote investor protection.



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**Integrity**

# 1

## Corporate Overview

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## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-First (21<sup>st</sup>) Annual General Meeting of Federation of Investment Managers Malaysia ("FIMM") will be held at Banyan & Casuarina Room, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, on Monday, 22 June 2015, at 10.00 am.

### AGENDA

#### Ordinary Business

1. To receive the audited financial statements and the reports of the Board of FIMM for the financial year ended 31 December 2014. **(Please refer to Note 1)**
2. To re-appoint Messrs. Morison Anuarul Azizan Chew as Auditors of FIMM to hold office until the conclusion of the next Annual General Meeting of FIMM and to authorize the Directors to fix their remuneration. **Ordinary Resolution 1**
3. (a) To note the total attendance fee of RM453,000 paid to members of the Board and Committees for meeting attendances in the year 2014 and the total attendance fee of RM22,000 paid to non-members of the Board for Committees meeting attendances in the year 2014. **Notation**  
 (b) To note the total annual allowance of RM36,000 paid to the Chairman for the year 2014.
4. To elect a maximum of 2 nominees for each Constituency from the list of nominees approved by the Securities Commission in Table A below as members of the Board of Directors of FIMM, to hold office until the end of the Annual General Meeting of 2017 in accordance with Article 46 of the Articles of Association of FIMM: **Ordinary Resolution 2**

Table A: List of persons nominated for election as members of the Board and their respective constituencies.

| No. | Name of Member                         | Name of Nominee                   | Constituency |
|-----|--|-----------------------------------|--------------|
| 1.  | Public Mutual Berhad                   | Ms. Yeoh Kim Hong                 | A            |
| 2.  | Amanah Saham Nasional Berhad           | En. Mohammad bin Hussin           | A            |
| 3.  | CIMB Principal Asset Management Berhad | Pn. Munirah binti Khairuddin      | A            |
| 4.  | Affin Hwang Asset Management Berhad    | Dato' Mohamad Ayob bin Abu Hassan | B            |
| 5.  | RHB Asset Management Sdn Bhd           | Mr. Ho Seng Yee                   | B            |
| 6.  | AmlInvestment Services Berhad          | Mr. Harinder Pal Singh            | C            |
| 7.  | Kenanga Investors Berhad               | Mr. Ismitz Matthew De Alwis       | C            |
| 8.  | Areca Capital Sdn Bhd                  | Mr. Wong Teck Meng                | D            |
| 9.  | Permodalan BSN Berhad                  | En. Kamarul Izam Bin Idrus        | D            |

5. To transact any other ordinary business for which due notice has been given.

By Order of the Board,



**Chua Siew Chuan (MAICSA 0777689)**  
**Mak Chooi Peng (MAICSA 7017931)**  
 Company Secretaries

Dated: 1 June 2015



**Notes:**

1. This Agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval from the members for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
2. A member of FIMM entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead.
3. A proxy appointed to attend and vote at the Annual General Meeting of FIMM shall be either: (a) Chairman of the Meeting or (b) any other person who may but need not be a member of FIMM.
4. If you wish to appoint any person other than the Chairman of the Meeting as proxy, please insert the full name of the proxy (in block letters) in the space provided and delete the words “the Chairman of the Meeting.”
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney and the Directors may, but shall not be bound to, require evidence of the authority of the appointer or his attorney.
6. The instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
7. Please indicate with an “x” in the spaces provided, how you wish your vote to be cast. Any alteration to the instrument appointing a proxy must be initialised.
8. The Proxy Form must be deposited at the Registered Office of FIMM at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur (*Attn: Ms. Mak Chooi Peng/Ms. Celina Lee* (Tel No: 03-2084 9000; Fax No: 03-2094 9940) not later than **10:00 a.m.** on **20 June 2015**.

## Corporate Information

### BOARD OF DIRECTORS

---

**En. Abdul Kadir Bin Md. Kassim**

Chairman / Public Interest Director

(Retired and not re-appointed under S 129(6) of Companies Act 1965 at the Annual General Meeting held on 23 June 2014)

**Datuk Siti Hadzar Binti Mohd Ismail**

Chairman / Public Interest Director

(Appointed as Chairman w.e.f 23 June 2014)

**Datuk Meriam Binti Haji Ya'acob**

Public Interest Director

**Datuk Wira Jahaya Bin Mat**

Public Interest Director

**Dato' Mohamad Ayob Bin Abu Hassan**

Affin Hwang Asset Management Berhad

(formerly known as Affin Fund Management Berhad)

**Prof. Dr. Saiful Azhar Bin Rosly**

Public Interest Director

**Dr. Sieh Lee Mei Ling**

Public Interest Director

**Mr. Danny Wong Teck Meng**

Areca Capital Sdn Bhd

**Mr. Harinder Pal Singh a/l Joga Singh**

AmlInvestment Services Berhad

**Mr. Ho Seng Yee**

RHB Asset Management Sdn Bhd

(formerly known as OSK-UOB

Investment Management Berhad)

**En. Mohammad Bin Hussin**

Amanah Saham Nasional Berhad

**Mr. Teng Chee Wai**

Hwang Investment Management Berhad

(Resigned w.e.f 1 Oct 2014)

**Ms. Vasantha N Punniamoorthy**

Public Interest Director

**Ms. Yeoh Kim Hong**

Public Mutual Berhad

### MANAGEMENT

---

Chief Executive Officer

**En. Mohamad Niza Bin Abu Bakar**

(Resigned w.e.f. 17 Nov 2014)

### PAST PRESIDENTS / CHAIRMAN

---

1993 (Pro Tem Council)

**Mr. Steven Soh Teck Toh**

1994 – 1995

**Dato' Malek Merican**

1996 – 1997

**Dato' Kamaruddin Mohammed**

1998 – 2003

**Dato' Seri Abdul Azim Mohd Zabidi**

2004 – February 2011

**Y.M. Tunku Dato' Ya'acob Tunku Tan Sri Abdullah**

February 2011 – June 2014

**En. Abdul Kadir Bin Md. Kassim**

### REGISTERED OFFICE

---

**Securities Services (Holdings) Sdn Bhd**

Level 7, Menara Milenium

Jalan Damanlela, Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel : 603 – 2084 9000 / Fax : 603 – 2094 9940

Company Secretary

**Ms. Chua Siew Chuan / Ms. Mak Chooi Peng**

### AUDITOR & TAX CONSULTANT

---

**Morison Anuarul Azizan Chew**

18th, Jalan 1/64

Off Jalan Kolam Air, Jalan Ipoh

51200, Kuala Lumpur

Tel : 603 - 4048 2888 / Fax : 603 - 4048 2999

### BANKERS

---

**Malayan Banking Berhad**

Ground Floor, Block C

Kompleks Pejabat Damansara

Jalan Semantan, Bukit Damansara

50490 Kuala Lumpur

Tel : 603 - 2095 0663 / Fax : 603 - 2095 0142

**Malayan Banking Berhad**

AG 1-2 & AG 9-10, Block A

Plaza Pekeliling

No. 2, Jalan Tun Razak

50500 Kuala Lumpur

Tel : 603 - 4041 6049 / Fax : 603 - 4041 5161

## Board of Directors Attendance Record

| BOARD OF DIRECTORS MEETING |  | 1/2014 | 2/2014 | 3/2014                      | 4/2014                    | SPECIAL<br>5/2014 | 6/2014 | SPECIAL<br>7/2014                   |       |
|----------------------------|--|--------|--------|-----------------------------|---------------------------|-------------------|--------|-------------------------------------|-------|
| No.                        | YEAR : 2014  | 25 Mar | 26 May | 17 July                     | 1 Oct                     | 13 Oct            | 12 Nov | 27 Nov                              | TOTAL |
| 1                          | <b>En. Abdul Kadir Bin Md. Kassim</b><br>Chairman  | 1      | 1      | Retired w.e.f 23 June 2014* |                           |                   |        |                                     | 2     |
| 2                          | <b>Datuk Siti Hadzar Binti Mohd Ismail</b><br>Appointed as Chairman w.e.f 23 Jun 2014  | 1      | 0      | 1                           | 1                         | 1                 | 1      | 1                                   | 6     |
| 3                          | <b>Datuk Meriam Binti Haji Ya'acob</b><br>Public Interest Director   | 1      | 1      | 1                           | 1                         | 1                 | 1      | 1                                   | 7     |
| 4                          | <b>Datuk Wira Jahaya Bin Mat</b><br>Public Interest Director   | 1      | 1      | 1                           | 1                         | 1                 | 1      | 1                                   | 7     |
| 5                          | <b>Dato' Mohamad Ayob Bin Abu Hassan</b><br>Affin Hwang Asset Management Berhad<br><i>(formerly known as Affin Fund Management Berhad)</i> | 0      | 0      | 0                           | 0                         | 1                 | 1      | 1                                   | 3     |
| 6                          | <b>Prof. Dr. Saiful Azhar Bin Rosly</b><br>Public Interest Director  | 1      | 1      | 1                           | 1                         | 0                 | 1      | 1                                   | 6     |
| 7                          | <b>Dr. Sieh Lee Mei Ling</b><br>Public Interest Director   | 1      | 1      | 1                           | 1                         | 1                 | 1      | 1                                   | 7     |
| 8                          | <b>Mr. Danny Wong Teck Meng</b><br>Areca Capital Sdn Bhd   | 1      | 1      | 1                           | 1                         | 1                 | 1      | 0                                   | 6     |
| 9                          | <b>Mr. Harinder Pal Singh a/l Joga Singh</b><br>AmlInvestment Services Berhad  | 1      | 1      | 1                           | 1                         | 1                 | 1      | 1                                   | 7     |
| 10                         | <b>Mr. Ho Seng Yee</b><br>RHB Asset Management Sdn Bhd   | 0      | 1      | 1                           | 1                         | 0                 | 1      | 1                                   | 5     |
| 11                         | <b>En. Mohammad Bin Hussin</b><br>Amanah Saham Nasional Berhad   | 1      | 0      | 1                           | 1                         | 1                 | 0      | 1                                   | 5     |
| 12                         | <b>Ms. Vasantha N Punniamoorthy</b><br>Public Interest Director  | 1      | 1      | 1                           | 1                         | 0                 | 1      | 1                                   | 6     |
| 13                         | <b>Mr. Teng Chee Wai</b><br>Hwang Investment Management Berhad   | 1      | 0      | 0                           | Resigned w.e.f 1 Oct 2014 |                   |        |                                     | 1     |
| 14                         | <b>Ms. Yeoh Kim Hong</b><br>Public Mutual Berhad   | 1      | 1      | 1                           | 1                         | 0                 | 1      | 1                                   | 6     |
| 15                         | In Attendance:<br><b>En. Mohamad Niza Bin Abu Bakar</b><br>Chief Executive Officer   | 1      | 1      | 1                           | 1                         | 0                 | 0      | Resigned<br>w.e.f<br>17 Nov<br>2014 | 4     |

\* Retired and not re-appointed under S 129(6) of Companies Act 1965 at the Annual General Meeting held on 23 June 2014.

## Chairman's Statement



**Datuk Siti Hadzar Binti Mohd Ismail**

Chairman

The year 2014 marked a year of strong growth for the Malaysian Capital Market. Concomitant with this, the fund management industry had placed itself as one of the most significant contributors of the capital market, as evident by the total Asset Under Management (AUM) rising to RM630 billion in 2014, from RM588 billion registered in 2013.

The unit trust industry continued to expand with total Net Asset Value (NAV) stood at RM343.0 billion as at end of 2014, being the largest in Southeast Asia and representing 20.8% of market capitalisation of Bursa Malaysia. The year also witnessed an encouraging growth of Private Retirement Scheme (PRS) with 128,977 members across the nation and AUM that doubled to RM716.1 million from RM299.9 million recorded in 2013.

As a Self-Regulatory Organisation (SRO), the Federation of Investment Managers Malaysia (FIMM) plays a key role in the development of unit trust and PRS industry. In line with FIMM's role to promote the sustainable growth of the industry, we continue to engage the stakeholders to implement initiatives to broaden participation, widen product range and strengthen investor safeguards. In this regard, FIMM had embarked on several initiatives with the industry, regulator as well as other relevant stakeholders.

FIMM continued its effort to enhance awareness in unit trust and PRS investing through participation in events organised by members and strategic partners. The major event participated by FIMM in 2014 was the InvestSmart Fair organised by the Securities Commission Malaysia (SC). The event had provided FIMM an opportunity to gauge public's perception on unit trust as a preferred investment choice, and at the same time, enable us to promote the benefits of investing in unit trust. We will continue to strengthen collaboration with the industry, the media as well as other agencies to further expand the effective and wider reach of investor education initiatives.

FIMM has also led the industry in engaging with the SC in establishing a Fund Disclosure Working Group to improve the standards of disclosure in the fund's prospectus. Currently, SC is finalising the deliverables from the working group, such as the Guide on the Use of Plain Language and Investment Terminologies, to be adopted by the industry players. I am confident that this initiative will contribute towards improvement in the approval time on prospectuses.

On the Goods and Services Tax (GST), we began engaging members actively in identifying operational issues and potential compliance challenges. We were able to engage with the Royal Malaysian Customs (Customs) to seek their responses and clarifications on issues raised by the members. FIMM, together with the industry, submitted a 10-point proposal to the Customs for its consideration. To date, eight have been approved, while the remaining two pending consideration. We will continue to engage the Customs on the outstanding proposals.

During the year, FIMM conducted the annual fund evaluation for Employees Provident Fund Members Investment Scheme (EPF-MIS) where a total of 224 funds were approved. FIMM, together with the industry, continued to work closely with the EPF to update the EPF Guidelines, as well as improve the services offered under the EPF-MIS. On the proposals relating to the EPF Guidelines, the EPF has agreed to incorporate the changes in the revised Guidelines.

With the view to improving the professional standards and image of consultants, several initiatives were undertaken throughout the year. These include the revision to the Continuing Professional Development (CPD) Guidelines to tighten the criteria for awarding CPD points and organising 12 seminars nationwide for consultants on distribution practices and technical subjects surrounding unit trust and PRS.

During the year, FIMM had developed a Board Charter that lays out the general principles to govern the Board. It also outlines the scope of responsibilities of the Board, Board Committees, and Public Interest Directors as well as the Management. The Board Charter also emphasises the importance of acquisition of additional knowledge, skill and experience relevant to the investment management industry. Towards this end, we had engaged the Securities Industry Development Corporation (SIDC) to develop a customised program for the Board of Directors. This customised program will be held in 2015.

On the regional front, the ASEAN Collective Investment Schemes (CIS) Framework for cross-border offering of CIS was launched in August 2014. While stiffer competition may set in, this will nevertheless provide an avenue for qualified fund managers to gain access to additional overseas markets.

The year 2014 has indeed been challenging for FIMM. As we move into 2015, we need to put our resources together to further enhance value propositions for all participants in the industry. It is for this objective that a workshop comprising key industry players was held in April 2015, to discuss the landscape challenges and its impact on the industry. The workshop was facilitated by an industry expert with participation from industry directors and CEOs representing Unit Trust Management Companies from the four constituencies. We will continue to regularly engage the industry in bringing value propositions for all participants in the industry, given the landscape challenges and its impact on the industry.

We, undoubtedly, have much to do going forward. We need to enhance our internal resources and capabilities. We need to continue investing on staff development and talent recruitment. We also need to urgently invest in upgrading our systems and processes.

Lastly, I would like to record my appreciation to the Board of Directors for their continued support and valuable guidance. My appreciation also goes to all staff for their contributions.



**Datuk Siti Hadzar Binti Mohd Ismail**  
Chairman

## Board of Directors

As at December 2014

### CHAIRMAN

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**Datuk Siti Hadzar Binti Mohd Ismail**  
Public Interest Director

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### BOARD OF DIRECTORS

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**Datuk Meriam Binti Haji Ya'acob**  
Public Interest Director

---



**Datuk Wira Jahaya Bin Mat**  
Public Interest Director

---



**Dr. Sieh Lee Mei Ling**  
Public Interest Director

---



**Mr. Danny Wong Teck Meng**  
Areca Capital Sdn Bhd

---



**En. Mohammad Bin Hussin**  
Amanah Saham Nasional Berhad

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**Ms. Vasantha N Punniamoorthy**  
Public Interest Director

---



**Dato' Mohamad Ayob Bin Abu Hassan**  
 Affin Hwang Asset Management Berhad  
 (formerly known as Affin Fund Management Berhad)



**Prof. Dr. Saiful Azhar Bin Rosly**  
 Public Interest Director



**Mr. Harinder Pal Singh a/l Joga Singh**  
 AmlInvestment Services Berhad



**Mr. Ho Seng Yee**  
 RHB Asset Management Sdn Bhd  
 (formerly known as OSK-UOB Investment Management Berhad)



**Ms. Yeoh Kim Hong**  
 Public Mutual Berhad

# Sustainability



# 2

## Industry Review

## ANALYSIS OF THE NET ASSET VALUE (NAV) OF THE INDUSTRY

### Unit Trust Funds

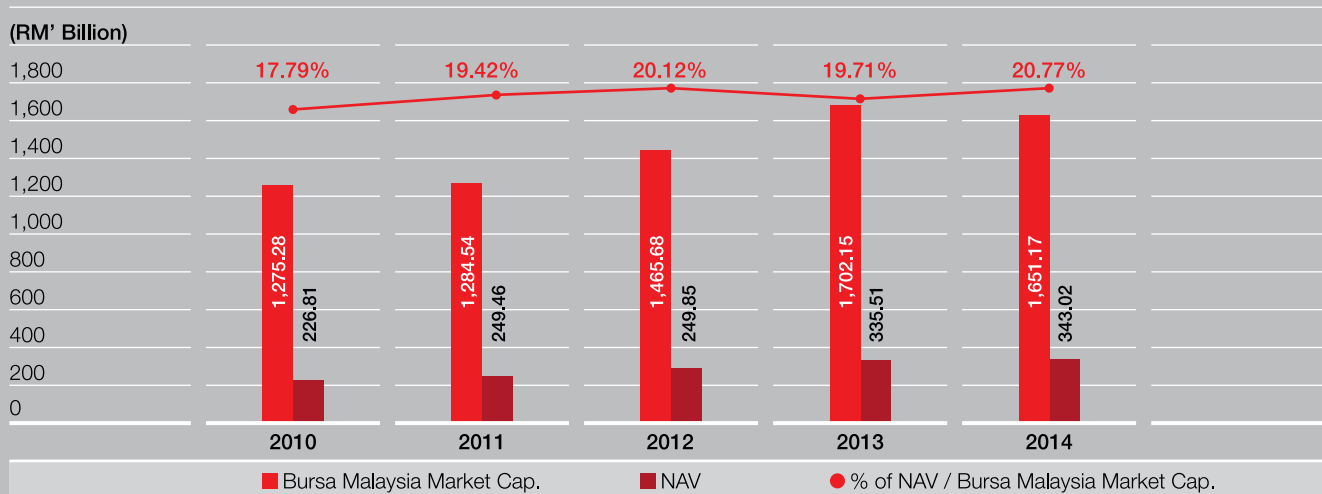
The Malaysian economy recorded a better-than-expected growth of 6.0% in 2014 against 4.7% in 2013, buoyed mainly by private consumption and investment as well as accelerating growth in the supply side driven by the construction, services, manufacturing, mining and quarrying sectors.

Against this backdrop, the Net Asset Value (NAV) for unit trust funds increased 2.2% to RM343.02 billion as at end of December 2014, representing 20.8% of market capitalisation of Bursa Malaysia (Chart 1).

Private unit trust funds (excluding federal and state funds) saw NAV increased by 9.8% over the year and stood at RM180.0 billion as at end of December 2014 (Chart 2). The year recorded the eighth consecutive year of firm growth in Islamic funds with total NAV stood at RM62.7 billion as at end of 2014—an increase of 19.2% over the year.

Money market funds maintained upward momentum in the year with accumulated assets touched an all year high of RM 42.8 billion. Shifts in expectations arising from asynchronous normalisation of extraordinary monetary accommodation by major central banks as well as the decline in world commodity prices during the latter half of the year, caused sensitive price movement for financial assets and lead investors to seek solace in safe investments. As at the end of 2014, money market funds made up 23.8% of the private unit trust funds' total assets. Meanwhile, conventional equity funds and bond funds also accumulated significantly higher total NAV at RM36.9 billion and RM25.7 billion respectively.

Chart 1: Total NAV vs Bursa Malaysia Market Capitalisation as at 31 December (in RM billion)



Source: Securities Commission Malaysia

As at 31 December 2014, the total number of wholesale funds managed by FIMM members stood at 191 or 83.0% of total funds launched in the market. Based on the NAV stollod from a total of 148 participating wholesale funds managed by FIMM members, the NAV increased by 26.8% over the year and stood at RM55.9 billion which collectively made up over 76.3% of the total assets of wholesale funds at 31 December 2014 (RM73.3 billion).

### Exchange Traded Funds (ETFs)

The ETF industry added one new fund in 2014 and brought the total number of ETF to six with NAV of RM1.0 billion as at end of the year. The fund is listed on 21 March 2014 and is a Shariah-based ETF. The launch of the fund provides an option to investors seeking a low-cost, passive approach to investing in an equity portfolio which comprises Shariah-compliant companies.

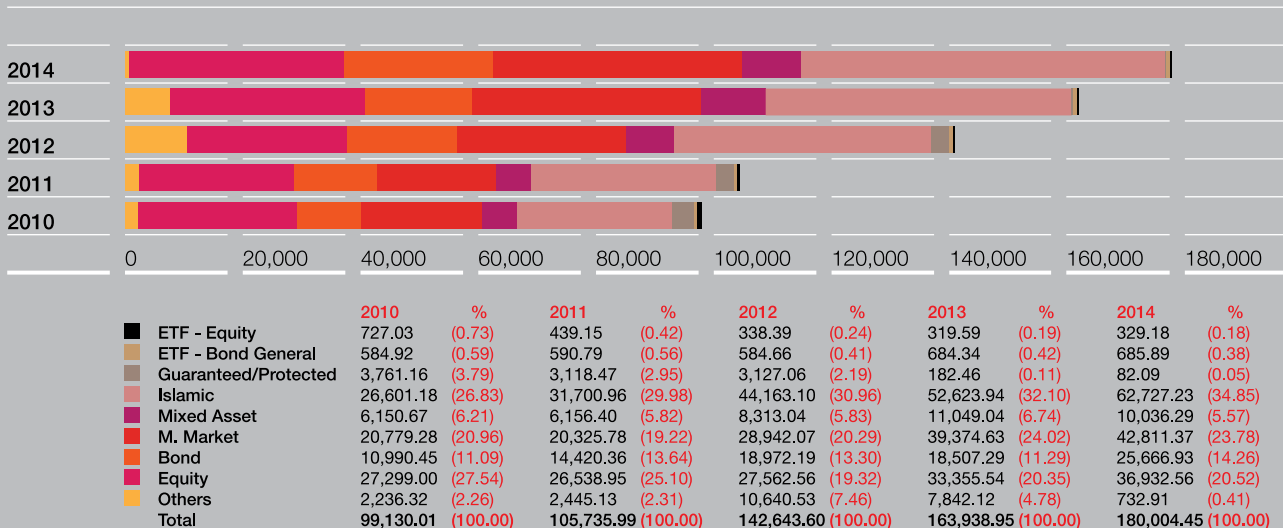
### Real Estate Investment Trusts (REIT)

As at end of 2014, there were a total of 16 REIT listed with market capitalisation increased 7.8% to RM 35.7 billion.

### Private Retirement Scheme (PRS)

The Private Retirement Schemes has registered an encouraging growth in 2014 with a total of two new funds were launched last year, bringing the total number of funds to 46 funds with a total NAV of over RM716 million. The funds comprised 33 core funds and 13 non-core funds while 28 were conventional funds and 18 were Shariah-based funds.

Chart 2: Net Asset Value by Types of Funds as at 31 December (2010-2014) (RM million)



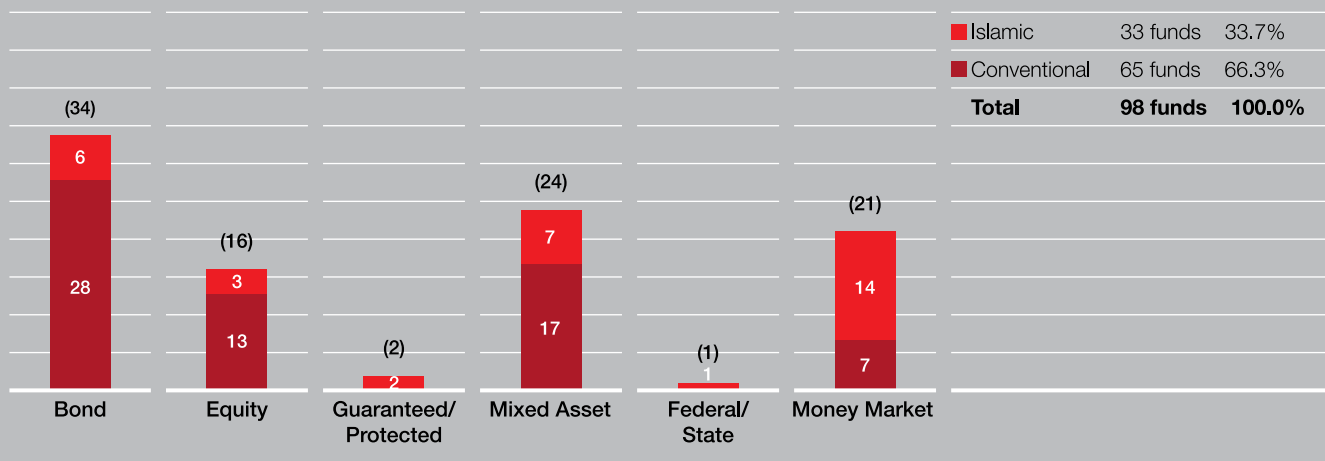
Source: Lipper and FIMM. Based on respondent private funds (including wholesale funds) as categorized by Lipper and adopted by members.

- Notes:
- Based on Lipper's fund investment objectives, these funds have been grouped into the following eight types:
    - ETF-Bond & Equity: Includes both bond and equity ETF.
    - Guaranteed/ Protected funds: Comprises conventional Capital Guaranteed funds and Capital Protected funds.
    - Money Market funds: Includes all conventional money market funds.
    - Mixed Asset funds: Includes conventional Mixed Asset MYR Balanced funds, Mixed Asset Other Aggressive funds, Mixed Asset Other Conservative funds and Mixed Asset Other Flexible funds.
    - Islamic funds: Includes Islamic Bond funds, Islamic Equity funds, Islamic Guaranteed/ Protected funds, Islamic Mixed Asset funds and Islamic Money Market funds.
    - Bond funds: Include all conventional bond funds invested in Malaysian assets and abroad.
    - Equity: Include all conventional equity funds invested in local markets and abroad.
    - Others: Includes Target Maturity funds, Commodities funds, Hedge/ Fixed Income Arbitrage funds as well as funds yet to be classified.
  - The private sector fund classification may differ between the Securities Commission Malaysia and Lipper.
  - The above excludes Real-Estate Investment Trusts (REIT) as insufficient fund data were captured by Lipper as at end of 2014.
  - The above include 148 wholesale funds with total NAV of RM55.9 billion that are managed by FIMM members and captured by Lipper.

### New Funds Launched

A total of 98 funds were launched in 2014 (including 15 funds in multiple classes and 44 wholesale funds). Conventional funds populated most part of the list and bond funds being the largest among new funds launched or 34.7% (Chart 3). Meanwhile, mixed asset funds added 24 new funds, in addition to 21 for money market funds and 16 for equity funds. Among new fund offerings, 51 or 52% (Chart 4) are funds with more than 50% of assets mandated to be invested locally; whereas 47 funds or 48% are funds investing predominantly in overseas (foreign-focused unit trusts). Bond funds formed 46.8% of the foreign-focused funds. Meanwhile, majority (37 or 78.7%) of the foreign-focused funds were structured as non-specialized unit trust funds with the remaining seven and three funds were offered through feeder funds and fund-of-funds structure.

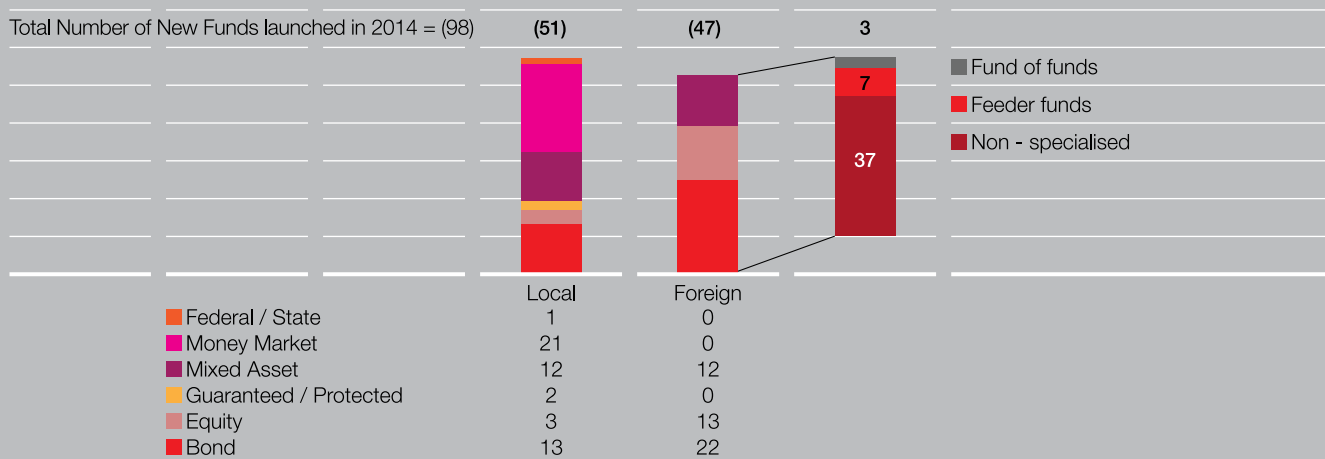
**Chart 3: New Funds Launched in 2014 - By Asset Class**



Source: FIMM, based on data published/ provided by Lipper and Members

Notes: The above excludes REITs and ETFs and includes 44 wholesale funds launched by FIMM members. Funds with multiple classes were counted for separately.

**Chart 4: New Unit Trust Funds Launched in 2014 - By Geographical Spread and Structure**



Source: FIMM

Note: The above excludes REITs and ETFs and includes 44 Wholesale Funds launched by FIMM members.

Table 1: New Funds Launched in 2014

| No.        | Funds   | Launch date | Unit Trust Management Companies        |
|------------|---|-------------|--|
| <b>(A)</b> | <b>Unit Trust Funds</b>                                   |             |  |
| 1          | Affin Hwang Enhanced Income *                             | 2 Jan 14    | Affin Hwang Asset Management Berhad    |
| 2          | Public Islamic Growth & Income                            | 7 Jan 14    | Public Mutual Berhad                   |
| 3          | RHB-OSK Focus Income Bond – Series 2                      | 7 Jan 14    | RHB Asset Management Sdn Bhd           |
| 4          | Affin Hwang Fixed Maturity Income X                       | 8 Jan 14    | Affin Hwang Asset Management Berhad    |
| 5          | Maybank AsiaPac Ex-Japan Equity - 1                       | 8 Jan 14    | Maybank Asset Management Sdn Bhd       |
| 6          | Maybank Malaysia Equity - 1                               | 8 Jan 14    | Maybank Asset Management Sdn Bhd       |
| 7          | Maybank Malaysia Sukuk                                    | 8 Jan 14    | Maybank Asset Management Sdn Bhd       |
| 8          | Affin Hwang Flexi II *                                    | 27 Jan 14   | Affin Hwang Asset Management Berhad    |
| 9          | Maybank Constant Income 1                                 | 5 Feb 14    | Maybank Asset Management Sdn Bhd       |
| 10         | RHB-OSK Islamic Income Plus 5 *                           | 28 Feb 14   | RHB Asset Management Sdn Bhd           |
| 11         | Affin Hwang Japan Growth                                  | 3 Mar 14    | Affin Hwang Asset Management Berhad    |
| 12         | AMB Dana Aqeel (Capital Protected) – Series 2 – Class MYR | 6 Mar 14    | Amanah Mutual Berhad                   |
| 13         | AMB Dana Aqeel (Capital Protected) – Series 2 – Class SGD | 6 Mar 14    | Amanah Mutual Berhad                   |
| 14         | AmlIncome Institutional 4 *                               | 7 Mar 14    | AmlInvestment Services Berhad          |
| 15         | Affin Hwang 12M Income II *                               | 7 Mar 14    | Affin Hwang Asset Management Berhad    |
| 16         | AmlIncome Institutional 6 *                               | 7 Mar 14    | AmlInvestment Services Berhad          |
| 17         | United Institutional Income *                             | 10 Mar 14   | UOB Asset Management (Malaysia) Berhad |
| 18         | Libra Shariah Liquidity *                                 | 14 Mar 14   | Libra Invest Berhad                    |
| 19         | Affin Hwang ALLMAN Cash IV *                              | 14 Mar 14   | Affin Hwang Asset Management Berhad    |
| 20         | Global Multi-Asset Income – MYR Class *                   | 17 Mar 14   | AmlInvestment Services Berhad          |
| 21         | Global Multi-Asset Income-USD Class *                     | 17 Mar 14   | AmlInvestment Services Berhad          |
| 22         | Global Multi-Asset Income-SGD Class *                     | 17 Mar 14   | AmlInvestment Services Berhad          |
| 23         | Global Multi-Asset Income-AUD Class *                     | 17 Mar 14   | AmlInvestment Services Berhad          |
| 24         | CIMB-Principal Global Multi Asset Income *                | 20 Mar 14   | CIMB-Principal Asset Management Berhad |
| 25         | BIMB I Flexi  | 25 Mar 14   | BIMB Investment Management Berhad      |
| 26         | Amanah Saham Bumiputera 2                                 | 2 Apr 14    | Amanah Saham Nasional Berhad           |
| 27         | RHB-OSK Islamic Regional Balanced-RM Class                | 8 Apr 14    | RHB Asset Management Sdn Bhd           |
| 28         | RHB-OSK Islamic Regional Balanced-RMB Class               | 8 Apr 14    | RHB Asset Management Sdn Bhd           |
| 29         | Eastspring Investments Target Income 3                    | 16 Apr 14   | Eastspring Investments Berhad          |
| 30         | Libra Opportunity Bond *                                  | 30 Apr 14   | Libra Invest Berhad                    |
| 31         | MIDF Amanah Shariah Income *                              | 2 May 14    | MIDF Amanah Asset Management Berhad    |
| 32         | AmCash Institutional 9 *                                  | 19 May 14   | AmlInvestment Services Berhad          |
| 33         | United Trigger Bond *                                     | 26 May 14   | UOB Asset Management (Malaysia) Berhad |
| 34         | Affin Hwang 12M Income III- Class A *                     | 2 June 14   | Affin Hwang Asset Management Berhad    |
| 35         | Affin Hwang 12M Income III- Class B *                     | 2 June 14   | Affin Hwang Asset Management Berhad    |
| 36         | Hong Leong Cash *   | 2 June 14   | Hong Leong Asset Management Berhad     |

|    |  |            |   |
|----|--|------------|---|
| 37 | Hong Leong Islamic Cash *                                  | 2 June 14  | Hong Leong Asset Management Berhad                |
| 38 | Hong Leong Enhanced Cash *                                 | 2 June 14  | Hong Leong Asset Management Berhad                |
| 39 | Hong Leong Islamic Enhanced Cash *                         | 2 June 14  | Hong Leong Asset Management Berhad                |
| 40 | Pacific Dana Iimbang                                       | 2 June 14  | Pacific Mutual Fund Berhad                        |
| 41 | Kenanga Income Series 1*                                   | 5 June 14  | Kenanga Investors Berhad                          |
| 42 | Kenanga Islamic Cash *                                     | 11 June 14 | Kenanga Investors Berhad                          |
| 43 | PMB Shariah Wholesale Income I *                           | 16 June 14 | PMB Investment Berhad                             |
| 44 | RHB-OSK Global Sukuk – Series 1                            | 16 June 14 | RHB Islamic International Asset Management Berhad |
| 45 | TA Regular Income  | 16 June 14 | TA Investment Management Berhad                   |
| 46 | US Canada Income and Growth *                              | 17 June 14 | AmlInvestment Services Berhad                     |
| 47 | RHB-OSK Islamic Regional Balanced-USD Class                | 17 June 14 | RHB Asset Management Sdn Bhd                      |
| 48 | Affin Hwang ALLMAN Cash III *                              | 1 July 14  | Affin Hwang Asset Management Berhad               |
| 49 | Affin Hwang Fixed Maturity Income XI                       | 1 July 14  | Affin Hwang Asset Management Berhad               |
| 50 | Europe Equity Growth *                                     | 10 July 14 | AmlInvestment Services Berhad                     |
| 51 | CIMB-Principal Institutional Bond 7 *                      | 14 July 14 | CIMB-Principal Asset Management Berhad            |
| 52 | AmDynamic Sukuk – Class B                                  | 16 July 14 | AmlInvestment Services Berhad                     |
| 53 | AmAsia Pacific REITs – Class A (USD)                       | 16 July 14 | AmlInvestment Services Berhad                     |
| 54 | AmAsia Pacific REITs – Class B (SGD)                       | 16 July 14 | AmlInvestment Services Berhad                     |
| 55 | AmAsia Pacific REITs – Class B (AUD)                       | 16 July 14 | AmlInvestment Services Berhad                     |
| 56 | AmTactical Bond – Class A (USD)                            | 16 July 14 | AmlInvestment Services Berhad                     |
| 57 | AmTactical Bond – Class B (SGD)                            | 16 July 14 | AmlInvestment Services Berhad                     |
| 58 | AmTactical Bond – Class B (AUD)                            | 16 July 14 | AmlInvestment Services Berhad                     |
| 59 | RHB-OSK Pre-IPO & Special Situation 2 *                    | 22 July 14 | RHB Asset Management Sdn Bhd                      |
| 60 | Affin Hwang Income I *                                     | 1 Aug 14   | Affin Hwang Asset Management Berhad               |
| 61 | RHB-OSK Focus Income Bond – Series 3                       | 11 Aug 14  | RHB Asset Management Sdn Bhd                      |
| 62 | Affin Hwang 12M Income IV – Class A *                      | 15 Aug 14  | Affin Hwang Asset Management Berhad               |
| 63 | Affin Hwang 12M Income IV – Class B *                      | 15 Aug 14  | Affin Hwang Asset Management Berhad               |
| 64 | Kenanga Islamic Income – Series 3 *                        | 20 Aug 14  | Kenanga Investors Berhad                          |
| 65 | Public Cash Deposit  | 25 Aug 14  | Public Mutual Berhad                              |
| 66 | Public Islamic Cash Deposit                                | 25 Aug 14  | Public Mutual Berhad                              |
| 67 | Maybank Financial Institutions Income Asia *               | 26 Aug 14  | Maybank Asset Management Sdn Bhd                  |
| 68 | MIDF Amanah Income *                                       | 2 Sep 14   | MIDF Amanah Asset Management Berhad               |
| 69 | Affin Hwang Asean Flexi – RM Class                         | 8 Sep 14   | Affin Hwang Asset Management Berhad               |
| 70 | Affin Hwang Asean Flexi – SGD Class                        | 8 Sep 14   | Affin Hwang Asset Management Berhad               |
| 71 | United Bond & Equity Strategic Trust                       | 8 Sep 14   | UOB Asset Management (Malaysia) Berhad            |
| 72 | AmAustralia – Class AUD                                    | 10 Sep 14  | AmlInvestment Services Berhad                     |
| 73 | AMB Dana Arif - Class C-USD                                | 17 Sep 14  | Amanah Mutual Berhad                              |
| 74 | RHB-OSK Income Plus 10 *                                   | 1 Oct 14   | RHB Asset Management Sdn Bhd                      |
| 75 | TA Dana Afif   | 1 Oct 14   | TA Investment Management Berhad                   |
| 76 | PB Global Equity   | 7 Oct 14   | Public Mutual Berhad                              |
| 77 | Eastspring Investments Asia Pacific Ex-Japan Target Return | 10 Oct 14  | Eastspring Investments Berhad                     |

|    |  |           |   |
|----|--|-----------|---|
| 78 | Hong Leong Money Market  | 13 Oct 14 | Hong Leong Asset Management Berhad        |
| 79 | RHB-OSK Entrepreneur   | 14 Oct 14 | RHB Asset Management Sdn Bhd              |
| 80 | Public Select Mixed Asset Growth                                       | 16 Oct 14 | Public Mutual Berhad                      |
| 81 | Public Select Mixed Asset Conservative                                 | 16 Oct 14 | Public Mutual Berhad                      |
| 82 | RHB-OSK Income Plus II *   | 16 Oct 14 | RHB Asset Management Sdn Bhd              |
| 83 | Manulife Investment – Asia Target Maturity Bond Series 2               | 17 Oct 14 | Manulife Asset Management Services Berhad |
| 84 | Affin Hwang Fixed Maturity Income XII                                  | 23 Oct 14 | Affin Hwang Asset Management Berhad       |
| 85 | Maybank Global Sukuk   | 28 Oct 14 | Maybank Asset Management Sdn Bhd          |
| 86 | Affin Hwang Absolute Return III *                                      | 18 Nov 14 | Affin Hwang Asset Management Berhad       |
| 87 | Public Ehsan Mixed Asset Conservative                                  | 25 Nov 14 | Public Mutual Berhad                      |
| 88 | Public Ehsan Mixed Asset Growth  | 25 Nov 14 | Public Mutual Berhad                      |
| 89 | RHB-OSK Focus Income Bond – Series 4                                   | 3 Dec 14  | RHB Asset Management Sdn Bhd              |
| 90 | Affin Hwang Select Asia Pacific (ex Japan) Dividend – RM Class         | 8 Dec 14  | Affin Hwang Asset Management Berhad       |
| 91 | Affin Hwang Select Asia Pacific (ex Japan) Dividend – SGD Hedge Class  | 8 Dec 14  | Affin Hwang Asset Management Berhad       |
| 92 | Affin Hwang Select Asia Pacific (ex Japan) Balanced – RM Class         | 8 Dec 14  | Affin Hwang Asset Management Berhad       |
| 93 | Affin Hwang Select Asia Pacific (ex Japan) Balanced – SGD Hedged Class | 8 Dec 14  | Affin Hwang Asset Management Berhad       |
| 94 | Public Strategic Growth  | 8 Dec 14  | Public Mutual Berhad                      |
| 95 | United Asean Discovery   | 8 Dec 14  | UOB Asset Management (Malaysia) Berhad    |
| 96 | Manulife Investment Shariah Cash Management *                          | 19 Dec 14 | Manulife Asset Management Services Berhad |
| 97 | MIDF Amanah Shariah Cash *   | 22 Dec 14 | MIDF Amanah Asset Management Berhad       |
| 98 | RHB-OSK Private – Series 6*  | 30 Dec 14 | RHB Asset Management Sdn Bhd              |

### (B) Private Retirement Schemes

|   |                                      |           |                               |
|---|--------------------------------------|-----------|-------------------------------|
| 1 | Kenanga OnePRS Shariah Equity        | 28 Oct 14 | Kenanga Investors Berhad      |
| 2 | AmPRS – Asia Pacific REITS – Class D | 19 Nov 14 | AmlInvestment Services Berhad |
| 3 | AmPRS – Asia Pacific REITS – Class I | 19 Nov 14 | AmlInvestment Services Berhad |

### (C) Exchange Traded Funds

|   |                                      |           |                           |
|---|--------------------------------------|-----------|---------------------------|
| 1 | MyETF MSCI Malaysia Islamic Dividend | 27 Feb 14 | i-VCAP Management Sdn Bhd |
|---|--------------------------------------|-----------|---------------------------|

\* Wholesale funds

Source: FIMM

# Responsibility



# 3

## Operational Review

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## Computerised Unit Trust Examination (CUTE)

CUTE sessions were conducted in Kuala Lumpur, Petaling Jaya, Penang, Johor Bahru, Ipoh, Kota Kinabalu, Kuantan, Kuching, Alor Setar, Kota Bharu, Kuala Terengganu, Seremban, Melaka, Miri, Sibul and Tawau.

Table 2 shows the number of candidates registered for CUTE in 2014. The number of candidates registered for CUTE in year 2014 was higher than 2013.

**Table 2: Comparison of CUTE Registration for 2013 and 2014**

| Examination Session | No. of Registered Candidates 2014 | No. of Registered Candidates 2013 |
|---------------------|-----------------------------------|-----------------------------------|
| January             | 1,068                             | 910                               |
| February            | 1,313                             | 1,391                             |
| March               | 1,590                             | 1,590                             |
| April               | 1,740                             | 1,399                             |
| May                 | 1,760                             | 1,424                             |
| June                | 1,746                             | 1,329                             |
| July                | 1,114                             | 1,453                             |
| August              | 1,509                             | 1,221                             |
| September           | 1,665                             | 1,497                             |
| October             | 1,241                             | 1,156                             |
| November            | 1,625                             | 1,265                             |
| December            | 1,477                             | 1,206                             |
| <b>Total</b>        | <b>17,848</b>                     | <b>15,841</b>                     |

### Unit Trust Consultants (UTC)

The total number of Unit Trust Consultants (UTC) (Table 3) stood at 50,390 as at 31 December 2014 compared to 48,821 as at 31 December 2013. Of the total of 50,390 registered UTC, 82.8% of them were attached to Members and the remaining 17.2% were UTC registered with IUTA and CUTA.

(Note: As of 1 January 2015, the renewal rate was 85.9% as a total of 8,257 UTC did not renew their registration for 2015)

## Unit Trust Consultants (UTC)

**Table 3: Number of Registered UTC**

**Members**

| No. | Company Name   | 31 December 2014 | 31 December 2013 |
|-----|--|------------------|------------------|
| 1.  | Aberdeen Islamic Asset Management Sdn Bhd  | 18               | 13               |
| 2.  | Affin Fund Management Berhad   | 0                | 16               |
| 3.  | Amanah Mutual Berhad   | 25               | 22               |
| 4.  | Amanah Saham Kedah Berhad  | 14               | 10               |
| 5.  | Amanah Saham Nasional Berhad   | 561              | 518              |
| 6.  | Amanah Saham Sarawak Berhad  | 52               | 49               |
| 7.  | Amanahraya Investment Management Sdn Bhd   | 23               | 24               |
| 8.  | AmlInvestment Services Berhad  | 112              | 122              |
| 9.  | Apex Investment Services Berhad  | 98               | 316              |
| 10. | Areca Capital Sdn Bhd  | 12               | 12               |
| 11. | PMB Investment Berhad (formerly known as ASM Investment Services Berhad)                   | 187              | 124              |
| 12. | BIMB Investment Management Berhad  | 62               | 75               |
| 13. | CIMB-Principal Asset Management Berhad   | 6,138            | 4,595            |
| 14. | Eastspring Investments Berhad  | 1,772            | 2,118            |
| 15. | Franklin Templeton GSC Asset Management Sdn Bhd  | 3                | 1                |
| 16. | Hong Leong Asset Management Berhad   | 278              | 298              |
| 17. | Affin Hwang Asset Management Berhad (formerly known as Hwang Investment Management Berhad) | 512              | 377              |
| 18. | Inter-Pacific Asset Management Sdn Bhd   | 1                | 0                |
| 19. | KAF Fund Management Sdn Bhd  | 0                | 2                |
| 20. | KAF Investment Funds Berhad  | 64               | 84               |
| 21. | Kenanga Investors Berhad   | 1,339            | 1,193            |
| 22. | Kumpulan Sentiasa Cemerlang Sdn Bhd  | 1                | 1                |
| 23. | Libra Invest Berhad  | 46               | 43               |
| 24. | MAAKL Mutual Berhad  | 0                | 1,199            |
| 25. | Manulife Asset Management Services Berhad  | 1,512            | 175              |
| 26. | Maybank Asset Management Sdn Bhd   | 9                | 3                |
| 27. | MIDF Amanah Asset Management Berhad  | 5                | 5                |
| 28. | Pacific Mutual Fund Berhad   | 400              | 428              |
| 29. | Pelaburan Johor Berhad   | 7                | 7                |
| 30. | Pengurusan Kumipa Berhad   | 13               | 13               |
| 31. | Permodalan BSN Berhad  | 6                | 6                |
| 32. | PHEIM Unit Trusts Berhad   | 7                | 9                |
| 33. | Phillip Mutual Berhad  | 517              | 363              |
| 34. | PTB Unit Trust Berhad  | 18               | 19               |
| 35. | Public Mutual Berhad   | 26,883           | 27,173           |
| 36. | RHB Asset Management Sdn Bhd   | 697              | 483              |
| 37. | RHB Islamic International Asset Management Berhad  | 0                | 2                |
| 38. | Saham Sabah Berhad   | 33               | 32               |
| 39. | TA Investment Management Berhad  | 279              | 297              |
| 40. | UOB Asset Management (Malaysia) Berhad   | 15               | 0                |
|     | <b>Sub-Total</b>   | <b>41,719</b>    | <b>40,227</b>    |

## Registered Persons

| No. | Company Name  | 31 December<br>2014 | 31 December<br>2013 |
|-----|---|---------------------|---------------------|
| 1.  | A.D. Financial Sdn Bhd                                      | 13                  | 15                  |
| 2.  | Affin Bank Berhad   | 268                 | 254                 |
| 3.  | Alliance Bank Malaysia Berhad                               | 370                 | 400                 |
| 4.  | Al Rajhi Banking & Investment Corporation (Malaysia) Berhad | 40                  | 57                  |
| 5.  | AmBank (M) Berhad   | 588                 | 536                 |
| 6.  | AmlInvestment Bank Berhad                                   | 70                  | 69                  |
| 7.  | Bank Islam Malaysia Berhad                                  | 426                 | 441                 |
| 8.  | Bank Kerjasama Rakyat Malaysia Berhad                       | 44                  | 53                  |
| 9.  | Bank Muamalat Malaysia Berhad                               | 140                 | 153                 |
| 10. | Bank Simpanan Nasional                                      | 29                  | 62                  |
| 11. | Blueprint Planning Sdn Bhd                                  | 5                   | 0                   |
| 12. | CIMB Bank Berhad  | 1,054               | 1,006               |
| 13. | CIMB Investment Bank Berhad                                 | 90                  | 83                  |
| 14. | CIMB Islamic Bank Berhad                                    | 0                   | 0                   |
| 15. | Citibank Berhad   | 124                 | 128                 |
| 16. | FA Advisory Sdn Bhd   | 15                  | 0                   |
| 17. | FIN Freedom Sdn Bhd   | 14                  | 15                  |
| 18. | Harveston Wealth Management Sdn Bhd                         | 4                   | 3                   |
| 19. | Hong Leong Bank Berhad                                      | 648                 | 794                 |
| 20. | Hong Leong Islamic Bank Berhad                              | 0                   | 0                   |
| 21. | HSBC Amanah Malaysia Berhad                                 | 156                 | 106                 |
| 22. | HSBC Bank Malaysia Berhad                                   | 380                 | 354                 |
| 23. | iFast Capital Sdn Bhd                                       | 34                  | 52                  |
| 24. | Industrial and Commercial Bank of China (M) Berhad          | 0                   | 8                   |
| 25. | Kenanga Investment Bank Berhad                              | 100                 | 58                  |
| 26. | Kuwait Finance House (Malaysia) Berhad                      | 43                  | 39                  |
| 27. | Legacy Advisory Sdn Bhd                                     | 9                   | 12                  |
| 28. | Malacca Securities Sdn Bhd                                  | 0                   | 4                   |
| 29. | Malayan Banking Berhad                                      | 979                 | 1,047               |
| 30. | Maybank Islamic Berhad                                      | 13                  | 30                  |
| 31. | OCBC Al-Amin Bank Berhad                                    | 30                  | 12                  |
| 32. | OCBC Bank Berhad  | 363                 | 391                 |
| 33. | Public Bank Berhad  | 939                 | 916                 |
| 34. | RHB Bank Berhad   | 649                 | 515                 |
| 35. | RHB Investment Bank Berhad                                  | 179                 | 168                 |
| 36. | Standard Chartered Bank (Malaysia) Berhad                   | 357                 | 379                 |
| 37. | Standard Chartered Saadiq Berhad                            | 49                  | 37                  |
| 38. | Standard Financial Adviser Sdn Bhd                          | 74                  | 76                  |
| 39. | United Overseas Bank (Malaysia) Berhad                      | 366                 | 313                 |
| 40. | Whitman Independent Advisors Sdn Bhd                        | 9                   | 8                   |
|     | Sub-Total   | 8,671               | 8,594               |
|     | <b>Grand Total</b>  | <b>50,390</b>       | <b>48,821</b>       |

\* Excluding Members who are IUTA

## Registration of Institutional Unit Trust Advisers (IUTA)

KAF Investment Funds Berhad was registered in 2014 as an IUTA. There were a total of 42 IUTA as at 31 December 2014, comprising banks, investment banks, unit trust management companies and an on-line financial services provider.

| No. | Name of IUTA   | Date of Registration |
|-----|--|----------------------|
| 1.  | KAF Investment Funds Berhad  | 17 Oct 2014          |
| 2.  | Citibank Berhad  | 1 May 2000           |
| 3.  | Standard Chartered Bank (Malaysia) Berhad                                | 1 May 2000           |
| 4.  | HSBC Bank (Malaysia) Berhad  | 1 May 2000           |
| 5.  | OCBC Bank (Malaysia) Berhad  | 1 May 2000           |
| 6.  | Public Bank Berhad   | 1 Oct 2000           |
| 7.  | Apex Investment Services Berhad  | 1 Nov 2000           |
| 8.  | AmlInvestment Services Berhad  | 15 June 2001         |
| 9.  | Alliance Bank (Malaysia) Berhad  | 1 Aug 2001           |
| 10. | United Overseas Bank (Malaysia) Berhad                                   | 15 Mar 2002          |
| 11. | CIMB Investment Bank Berhad  | 1 May 2002           |
| 12. | Malayan Banking Berhad   | 15 Sep 2002          |
| 13. | RHB Bank Berhad  | 1 Feb 2003           |
| 14. | Affin Bank Berhad  | 1 Mar 2003           |
| 15. | AmlInvestment Bank Berhad  | 1 Sep 2003           |
| 16. | Hong Leong Bank Berhad   | 1 Oct 2004           |
| 17. | AmBank (M) Berhad  | 15 Feb 2005          |
| 18. | Kenanga Investors Berhad   | 15 Apr 2005          |
| 19. | Phillip Mutual Berhad  | 1 May 2005           |
| 20. | TA Investment Management Berhad  | 7 Sep 2006           |
| 21. | CIMB Bank Berhad   | 8 Sep 2006           |
| 22. | PMB Investment Berhad (Formerly known as ASM Investment Services Berhad) | 11 Dec 2006          |
| 23. | Hong Leong Islamic Bank Berhad   | 18 May 2007          |
| 24. | Al Rajhi Banking & Investment Corporation (Malaysia) Berhad              | 4 June 2007          |
| 25. | Kuwait Finance House (M) Berhad  | 27 Aug 2007          |
| 26. | CIMB Islamic Bank Berhad   | 29 Aug 2007          |
| 27. | Areca Capital Sdn Bhd  | 27 Nov 2007          |
| 28. | Bank Islam Malaysia Berhad   | 3 Mar 2008           |
| 29. | RHB Asset Management Sdn Bhd   | 14 May 2008          |
| 30. | iFast Capital Sdn Bhd  | 27 June 2008         |
| 31. | Amanah Saham Nasional Berhad   | 25 Sep 2008          |
| 32. | HSBC Amanah Malaysia Berhad  | 29 Oct 2008          |
| 33. | Standard Chartered Saadiq Berhad   | 18 Nov 2008          |
| 34. | OCBC Al-Amin Bank Berhad   | 21 Jan 2009          |
| 35. | Bank Kerjasama Rakyat Malaysia Berhad                                    | 6 July 2009          |
| 36. | Bank Simpanan Nasional   | 27 May 2010          |
| 37. | Kenanga Investment Bank Berhad   | 14 Oct 2011          |
| 38. | Maybank Islamic Berhad   | 23 Dec 2011          |
| 39. | Manulife Asset Management Services Berhad                                | 21 Sep 2012          |
| 40. | Bank Muamalat Malaysia Berhad  | 9 Apr 2013           |
| 41. | RHB Investment Bank Berhad   | 12 Apr 2013          |
| 42. | CIMB-Principal Asset Management Berhad                                   | 26 July 2013         |

## Registration of Corporate Unit Trust Advisers (CUTA)

Blueprint Planning Sdn Bhd and FA Advisory Sdn Bhd were registered in 2014 as CUTA. A total of eight (8) CUTA were registered with FIMM as at 31 December 2014.

| No. | Name of CUTA                         | Date of Registration |
|-----|--------------------------------------|----------------------|
| 1.  | FA Advisory Sdn Bhd                  | 12 June 2014         |
| 2.  | Blueprint Planning Sdn Bhd           | 9 July 2014          |
| 3.  | Standard Financial Adviser Sdn Bhd   | 29 Apr 2008          |
| 4.  | FIN Freedom Sdn Bhd                  | 5 Aug 2008           |
| 5.  | Whitman Independent Advisors Sdn Bhd | 17 Feb 2009          |
| 6.  | A.D. Financial Sdn Bhd               | 2 Oct 2009           |
| 7.  | Harveston Wealth Management Sdn Bhd  | 11 Feb 2010          |
| 8.  | Legacy Advisory Sdn Bhd              | 10 Nov 2011          |

## Private Retirement Scheme Examination (PRSE)

PRSE was conducted in Kuala Lumpur, Johor Bahru, Penang, Sarawak and Sabah. Table 4 shows the number of candidates registered for PRSE in 2014. The number of candidates registered for PRSE in year 2014 was lower than 2013.

**Table 4: Comparison of PRSE Registration for 2013 and 2014**

| Examination Session | No. of Registered Candidates 2014 | No. of Registered Candidates 2013 |
|---------------------|-----------------------------------|-----------------------------------|
| January             | 186                               | 283                               |
| February            | 196                               | 307                               |
| March               | 587                               | 325                               |
| April               | 402                               | 383                               |
| May                 | 403                               | 444                               |
| June                | 403                               | 349                               |
| July                | 296                               | 354                               |
| August              | 468                               | 407                               |
| September           | 468                               | 392                               |
| October             | 358                               | 326                               |
| November            | 207                               | 317                               |
| December            | 193                               | 365                               |
| <b>Total</b>        | <b>4,167</b>                      | <b>4,252</b>                      |

## Private Retirement Scheme Consultants

The total number of Private Retirement Schemes Consultants (PRS Consultants) (Table 5) stood at 17,827 as at 31 December 2014. From the total of 17,827 registered PRS Consultant, 83% of them were attached to the PRS Providers and the remaining 17% were PRS Consultants registered with Institutional PRS Advisers and Corporate PRS Advisers.

**Table 5: Number of Registered PRS Consultants**

### PRS Providers

| No. | Company Name  | 31 December<br>2014 | 31 December<br>2013 |
|-----|---|---------------------|---------------------|
| 1.  | Affin Hwang Asset Management Berhad<br>(formerly known as Hwang Investment Management Berhad) | 364                 | 282                 |
| 2.  | AIA Pension and Asset Management Sdn Bhd  | 2,560               | 693                 |
| 3.  | AmInvestment Management Sdn Bhd   | 0                   | 15                  |
| 4.  | CIMB-Principal Asset Management Berhad  | 1,572               | 942                 |
| 5.  | Kenanga Investors Berhad  | 812                 | 778                 |
| 6.  | Manulife Asset Management Services Berhad   | 527                 | 336                 |
| 7.  | Public Mutual Berhad  | 8,735               | 8,082               |
| 8.  | RHB Asset Management Sdn Bhd  | 151                 | 127                 |
|     | <b>Sub-Total</b>  | <b>14,721</b>       | <b>11,255</b>       |

### Institutional PRS Advisers

| No. | Company Name   | 31 December<br>2014 | 31 December<br>2013 |
|-----|--|---------------------|---------------------|
| 1.  | AmBank (M) Berhad  | 374                 | 311                 |
| 2.  | CIMB Bank Berhad   | 920                 | 582                 |
| 3.  | Citibank Berhad  | 108                 | 109                 |
| 4.  | iFast Capital Sdn Bhd  | 18                  | 15                  |
| 5.  | Kenanga Investment Bank Berhad   | 108                 | 32                  |
| 6.  | Phillip Mutual Berhad  | 142                 | 38                  |
| 7.  | PMB Investment Berhad (formerly known as ASM Investment Services Berhad) | 11                  | 0                   |
| 8.  | Public Bank Berhad   | 666                 | 646                 |
| 9.  | RHB Bank Berhad  | 541                 | 537                 |
|     | <b>Sub-Total</b>   | <b>2,888</b>        | <b>2,270</b>        |

### PRS Providers Plus Institutional PRS Advisers

| No. | Company Name                 | 31 December<br>2014 | 31 December<br>2013 |
|-----|------------------------------|---------------------|---------------------|
| 1   | AmInvestment Services Berhad | 47                  | 36                  |
|     | <b>Sub-Total</b>             | <b>47</b>           | <b>36</b>           |



## Corporate PRS Advisers

| No. | Company Name                         | 31 December<br>2014 | 31 December<br>2013 |
|-----|--------------------------------------|---------------------|---------------------|
| 1.  | A.D. Financial Sdn Bhd               | 11                  | 8                   |
| 2.  | Blueprint Planning Sdn Bhd           | 0                   | 0                   |
| 3.  | FA Advisory Sdn Bhd                  | 13                  | 0                   |
| 4.  | FIN Freedom Sdn Bhd                  | 14                  | 13                  |
| 5.  | Harveston Wealth Management Sdn Bhd  | 7                   | 7                   |
| 6.  | Legacy Advisory Sdn Bhd              | 4                   | 0                   |
| 7.  | Standard Financial Adviser Sdn Bhd   | 56                  | 49                  |
| 8.  | VKA Wealth Management Sdn Bhd        | 57                  | 47                  |
| 9.  | Whitman Independent Advisors Sdn Bhd | 9                   | 8                   |
|     | <b>Sub-Total</b>                     | <b>171</b>          | <b>132</b>          |
|     | <b>Grand Total</b>                   | <b>17,827</b>       | <b>13,693</b>       |

## Registration of PRS Providers

AmlInvestment Services Berhad was registered in 2014 as a PRS Provider after the consolidation of business activities between AmlInvestment Services Berhad and AmlInvestment Management Sdn Bhd. These PRS Providers make up the initial list of eight intermediaries approved as providers of private retirement scheme.

| No. | Name of PRS Provider  | Date of Registration |
|-----|---|----------------------|
| 1.  | AmlInvestment Services Berhad   | 01 Dec 2014          |
| 2.  | CIMB-Principal Asset Management Berhad  | 01 Nov 2012          |
| 3.  | Affin Hwang Asset Management Berhad<br>(Formerly known as Hwang Investment Management Berhad) | 14 Sep 2012          |
| 4.  | Manulife Asset Management Services Berhad   | 16 Oct 2012          |
| 5.  | Public Mutual Berhad  | 18 Oct 2012          |
| 6.  | RHB Asset Management Sdn Bhd  | 10 Oct 2012          |
| 7.  | AIA Pension and Asset Management Sdn Bhd  | 14 Jan 2013          |
| 8.  | Kenanga Investors Berhad  | 12 June 2013         |

## Registration of Institutional PRS Advisers

There were ten (10) Institutional PRS Advisers registered with FIMM as at 31 December 2014, comprising banks, investment banks, unit trust management companies, and an on-line financial services provider.

| No.   | Name of Institutional PRS Adviser  | Date of Registration |
|---|--|----------------------|
| <b>Approved Institutional PRS Adviser (in previous years)</b> |  |                      |
| 1.  | CIMB Bank Berhad   | 01 Oct 2012          |
| 2.  | iFast Capital Sdn Bhd  | 18 Oct 2012          |
| 3.  | Public Bank Berhad   | 01 Oct 2012          |
| 4.  | RHB Bank Berhad  | 01 Nov 2012          |
| 5.  | AmBank (M) Berhad  | 11 Mar 2013          |
| 6.  | AmlInvestment Services Berhad  | 25 Feb 2013          |
| 7.  | PMB Investment Berhad (Formerly known as ASM Investment Services Berhad) | 04 Nov 2013          |
| 8.  | Citibank Berhad  | 07 June 2013         |
| 9.  | Kenanga Investment Bank Berhad   | 27 June 2013         |
| 10.   | Phillip Mutual Berhad  | 14 Oct 2013          |

## Registration of Corporate PRS Advisers

Blueprint Planning Sdn Bhd and FA Advisory Sdn Bhd were registered in 2014 as a Corporate PRS Adviser. A total of nine (9) Corporate PRS Advisers were registered with FIMM as at 31 December 2014.

| No. | Name of Corporate PRS Adviser        | Date of Registration |
|-----|--------------------------------------|----------------------|
| 1.  | FA Advisory Sdn Bhd                  | 24 June 2014         |
| 2.  | Blueprint Planning Sdn Bhd           | 22 Aug 2014          |
| 3.  | FIN Freedom Sdn Bhd                  | 01 Nov 2012          |
| 4.  | Standard Financial Adviser Sdn Bhd   | 16 Oct 2012          |
| 5.  | VKA Wealth Management Sdn Bhd        | 19 Nov 2012          |
| 6.  | Whitman Independent Advisors Sdn Bhd | 09 Nov 2012          |
| 7.  | A.D. Financial Sdn Bhd               | 01 Nov 2013          |
| 8.  | Harveston Wealth Management Sdn Bhd  | 19 Mar 2013          |
| 9.  | Legacy Advisory Sdn Bhd              | 22 Nov 2013          |

## Regulation

Initiatives undertaken by FIMM in 2014 to fulfil its regulatory functions include:

### Enforcement Activities

FIMM conducted disciplinary proceedings and took actions for misconduct and breach of FIMM's rules by Members and Registered Persons. Sanctions meted out ranged from private reprimand to barring from re-registration.

FIMM received 27 complaints in the year 2014 which included complaints referred by Securities Commission Malaysia (SC) and members and complaints lodged by investors. Complaints were mostly related to:

- alleged unsatisfactory client services such as failure to provide accurate information regarding recommended funds and misleading investors;
- misappropriation of investor's funds;
- unauthorised investment and redemption;
- unethical marketing and distribution of funds; and
- matters outside FIMM's purview such as operational matters of FIMM Members and contractual agreements between Members and their UTC that did not contravene any of the guidelines or rules issued by FIMM or SC.

Enforcement actions taken in 2014:

| Type of Actions Taken                          | UTMC     | IUTA     | CUTA     | UTC      | Total     |
|--|----------|----------|----------|----------|-----------|
| Private Reprimand                              | 5        | -        | -        | 3        | 8         |
| Public Reprimand                               | -        | -        | -        | -        | -         |
| Barring from registration                      | -        | -        | -        | 2        | 2         |
| Public Reprimand and Barring from registration | -        | -        | -        | -        | -         |
| <b>Total</b>                                   | <b>5</b> | <b>-</b> | <b>-</b> | <b>5</b> | <b>10</b> |

A summary of the status of complaints received from January 2014 to 31 December 2014:

| No. | Nature of complaint                           | Action Taken | Pending   | Dismissed by DC/GEO | Total     |
|-----|---|--------------|-----------|---------------------|-----------|
| 1.  | Misappropriation of investor's funds          | 2            | 11        | -                   | 13        |
| 2.  | Unsatisfactory client services                | -            | 1         | 1                   | 2         |
| 3.  | Unauthorised investment and redemption        | -            | 6         | -                   | 6         |
| 4.  | Unethical marketing and distribution of funds | -            | 2         | 1                   | 3         |
| 5.  | Dealings with unapproved funds                | -            | -         | -                   | -         |
| 6.  | Acting for more than one principal            | -            | -         | -                   | -         |
| 7.  | Others *                                      | -            | 3         | -                   | 3         |
| 8.  | Outside FIMM's purview                        | -            | -         | -                   | -         |
|     | <b>Total</b>                                  | <b>2</b>     | <b>23</b> | <b>2</b>            | <b>27</b> |

\* Other complaints include misuse of investor's information, disrepute to the industry, mis-selling and unauthorised and unethical industry activity.

## Reports on Initiatives and Activities of the Committees

### Appeal Committee

#### Chairman

Datuk Siti Hadzar Binti Mohd Ismail

#### Responsibilities

Conduct appeal proceedings and decide on appeals against decisions of Disciplinary Sub-Committee.

#### Attendance at meetings

| Members of the Appeal Committee   | Attendance | Remarks                         |
|---|------------|---------------------------------|
| <b>En. Abdul Kadir Bin Md. Kassim</b><br>Chairman / Public Interest Director      | 0/1        | Retired w.e.f<br>23 June 2014*  |
| <b>Datuk Siti Hadzar Binti Mohd Ismail</b><br>Chairman / Public Interest Director | 1/1        | Appointed w.e.f<br>23 June 2014 |
| <b>Prof. Dr. Saiful Azhar Bin Rosly</b><br>Public Interest Director               | 1/1        |                                 |
| <b>Dr. Sieh Lee Mei Ling</b><br>Public Interest Director                          | 1/1        |                                 |
| <b>Mr. Harinder Pal Singh a/l Joga Singh</b><br>Elected Director                  | 1/1        |                                 |
| <b>En. Mohammad Bin Hussin</b><br>Elected Director                                | 0/1        |                                 |

\* Retired and not re-appointed under S 129(6) of Companies Act 1965 at the Annual General Meeting held on 23 June 2014.

#### Activities / Initiatives

1. Discussed and reviewed an appeal made by a Unit Trust Consultant on the decision made against him by the Disciplinary Sub-Committee.

# Reports on Initiatives and Activities of the Committees

## Disciplinary Committee (DC)

### Chairman

Datuk Wira Jahaya Bin Mat

### Responsibilities

- Review and investigate complaints and alleged breaches of discipline involving Members and Registered Persons and recommend for disciplinary proceedings to be conducted in accordance with the By-laws relating to the Procedure for Disciplinary Proceedings;
- Provide clarification and advice on proper mechanisms and adequate measures to handle complaints, including (but not limited to) disciplinary procedures; and
- Review quarterly reports of FIMM to Securities Commission Malaysia on complaints received by FIMM, including actions taken by FIMM against any Member and Registered Person.

### Attendance at meetings

| Members of Disciplinary Committee                                       | Attendance |                 |
|---|------------|-----------------|
|   | DC meeting | Joint meeting * |
| <b>Datuk Wira Jahaya Bin Mat</b><br>Chairman / Public Interest Director | 7/7        | 1/1             |
| <b>Datuk Meriam Binti Haji Ya'acob</b><br>Public Interest Director      | 7/7        | 1/1             |
| <b>Dato' Mohamad Ayob Bin Abu Hassan</b><br>Elected Director            | 4/7        | 0/0             |
| <b>Mr. Danny Wong Teck Meng</b><br>Elected Director                     | 6/7        | 1/1             |
| <b>Mr. Ho Seng Yee</b><br>Elected Director                              | 5/7        | 1/1             |
| <b>Ms. Vasantha N Punniamoorthy</b><br>Public Interest Director         | 6/7        | 1/1             |
| <b>Ms. Yeoh Kim Hong</b><br>Elected Director                            | 4/7        | 1/1             |

\* Joint RC/DC meeting was held on 24 Feb 2014

### Activities / Initiatives

- In the year 2014, the DC deliberated 23 complaints.
- Noted 3 complaints dismissed by the Chief Executive Officer (involving matters not within FIMM's purview).
- Noted and discussed the quarterly reports on complaints received by FIMM which were submitted to the Securities Commission Malaysia (SC).

## Reports on Initiatives and Activities of the Committees

### Disciplinary Sub-Committee (DSC)

#### Chairman

Datuk Wira Jahaya Bin Mat

#### Responsibilities

- a) Conduct disciplinary proceedings against Members and Registered Persons upon recommendation from the Disciplinary Committee; and
- b) Enforce and ensure compliance by Members and Registered Persons with rules, guidelines, By-laws, codes, directives and standards issued by FIMM and relevant regulations and guidelines issued by Securities Commission Malaysia and take actions against Members and Registered Persons for any breach of FIMM's rules, guidelines, By-laws, codes, directives and standards.

#### Attendance at meetings

| Members of Disciplinary Sub-Committee                                   | Attendance |
|---|------------|
| <b>Datuk Wira Jahaya Bin Mat</b><br>Chairman / Public Interest Director | 18/18      |
| <b>Datuk Meriam Binti Haji Ya'acob</b><br>Public Interest Director      | 18/18      |
| <b>Dato' Mohamad Ayob Bin Abu Hassan</b><br>Elected Director            | 12/18      |
| <b>Mr. Danny Wong Teck Meng</b><br>Elected Director                     | 14/18      |
| <b>Mr. Ho Seng Yee</b><br>Elected Director                              | 5/18       |
| <b>Ms. Vasantha N Punniamoorthy</b><br>Public Interest Director         | 18/18      |
| <b>Ms. Yeoh Kim Hong</b><br>Elected Director                            | 1/18       |

#### Activities / Initiatives

1. Conducted 18 disciplinary proceedings:
  - i) 9 complaints were dismissed;
  - ii) 2 Unit Trust Consultants were deregistered;
  - iii) 3 Unit Trust Consultants were privately reprimanded; and
  - iv) 2 UTMCs were privately reprimanded.



# Reports on Initiatives and Activities of the Committees

## Industry Development Committee (IDC)

### Chairman

Datuk Wira Jahaya Bin Mat

### Responsibilities

- a) Provide a medium through which Members and Registered Persons to consult with each other and cooperate with government agencies in connection with issues affecting Investment Management Industry;
- b) Introduce best practices in fund management, fund operations as well as marketing and distribution of funds by developing and issuing industry standards on investment management as well as the marketing and distribution of Funds;
- c) Review the Employees Provident Fund (EPF) Members Investment Scheme requirements, evaluation methodology and approve fund evaluation results performed in accordance to the methodology.
- d) Review the current distribution channels and propose measures for improvement and expansion;
- e) Enhance public awareness and confidence in the Investment management Industry through formulation and promotion of investor awareness programmes in the form of road shows, seminars, newspaper articles, business bulletins, or such other activities as deemed appropriate;
- f) Work closely with the Members, Registered Persons and Securities Commission Malaysia towards promulgation and modification of administrative rules, regulations and interpretations and distribution of products and services, taxation or other areas that impact the Investment Management Industry;
- g) Commission research to identify issues; explore new opportunities for broadening the offerings of investment products and services, in order to facilitate the growth of the Investment Management Industry;
- h) Facilitate the development of private retirement schemes within the Investment Management Industry with a view to promote retirement savings;
- i) Seek tax incentives and minimises negative tax impacts (where applicable) for the Investment Management Industry, Investment products and investors, both direct and indirect, to encourage the public to invest; and
- j) Commission on oversee collection of periodical industry statistics submitted by Members and Registered Persons to facilitate industry development efforts.

### Attendance at meetings

| Members of the Industry Development Committee                           | Attendance  |                 | Remarks                     |
|---|-------------|-----------------|-----------------------------|
|   | IDC meeting | Joint meeting * |                             |
| <b>Datuk Wira Jahaya Bin Mat</b><br>Chairman / Public Interest Director | 3/3         | 1/1             | Appointed w.e.f 1 Oct 2014  |
| <b>Datuk Meriam Binti Haji Ya'acob</b><br>Public Interest Director      | 9/9         | 1/1             |                             |
| <b>Dato' Mohamad Ayob Bin Abu Hassan</b><br>Elected Director            | 6/9         | 1/1             |                             |
| <b>Prof. Dr. Saiful Azhar Bin Rosly</b><br>Public Interest Director     | 4/6         | 0/1             | Resigned w.e.f 1 Oct 2014   |
| <b>Dr. Sieh Lee Mei Ling</b><br>Public Interest Director                | 6/9         | 1/1             |                             |
| <b>Mr. Danny Wong Teck Meng</b><br>Elected Director                     | 8/9         | 1/1             |                             |
| <b>Mr. Harinder Pal Singh a/l Joga Singh</b><br>Elected Director        | 6/8         | 1/1             | Appointed w.e.f 25 Mar 2014 |
| <b>Mr. Ho Seng Yee</b><br>Elected Director                              | 6/9         | 1/1             |                             |
| <b>En. Mohammad Bin Hussin</b><br>Elected Director                      | 6/8         | 1/1             |                             |
| <b>Pn. Munirah Binti Khairuddin</b><br>Subject Matter Expert            | 6/8         | 1/1             |                             |
| <b>Mr. Teng Chee Wai</b><br>Elected Director                            | 3/6         | -               | Resigned w.e.f 1 Oct 2014   |
| <b>Ms. Vasantha N Punniamoorthy</b><br>Public Interest Director         | 4/5         | 1/1             |                             |
| <b>Ms. Yeoh Kim Hong</b><br>Elected Director                            | 8/9         | 0/1             |                             |

\* Joint RC/IDC meeting was held on 7 Oct 2014

### Activities / Initiatives

#### 1. 2014 Annual Employees Provident Fund Members Investment Scheme (EPF-MIS) Fund Evaluation Exercise

The annual evaluation exercise resulted a total of 224 funds approved under EPF-MIS, out of which, 198 or 88.4% of funds were existing EPF approved funds, 12 funds were reinstated and 14 funds were admitted to the list for the first time. Meanwhile, 11 of the existing EPF approved funds were suspended, mainly caused by failing to meet the minimum Simple Average Rating for Consistent Returns (SACR) threshold as prescribed by the Employees Provident Fund.

The profile for the approved funds remains largely similar to the previous year with 190 funds or 84.8% invested fully in Malaysia and 96 funds or 42.9% are equity funds. The list was submitted to EPF on 26 February 2014 and subsequently approved by EPF. The list of approved funds came into force on 1 April 2014.

#### 2. Goods and Services Tax (GST)

GST impacted all stakeholders of the industry albeit at different degrees. While buying and selling of units in unit trusts and Private Retirement Schemes (PRS) are exempted from GST, fees and charges incurred by investors are nevertheless subjected to GST. On the other hand, services offered by management companies as well as distributors who are GST registered persons attract GST at standard rate.

To assist and ease the industry's efforts in complying with the GST requirements, FIMM identified issues and resolutions relating to GST with the assistance of industry working group. Top issues and proposed solutions were as below:

- seeking waiver for issuance of tax invoices to investors invested under nominee system;
- affirming the status of interest incomes and gain/ loss on units of unit trusts or PRS duly received by UTMC and PRS Providers as incidental exempt financial supplies,
- seeking approval for cost efficient ways of issuance tax invoices to investors (including electronic tax invoices) as well as disclosure of fees and charges exclusive of GST.

A briefing was subsequently conducted on 11 August 2014 between representatives of the industry and FIMM GST Adviser. Discussion outcome were taken into consideration before the industry proposal is finalised and submitted to the Royal Malaysian Customs Department (Customs) on 4 September 2014, a copy of the proposal was subsequently circulated to the industry together with a Frequently-Asked-Questions pertaining to GST relating to industry. A meeting between Customs and FIMM was held on 23 September 2014 where concerns and proposals were discussed and clarified. The proposals received favourable preliminary response from Customs with some administrative conditions. FIMM is awaiting written response from the Customs on the industry proposals.

### **3. Proposed Revision on the Guidelines of the Employees Provident Fund Members Investment Scheme and Fund Management Institutions Guidelines (EPF Guidelines)**

On 24 November 2014, FIMM submitted to the Employees Provident Fund (EPF) proposed changes to be made to EPF Guidelines. In addition to updating the provisions in line with the current status of enforcement, FIMM also proposed for EPF to allow EPF members to adopt quarterly standing instructions, subject to annual renewal; enhance homogeneity of comparison for return consistency by weeding out non unit trust funds from the computation of return consistency, if any and allows funds that missed the minimum threshold for the first time but outperformed its benchmark to be remained approved by EPF for top up investments purpose. The status of the proposal is currently pending.

### **4. Fund Seeding Practice for Unit Trust Funds and Private Retirement Schemes (PRS)**

Fund seeding refers to the practice of fund managers in injecting a seed investment (own funds) into a fund at inception, in order to enable the fund to start sourcing for suitable investments as soon as the fund is declared effective to offer units to the public.

Currently, fund seeding practice is not specifically prohibited. However, Clause 3.32 of the Guidelines on Unit Trust Funds and Clause 3.33 of the Guidelines on Private Retirement Schemes imposed on Unit Trust Management Company (UTMC), PRS Providers or its nominees on unit holdings are nevertheless indirectly restrict fund seeding practices.

As such, on 30 October 2014, FIMM submitted a proposal to the SC to allow fund seeding practice, with conditions that address regulatory concerns, in particular, with regard to the potential conflicts of interest arising from redemption of seed units that may be to the disadvantages of the fund's existing investors. Among the proposed conditions are minimum amount of seed fund, clear segregation of seed units held by UTMC and PRS Providers from units held in the manager's box as well as restriction for redemption by way of set-off against net inflow of units upon meeting prescribed trigger points. The proposal is pending SC's review and approval.

### **5. Industry Proposal on the Federal Budget 2015**

FIMM proceeded to prepare and submit industry proposals for the Federal Budget 2015 amid challenging and tight national fiscal environments. The proposals include extension of tax exemption for managing approved Islamic funds which will expire in year 2016, increase tax incentives for PRS, as well as tax relief for young investors.

While the outcome of the proposals were not favourable, FIMM will nevertheless continue to lobby for preferable taxation for the industry in order to continuously position unit trusts and PRS as effective vehicles for long term savings and investments.

### **6. Fund Related Approval from Securities Commission Malaysia**

The SC and FIMM have jointly established SC-FIMM Fund Disclosure Working Group (FDWG) on 2 December 2014 to develop the followings that aim to increase the standard of prospectus disclosures as well as reducing time frame for preparation and approval of prospectuses:

- a) A guide on use of plain and simple language in drafting prospectus (Guide);
- b) A glossary of investment terminology (Glossary); and
- c) Removal of the requirement for one-year shelf life of a prospectus and having in place, an evergreen prospectus with an enhanced Product Highlight Sheet which is to be updated in the event of any material change and/ or on an annual basis.

The Guide and Glossary are expected to be administered by the industry whereas the evergreen prospectus regime will be managed by SC. First draft of the above deliverables is targeted to be made available for industry consultation in first half of 2015. Intensive FDWG meetings are expected to be conducted in the beginning of next year.

## 7. Tiering approach for Issuance of Capital Markets and Services License for Companies Engage in Fund Management Activities

FIMM participated in a focus group meeting conducted by SC on 17 September 2014 on SC's preliminary proposal on new approach for issuance of licence for fund management activities. Under the approach, new category of licence with lower paid-up capital and shareholders' funds will be introduced. However, fund managers licensed under this category are restricted to managing assets from sophisticated investors only as well as a limit in total size of Asset Under Management (AUM).

While FIMM welcomes the new approach, FIMM suggests to the SC, among other things, to increase the cap on AUM to RM500 million and extend minimum track record to 10 years for licensed representatives. This will allow the tiering approach to attract and retain more effectively, talented and experienced fund managers that are instrumental in capturing niche and growing wealth management sector for high net worth individuals and family offices that demand bespoke investment solutions.

## 8. Investors Education and Stakeholders Engagement

FIMMToday Magazine

Published by FIMM, the FIMMToday provides targeted and relevant contents to Unit Trust Consultants and PRS Consultants registered with FIMM. The magazine offers analysis and articles on subjects relating to markets, economics and investments. It also features comment pieces from respected industry heavyweights.

In 2014, a total of three editions were published as follows:

| Edition                             | Descriptions   |
|-------------------------------------|--|
| <b>1st Edition</b><br>August 2014   | Topics include: <ul style="list-style-type: none"> <li>• Liberalisation of unit trusts</li> <li>• Start your retirement planning early</li> <li>• Emerging market outlooks</li> </ul>  |
| <b>2nd Edition</b><br>October 2014  | Topics include: <ul style="list-style-type: none"> <li>• State of play of the Malaysian unit trust industry</li> <li>• Investor education as a tool to enhance investor protection</li> <li>• Are Malaysian equities' more resilient?</li> </ul>                               |
| <b>3rd Edition</b><br>December 2014 | Topics include: <ul style="list-style-type: none"> <li>• Understanding GST from consultants/ practitioner's perspectives</li> <li>• 2015 economic outlook and key investment themes</li> <li>• Socially responsible investing to benefit from sovereign sukuk sales</li> </ul> |

Investor Education via Strategic Collaboration and Partnership

In line with the objective of promoting greater and more informed investors' participation in the market, FIMM engaged media and collaborated with industry stakeholders.

FIMM continued its efforts in creating awareness on unit trust and PRS investing through participating in events organised by members and other strategic partners. (Please see the third party initiatives for 2014)

| Activity   | Particulars                                      | Subject matters  | Readership/ Participation   |
|--|--|--|---|
| Media Engagement<br>(Magazine advertisement)                     | Smart Investor Magazine<br>November 2014 issue   | Coverage of Annual Convention<br>2014                                  | Readership: 63,600  |
|  | Money Compass<br>Magazine<br>November 2014 Issue | Coverage of Annual Convention<br>2014                                  | Readership: 30,000  |
| Unit Trust Investment Fair<br>Organized by Fundsupermart.<br>com | 11 January 2014                                  | Wawasan Open University,<br>Penang                                     | 300 visitors<br>(general public, industry players<br>and investors)   |
|  | 18 January 2014                                  | Pyramid 3, Level CP3,<br>Sunway Pyramid Convention<br>Centre, Selangor | 500 visitors<br>(general public, industry players<br>and investors)   |
| InvestSmart Fest 2014<br>by Securities Commission                | 9 – 14 September 2014                            | One Utama Shopping Centre,<br>Bandar Utama,<br>Petaling Jaya           | 1,477 visitors<br>(general public, industry players<br>and investors) |
| MFPC National Financial Planning<br>Tournament 2014              | 3 – 5 November 2014                              | Universiti Teknologi Mara<br>Malaysia,<br>Puncak Alam                  | 557 visitors<br>(general students and lecturers)                      |

During the event, FIMM took the opportunity to reach out the general public and explained the basics of units trust and PFS as well as its role in the investment management industry. We also distributed to the visitors education booklets which provides overall view of units trusts and acts as a guidebook for those who seeks to understand how unit trusts works and types of funds and its risks and benefits.

FIMM's participation in events with strategic partners has not only allowed FIMM to explain to public on unit trusts, but also allowed us to gauge public's perception about unit trusts from different market segments with different demographic profiles. For example by participating in InvestSmart Fest organised by the SC, the feedback collected showed that many young investors are not aware of the benefits of unit trusts, the difference between unit trusts and capital guaranteed funds offered by federal funds, and most importantly about the members and distributors that offer these funds.

The feedback collected will serve as a valuable input for FIMM to plan the Advertising & Promotions campaign for 2015, as well as creating the message and ideas (such as booth stamps, better giveaways) to increase the traffic to FIMM's booth for third party events moving forward.

# Reports on Initiatives and Activities of the Committees

## Audit Committee (AC)

### Chairman

Prof. Dr. Saiful Azhar Bin Rosly

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### Responsibilities

#### a) Internal Reporting

To review and report to the Board on the quarterly and annual financial statements on a timely basis. In addition, to make recommendations to the Board to approve the audited annual financial statements after reviewing the followings:

- Changes of FIMM's significant accounting principles and policies used;
- Significant adjustments resulting from the audit;
- The going-concern assumption;
- Compliance with applicable accounting standards as reported by the internal auditor;
- Compliance with regulatory and statutory requirements;
- Adequacy and effectiveness of the internal control system;
- Review any related party transactions, if any, that may arise between FIMM and any Director or a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest;
- Adequacy of risk management policies and practices to ensure effectiveness; and
- Any findings raised in the course of the internal audit operations.

#### (b) External Audit

- (i) To recommend to the Board for approval of the appointment of the external auditor and remuneration.
- (ii) To review and approve the nature and scope of the external audit (particularly the identified risk areas) and any additional agreed upon procedures on a regular and timely basis.
- (iii) To review, deliberate and report to the Board the external auditors' evaluation of the system of internal controls, discussions of audit results and consider the implications of the external audit findings for the control environment and any Management Letters issued by the external auditor.

#### (c) Internal Audit

- (i) To review and approve the following:
  - The Internal Audit Charter;
  - The internal audit scope and the proposed internal audit plans for the coming year;
  - The internal audit function budget and headcount;
  - Significant interim changes to the audit plans; and
  - Co-ordination of the audit plans with the external auditors.
- (ii) To review and oversee on:
  - The findings arising from internal audit reports or other internal investigations;
  - The Management's responsiveness to internal audit's findings and recommendations;

- Discussion with the Management on any disagreements and the appropriateness of corrective action required of the Management;
- Follow up on the implementation of all recommendations made by internal audit function;
- Periodic reports from the Management on the quality of internal controls in key risk areas and control areas; and
- Internal audit function's compliance with the Institute of Internal Auditors (IIA) Standards for the Professional Practice of Internal Auditing.

(iii) To hire/terminate and determine the compensation of the head of internal audit.

(iv) To review and appraise the performance of the head of internal audit.

(d) Others

(i) To review and report to the Board on inspection and examination reports issued by the relevant regulatory authorities in order to ensure appropriate actions are taken in respect of the findings and where necessary, direct actions to be taken by the Management.

(ii) To forward confirmed minutes of meeting to the SC.

#### Attendance at meetings

| Members of AC   | Attendance | Remarks                      |
|---|------------|------------------------------|
| <b>Datuk Siti Hadzar Binti Mohd Ismail</b><br>Chairman / Public Interest Director | 2/2        | Resigned w.e.f 23 June 2014* |
| <b>Prof. Dr. Saiful Azhar Bin Rosly</b><br>Chairman / Public Interest Director    | 4/4        | Appointed as Chairman of AC  |
| <b>Datuk Wira Jahaya Bin Mat</b><br>Public Interest Director                      | 4/4        |                              |
| <b>Ms. Yeoh Kim Hong</b><br>Elected Director                                      | 4/4        |                              |
| <b>Dr. Sieh Lee Mei Ling</b><br>Public Interest Director                          | 3/4        |                              |
| <b>Dato' Mohamad Ayob Bin Abu Hassan</b><br>Elected Director                      | 3/4        |                              |
| <b>En. Mohammad Bin Hussin</b><br>Elected Director                                | 1/1        | Appointed w.e.f 1 Oct 2014   |

\* Resigned as the Chairman of Audit Committee since appointed as the Chairman of Board of Directors on 23 June 2014

**Activities / Initiatives**

| <b>Date</b>             | <b>Significant Decisions</b>  |
|-------------------------|---|
| <b>4 March 2014</b>     | <p>The Committee agreed to the:</p> <ul style="list-style-type: none"> <li>• Recommendation for endorsement of the Annual SRO Report 2013 to the Board of Directors.</li> <li>• Draft audited Financial Statements for the year ended 31 Dec 2013.</li> </ul> <p>During the meeting, the Committee also reviewed the 4Q/2013 Internal Audit Department Activity Status Report.</p>  |
| <b>6 June 2014</b>      | <p>The Committee reviewed and recommended to Board of Directors of the proposed changes to the Audit Committee Terms of Reference.</p> <p>During the meeting, the Audit Committee reviewed and acknowledged the:</p> <ul style="list-style-type: none"> <li>• Status of follow-up audit as at 30 April 2014 for audit reports issued by BDO Governance Advisory, FIMM Internal Audit Department and Securities Commission.</li> </ul>   |
| <b>8 September 2014</b> | <p>The Committee welcomed the new appointment of Prof. Dr. Saiful Azhar Rosly as the Chairman of Audit Committee.</p> <p>During the meeting, the Audit Committee agreed to the:</p> <ul style="list-style-type: none"> <li>• Management report for the financial period ended 31 July 2014.</li> <li>• Issues highlighted in the audit report of Human Resources Department issued by FIMM Internal Audit Department.</li> </ul> <p>During the meeting, the Audit Committee reviewed and acknowledged the:</p> <ul style="list-style-type: none"> <li>• Status of follow-up audit as at 31 July 2014 for audit reports issued by BDO Governance Advisory, FIMM Internal Audit Department and Securities Commission.</li> <li>• 2Q/2013 Internal Audit Department Activity Status Report.</li> </ul> |
| <b>27 November 2014</b> | <p>The Committee agreed to the:</p> <ul style="list-style-type: none"> <li>• Proposed Audit Plan by external auditor (Morison AnuarulAzizan Chew) for FY2014.</li> <li>• Proposed Internal Audit Budget FY2015 and Annual Audit Plan FY2015.</li> <li>• 3rd quarter management report for the financial period ended 30 September 2014.</li> </ul> <p>During the meeting, the Committee reviewed and acknowledged the:</p> <ul style="list-style-type: none"> <li>• Status of follow-up audit as at 31 October 2014 for audit reports issued by BDO Governance Advisory, FIMM Internal Audit Department and Securities Commission.</li> </ul>   |



# Reports on Initiatives and Activities of the Committees

## Nomination and Remuneration Committee (NRC)

### Chairman

Datuk Meriam Binti Hj. Ya'acob

### Responsibilities

- Recommend to the Board the appointment, promotion as well as remuneration and compensation policies of the Senior Management personnel (CEO and its direct report), having regard to prevailing market rates for similar roles;
- Review annually and recommend to the Board the remuneration and/or compensation framework (including performance-based remuneration) as staff members;
- Review leadership and talent development framework;
- Review succession planning framework and management performance framework and evaluation system for staff members including the CEO;
- Recommend to the Board and Members a framework for remuneration of Directors and Committee members, including fees, allowances and benefits-in-kind; and
- Review and recommend to the Board Professional Indemnity and Liability insurance for Directors and FIMM officers.

### Attendance at Meetings

| Members of the NRC  | Attendance |
|---|------------|
| <b>Datuk Meriam Binti Haji Ya'acob</b><br>Chairman / Public Interest Director | 4/4        |
| <b>Datuk Wira Jahaya Bin Mat</b><br>Public Interest Director                  | 3/4        |
| <b>Mr. Ho Seng Yee</b><br>Elected Director                                    | 4/4        |
| <b>En. Mohammad Bin Hussin</b><br>Elected Director                            | 4/4        |
| <b>Ms. Vasantha N Punniamoorthy</b><br>Public Interest Director               | 4/4        |

### Activities / Initiatives

- Discussed the closure report by ADD Coral Services Sdn Bhd.
- Reviewed the Code of Ethics and Confidentiality Undertaking and will be finalised in 2015.
- Reviewed the proposed honorarium system services rendered to the FIMM by professional person.

## Reports on Initiatives and Activities of the Committees

### Regulatory Committee (RC)

#### Chairman

Ms. Vasantha N Punniamoorthy

#### Responsibilities

- (a) Ensure the rules of FIMM:
- (i) are consistent with the relevant requirements of the Capital Market and Services Act 2007 and rules and regulations made thereunder, requirements of the Securities Commission Malaysia ("SC") and other applicable laws;
  - (ii) sufficiently and effectively allow FIMM to discharge its regulatory functions.
- (b) Recommend to the Board for its approval, new rules of FIMM to govern the conduct and behaviour of registered persons, including amendments thereto and revisions thereof, as necessary;
- (c) Review matters pertaining to the supervision and surveillance functions of FIMM; and
- (d) Review outcome of supervision and surveillance and result of surveys, and approve the actions to be taken based on the outcome and result.

#### Attendance at meetings

| Members of RC  | Attendance | Remarks                       |
|--|------------|-------------------------------|
| <b>Ms. Vasantha N Punniamoorthy</b><br>Chairman / Public Interest Director | 5/6        |                               |
| <b>Datuk Meriam Binti Haji Ya'acob</b><br>Public Interest Director         | 6/6        |                               |
| <b>Datuk Wira Jahaya Bin Mat</b><br>Public Interest Director               | 5/6        |                               |
| <b>Dato' Mohamad Ayob Bin Abu Hassan</b><br>Elected Director               | 5/6        |                               |
| <b>Prof. Dr. Saiful Azhar Bin Rosly</b><br>Public Interest Director        | 0/6        |                               |
| <b>Dr. Sieh Lee Mei Ling</b><br>Public Interest Director                   | 6/6        |                               |
| <b>Mr. Danny Wong Teck Meng</b><br>Elected Director                        | 5/6        |                               |
| <b>Mr. Harinder Pal Singh a/l Joga Singh</b><br>Elected Director           | 2/3        | Appointed w.e.f<br>1 Oct 2014 |
| <b>Mr. Ho Seng Yee</b><br>Elected Director                                 | 4/6        |                               |
| <b>Ms. Yeoh Kim Hong</b><br>Elected Director                               | 4/6        |                               |

## Activities / Initiatives

1. Reviewed and made recommendations to the draft Rules on disciplinary proceedings for the approval of the board of Directors. Subsequently reviewed and approved the proposed responses to Securities Commission Malaysia's (SC) comments on the Rules on Disciplinary Proceedings dated 10 September 2014.
2. Reviewed the Term of Reference of Rules Committee.
3. Reviewed and recommended the Enforcement Handbook to FIMM's Board for the approval
4. Discussed the directive received from the SC on the revision requirements imposed on Institutional Private Retirement Schemes (IPRA). The revision requirements focused on the distribution agreements for marketing and distribution of Unit Trust Schemes (UTS) / Private Retirement Schemes (PRS).
5. Reviewed and made recommendations on SC's comments on Consolidated Rules dated 20 October 2014 and responded accordingly.
6. FIMM's Surveillance that is tasked to carry out audit/review and on-going monitoring of marketing and distribution activities of registered persons, undertook the following activities in 2014:
  - (a) FIMM reviewed a total of 13 Compliance Audit and 54 Compliance Due Diligence checklists, in which, there were four exceptions identified involving 22 entities;
  - (b) FIMM reviewed a total of 25 Post Registration Assessment Exercise (PRAE) checklists and there were two exceptions identified involving six entities; and
  - (c) FIMM reviewed a total of five operational audit checklists on newly registered unit trust Distributors and there were no exceptions.

However, all exceptions identified under (a) and (b) above have been remedied by the entities concerned within the given timelines.
7. Reviewed and approved the proposed circular before publication regarding distribution agreements for marketing and distribution of unit trust funds / private retirement schemes to Members, IUTA, PRS Provider and Institutional PRS Adviser in relation to the revision of requirements imposed on IUTA / Institutional PRS Adviser.

## Reports on Initiatives and Activities of the Committees

### Systems and Methods Committee (SAM)

#### Chairman

Dr. Sieh Lee Mei Ling

#### Responsibilities

- a) Review business technology and operational processes, systems and IT infrastructure and review implementation of IT plans and recommend changes where necessary;
- b) Develop/revamp IT infrastructure, policies and framework to enhance processes.
- c) Provide solutions to IT issues and practices that have broad implications to the industry (e.g implication on data processing applications, information integrity & security, technology risk management, telecommunications, data center operations and internet activities);
- d) Review FIMM's new rules, projects and initiatives involving IT by giving IT implications and requirements;
- e) Priorities IT projects and the resources required; and
- f) Formulate and implement IT standards for FIMM to better serve the industry and the investing public.

#### Attendance at meetings

| Members of SAM committee  | Attendance | Remarks                       |
|---|------------|-------------------------------|
| <b>Dr. Sieh Lee Mei Ling</b><br>Chairman/Public Interest Director | 4/4        |                               |
| <b>Datuk Wira Jahaya Bin Mat</b><br>Public Interest Director      | 2/2        | Appointed w.e.f<br>1 Oct 2014 |
| <b>Ms. Chan Foong Sin</b><br>Subject Matter Expert                | 0/4        |                               |
| <b>Mr. Danny Wong Teck Meng</b><br>Elected Director               | 2/2        | Appointed w.e.f<br>1 Oct 2014 |
| <b>En. Mohammad Bin Hussin</b><br>Elected Director                | 4/4        |                               |
| <b>Mr. Richard Tan Koon Eam</b><br>Subject Matter Expert          | 4/4        |                               |

#### Activities / Initiatives

1. Reviewed and revised Terms of Reference ("TOR") of the SAM Committee.
2. Advised the Management to implement Disaster Recovery Plan and Business Continuity Plan by second quarter of 2015.
3. The Committee performed technical assessment on 3 different brands for replacement of computers and installation of updated software / operating system (OS) versions for staff desktops. They made their recommendations and requested the Procurement Committee for a financial assessment based on the quotations. Approval was obtained from Procurement Committee on 17 October 2014 and the replacement and installation works were completed in November 2014.
4. The Committee requested management to draft an IT master plan to implement a system that incorporates all the business processes in FIMM. The Committee also instructed the management to draft a set of IT Policies that include all aspects of FIMM's IT system such as hardware, software, security, data storage and recovery retrieval. The IT master plan will be further deliberated and finalised in 2015.

# Reports on Initiatives and Activities of the Committees

## Education & Examination Committee (EEC)

### Chairman

Dr. Sieh Lee Mei Ling

### Responsibilities

- Approve the training and development programmes, meetings, seminars/conferences for Registered Persons;
- Oversee the management and administration of continuing education programmes for Registered Persons;
- Advise Management on the examination for the admission of new Members, Continuing Professional Development (CPD) framework which includes the processing of CPD points applications, exemption for Registered Persons (Unit Trust Consultants (UTCs) and Private Retirement Consultants (PRCs), recognition of training providers and their courses as well as ensuring quality control on CPD related matters through an internal monitoring system;
- Periodically or where necessary to review FIMM's examination syllabus;
- Develop and set performance standards and to monitor the Computerised Unit Trust Examination (CUTE) and Private Retirement Scheme Examination (PRSE) especially on the module development; including the examination centre providers;
- Oversee the introduction of semi-professional and professional programmes to Registered Persons; and
- To measure and monitor the above and to recommend continuous improvement for the development of Registered Persons.

### Attendance at meetings

| Members of EEC  | Attendance | Remarks                       |
|---|------------|-------------------------------|
| <b>Dr. Sieh Lee Mei Ling</b><br>Chairman / Public Interest Director | 6/6        |                               |
| <b>Prof. Dr. Saiful Azhar Bin Rosly</b><br>Public Interest Director | 0/1        | Appointed w.e.f<br>1 Oct 2014 |
| <b>Dr. Veerinderjeet Singh</b><br>Subject Matter Expert             | 5/6        |                               |
| <b>Mr. Harinder Pal Singh a/l Joga Singh</b><br>Elected Director    | 6/6        |                               |
| <b>En. Mohammad Bin Hussin</b><br>Elected Director                  | 1/1        | Appointed w.e.f<br>1 Oct 2014 |
| <b>Mr. Wong Boon Choy</b><br>Subject Matter Expert                  | 6/6        |                               |
| <b>Ms. Vasantha N Punniamoorthy</b><br>Public Interest Director     | 1/1        | Appointed w.e.f<br>1 Oct 2014 |

### Activities / Initiatives

#### 1. FIMM Seminars

During the period under review, FIMM organised 12 seminars nationwide for 842 consultants to enhance their knowledge and competencies. The attendees evaluated both the speakers and the overall conduct of the sessions with an average score of 4.2 out of 5 through the feedback forms.

The feedbacks received from the attendees also indicated that FIMM should continue to conduct seminars in smaller cities or towns.

The consultants commented positively that their participation in these seminars have broadened their knowledge and improved their skills to market unit trusts effectively to the investing public.

## **2. 2014 FIMM Annual Convention**

FIMM's Annual Convention was held on 8 October 2014 and it provided an excellent opportunity for the unit trust and Private Retirement Scheme (PRS) consultants to learn the various developments in the industry such as liberalisation of unit trusts through ASEAN Collective Investment Scheme framework and GST implementation.

The convention which gathered 461 attendees also highlighted the best practices in distribution that meet investors' needs, challenges in PRS industry and the importance of investor education to promote investor protection.

## **3. Revised FIMM Continuing Professional Development (CPD) Guidelines**

The committee deliberated and approved the proposed amendment to the FIMM CPD Guidelines. Key amendments include adding an assessment mechanism for consultants who read financial literatures to earn CPD points. On 17 June 2014, Securities Commission Malaysia (SC) has approved the proposed amendments and the revised CPD Guidelines were issued on 21 August 2014.

## **4. FIMM PRS Examination Study Guide**

The Private Retirement Scheme Examination Study Guide was revised, in line with the changes made to the Private Retirement Scheme (PRS) Guidelines on 15 November 2013. Addendum was subsequently issued to inform the industry.

## **5. FIMM PRS Familiarisation Programme (Phase 2)**

The committee approved the implementation of PRS Familiarisation Program in two phases to cater to the overwhelming request from individuals who are qualified to register as PRS Consultants without going through the PRS Examination.

FIMM registered 161 attendees from the four Train-the-Trainer workshops and Refresher Courses held in September and October 2014. All PRS Providers and distributors sent their representatives except two Institutional Private Retirement Scheme Advisers and eight Corporate Private Retirement Scheme Advisers which will obtain training services from third party providers.

## **6. Exemption Criteria for Registration of Unit Trust Consultants**

In line with the changes made in the Licensing Handbook issued by the SC, the exemption criteria were revised to allow individuals who have successfully completed the relevant modules of the financial planning qualification to register as Unit Trust Consultants.

On 12 December 2014, FIMM issued the circular to inform the industry on the exemption criteria which become effective on 2 January 2015.

## **7. Exemption Criteria for PRS Examination**

Individuals who have completed Certified Financial Planner Modules 1, 4 and 5 from Financial Planning Association of Malaysia (FPAM) or Registered Financial Planner Modules 1, 3 and 6 from Malaysian Financial Planning Council (MFPC) will be exempted from PRS Examination.

On 12 December 2014, FIMM issued circular to inform the industry on the above exemption criteria for registration of PRS Consultants which become effective on 2 January 2015.

## **8. CPD Tracker & eLearning System**

The Committee deliberated the draft Request for Proposal (RFP) for the proposed development of CPD Tracker & eLearning systems. The revised RFP will be tabled to the Systems and Methods Committee (SAM) for evaluation and further approval to be included in the FIMM IT masterplan.

# Reports on Initiatives and Activities of the Committees

## Finance Committee (FC)

### Chairman

Datuk Meriam Binti Hj. Ya'acob

### Responsibilities

- (a) Review budget strategies & implications;
- (b) Review existing revenues and expenses and identify new income sources; and
- (c) Review budget for recommendation to the Board.

### Attendance at meetings

| Members of FC   | Attendance |
|---|------------|
| <b>Datuk Meriam Binti Haji Ya'acob</b><br>Chairman / Public Interest Director | 1/1        |
| <b>Mr. Danny Wong Teck Meng</b><br>Elected Director                           | 0/1        |
| <b>Mr. Harinder Pal Singh a/l Joga Singh</b><br>Elected Director              | 1/1        |
| <b>Mr. Ho Seng Yee</b><br>Elected Director                                    | 1/1        |
| <b>Ms. Vasantha N Punniamoorthy</b><br>Public Interest Director               | 1/1        |

### Activities / Initiatives

1. Reviewed and agreed to the management report for the financial period ended 30 September 2014.
2. Reviewed and deliberated the basis of projection for the consultants' annual renewal and examination rates based on the feedback from all Private Retirement Providers (PRP) and leading Unit Trust Management Companies (UTMC), to reflect the current scenario in the industry.
3. Reviewed major component expenses such as personnel and computer system and instructed the management to call for a joint meeting with relevant committees to discuss the following:
  - Manpower requirement for budgeting personnel expenditure for the year 2015
  - Proposed IT master plan and framework to support the basis of budgeting for computer system expenses and capital expenditure (CAPEX)

## Reports on Initiatives and Activities of the Committees

### Governance Committee (GC)

#### Chairman

Datuk Meriam Binti Haji Ya'acob

#### Responsibilities

- (a) Enhance the governance structure of FIMM as an SRO;
- (b) Review the governance practices of Board Committees wherever necessary (but at least once a year), and recommend to the Board such changes as desired after consulting with the committee concerned; and
- (c) Review and evaluate FIMM's governance policies and practices and recommend to the Board such changes as necessary.

#### Attendance at meetings

| Members of GC  | Attendance |
|--|------------|
| <b>Datuk Meriam Binti Haji Ya'acob</b><br>Chairman/ Public Interest Director | 2/2        |
| <b>Datuk Wira Jahaya Bin Mat</b><br>Public Interest Director                 | 2/2        |
| <b>Dato' Mohamad Ayob Bin Abu Hassan</b><br>Elected Director                 | 0/2        |
| <b>Dr. Sieh Lee Mei Ling</b><br>Public Interest Director                     | 2/2        |
| <b>Mr. Harinder Pal Singh a/l Joga Singh</b><br>Elected Director             | 1/2        |
| <b>Mr. Ho Seng Yee</b><br>Elected Director                                   | 1/2        |
| <b>Ms. Vasantha N Punniamoorthy</b><br>Public Interest Director              | 2/2        |
| <b>Ms. Yeoh Kim Hong</b><br>Elected Director                                 | 2/2        |

#### Activities / Initiatives

1. Reviewed and approved the Term of Reference (TOR) for all FIMM Committees before forwarding to FIMM's Board of Directors for their approval.
2. Reviewed and recommended the Board Charter to FIMM's Board of Directors for approval.



# Reports on Initiatives and Activities of the Committees

## Procurement Committee

### Chairman

Datuk Wira Jahaya Bin Mat

### Responsibilities

- a) Establish and develop a framework on procurement policy and procedures;
- b) Conduct periodic review on procurement policy and procedures; and
- c) Ensure the implementation of the policy is for the advancement of FIMM's operational priorities.

### Attendance at meetings

| Members of Procurement Committee  | Attendance |
|---|------------|
| <b>Datuk Wira Jahaya Bin Mat</b><br>Chairman / Public Interest Director | 3/3        |
| <b>Datuk Meriam Binti Haji Ya'acob</b><br>Public Interest Director      | 3/3        |
| <b>Prof. Dr. Saiful Azhar Bin Rosly</b><br>Public Interest Director     | 1/3        |
| <b>Mr. Harinder Pal Singh a/l Joga Singh</b><br>Elected Director        | 2/3        |
| <b>Mr. Ho Seng Yee</b><br>Elected Director                              | 3/3        |

### Activities / Initiatives

1. Reviewed and approved the management's recommendation to replace 22 desktops and 4 notebooks.
2. Reviewed and approved the purchase of Group Hospitalisation and Surgical insurance and Group Term Life insurance for FIMM staff (staff benefits) from AIA Life and Takaful respectively, for policy period 1 January 2015 to 31 December 2015.

# Accountability

# 4

## Financial Reports

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## Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Federation for the financial year ended 31 December 2014.

### Principal Activities

The Federation is a recognised self regulatory organisation ("SRO") for the unit trust industry under section 323(1) of the Capital Markets & Services Act 2007 ("CMSA"). As a SRO, the Federation's principal activity is to conduct its affairs in the best interests of the public and investment management industry while promoting orderly development of the investment management industry. The Federation will encourage and foster among its members conduct, ethics and standards of practice that will best serve, maintain further and protect the interests of investors and the investment management industry. In discharging its obligation, the Federation shall act in the public interest with particular regard to the need for protection of investors.

There have been no significant changes in the nature of the principal activities during the financial year.

### Financial Results

Operating surplus for the financial year RM4,920,185

### Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year under review.

### Directors

The Directors who served since the date of the last report and the date of this report are as follows:-

|  | <u>Resigned date</u> |
|--|----------------------|
| <u>Public Interest Directors:-</u>     |                      |
| Datuk Siti Hadzar Binti Mohd Ismail    |                      |
| Abdul Kadir Bin Md. Kassim             | 23.06.2014*          |
| Datuk Wira Jahaya Bin Mat              |                      |
| Dr. Sieh Lee Mei Ling                  |                      |
| Datuk Meriam Binti Hj. Ya'acob         |                      |
| P. Vasantha a/p N. Punniamoorthy       |                      |
| Prof. Dr. Saiful Azhar Bin Rosly       |                      |
| <u>Non-Public Interest Directors:-</u> |                      |
| Ho Seng Yee                            |                      |
| Teng Chee Wai                          | 01.10.2014           |
| Yeoh Kim Hong                          |                      |
| Dato' Mohamad Ayob Bin Abu Hassan      |                      |
| Danny Wong Teck Meng                   |                      |
| Muhamad Umar Swift                     | 16.01.2014           |
| Harinder Pal Singh a/l Joga Singh      |                      |
| Mohammad Bin Hussin                    |                      |

\* Retired

### Directors' Benefits

Since the end of the previous financial year, no Director of the Federation has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Federation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Federation a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Federation or any other body corporate.

### Other Statutory Information

- (a) Before the statement of profit or loss and other comprehensive income and statement of financial position of the Federation were made out, the Directors took reasonable steps:-
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:-
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Federation inadequate to any substantial extent; or
  - (ii) the values attributed to the current assets in the financial statements of the Federation misleading; or
  - (iii) adherence to the existing method of valuation of assets or liabilities of the Federation misleading or inappropriate; or
  - (iv) any amount stated in the financial statements of the Federation misleading.
- (c) No contingent or other liabilities of the Federation have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Federation to meet its obligations as and when they fall due.
- (d) At the date of this report, there does not exist:-
- (i) any charge on the assets of the Federation which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Federation which has arisen since the end of the financial year.
- (e) In the opinion of the Directors:-
- (i) the results of the operations of the Federation for the financial year ended 31 December 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Federation for the financial year in which this report is made.

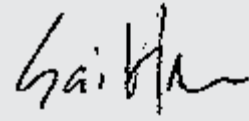
**Auditors**

The auditors, Messrs. Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.



**DATUK SITI HADZAR BINTI MOHD ISMAIL**



**PROF. DR. SAIFUL AZHAR BIN ROSLY**

KUALA LUMPUR  
3 MARCH 2015

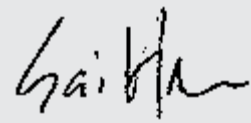
## Statement by Directors Pursuant to Section 169(15) of the Companies Act, 1965

We, DATUK SITI HADZAR BINTI MOHD ISMAIL and PROF. DR. SAIFUL AZHAR BIN ROSLY, being two of the Directors of FEDERATION OF INVESTMENT MANAGERS MALAYSIA, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 64 to 79 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Federation as of 31 December 2014 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.



DATUK SITI HADZAR BINTI MOHD ISMAIL



PROF. DR. SAIFUL AZHAR BIN ROSLY

KUALA LUMPUR  
3 MARCH 2015

## Statutory Declaration Pursuant to Section 169(16) of the Companies Act, 1965

I, NORMALA BINTI MOHAMED, being the Officer primarily responsible for the financial management of FEDERATION OF INVESTMENT MANAGERS MALAYSIA, do solemnly and sincerely declare that the financial statements set out on pages 64 to 79 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.

Subscribed and solemnly declared by )  
the abovenamed NORMALA BINTI )  
MOHAMED at KUALA LUMPUR in )  
the Federal Territory on this date of )  
3 MARCH 2015. )



NORMALA BINTI MOHAMED

Before me,



COMMISSIONER FOR OATHS

SANSTAH BINTI ALI (No. W 589)  
PESURUHJAYA SUNPAH  
NO. 1420, TRK JAWAH,  
BGN. UMNO SELANGOR  
JALAN IPOH, 51200  
KUALA LUMPUR W.P.



# Independent Auditors' Report to The Members of Federation of Investment Managers Malaysia

## Report on the Financial Statements

We have audited the financial statements of Federation of Investment Managers Malaysia, which comprise the statement of financial position as at 31 December 2014 of the Federation, and the statement of profit or loss and other comprehensive income, statement of changes in accumulated fund and statement of cash flows of the Federation for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 64 to 79.

### Directors' Responsibility for the Financial Statements

The Directors of the Federation are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Federation's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

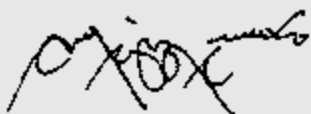
In our opinion, the financial statements give a true and fair view of the financial position of the Federation as of 31 December 2014 and of its financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Federation have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

## Other Matters

This report is solely made to the members of the Federation, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume any responsibility to any other person for the content of this report.



**MORISON ANUARUL AZIZAN CHEW**  
Firm Number: AF 001977  
Chartered Accountants



**SATHIEA SEELEAN A/L MANICKAM**  
No. 1729/05/16 (J/PH)  
Chartered Accountant

KUALA LUMPUR  
3 MARCH 2015

## Statement of Financial Position as at 31 December 2014

|   | Note | 2014<br>RM        | 2013<br>RM        |
|---|------|-------------------|-------------------|
| <b>Non-Current Asset</b>                    |      |                   |                   |
| Property, plant and equipment               | 3    | 877,333           | 1,041,249         |
| <b>Current Assets</b>                       |      |                   |                   |
| Other receivables                           | 4    | 558,726           | 614,314           |
| Fixed deposits with a financial institution | 5    | 26,000,998        | 21,449,971        |
| Cash and bank balances                      |      | 521,899           | 235,662           |
| Tax recoverable                             |      | 103,033           | -                 |
|   |      | <b>27,184,656</b> | <b>22,299,947</b> |
| <b>Current Liabilities</b>                  |      |                   |                   |
| Other payables                              | 6    | 1,564,338         | 1,727,514         |
| Provision for taxation                      |      | -                 | 48,981            |
|   |      | 1,564,338         | 1,776,495         |
| Net current assets                          |      | 25,620,318        | 20,523,452        |
|   |      | <b>26,497,651</b> | <b>21,564,701</b> |
| <b>Financed By:-</b>                        |      |                   |                   |
| Accumulated fund                            | 7    | 13,366,346        | 9,067,309         |
| SRO requirement reserve                     | 8    | 13,044,118        | 12,422,970        |
|   |      | <b>26,410,464</b> | <b>21,490,279</b> |
| <b>Non-Current Liability</b>                |      |                   |                   |
| Deferred tax liability                      | 9    | 87,187            | 74,422            |
|   |      | <b>26,497,651</b> | <b>21,564,701</b> |

The accompanying notes form an integral part of the financial statements.

## Statement of Profit or Loss and Other Comprehensive Income for The Financial Year Ended 31 December 2014

|  | Note | 2014<br>RM       | 2013<br>RM       |
|--|------|------------------|------------------|
| Revenue  | 10   | 11,963,922       | 10,740,381       |
| Other income   | 11   | 940,125          | 814,518          |
| Administration expenses  | 12   | (4,500,646)      | (4,999,611)      |
| Staff costs  | 13   | (3,353,901)      | (3,671,406)      |
| <b>Excess of revenue over expenditure</b>  |      | <b>5,049,500</b> | <b>2,883,882</b> |
| Taxation   | 14   | (129,315)        | (355,510)        |
| <b>Operating surplus and total comprehensive<br/>income for the financial year</b> |      | <b>4,920,185</b> | <b>2,528,372</b> |

Corporate Overview

Industry Review

Operational Review

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Calendar of Events

The accompanying notes form an integral part of the financial statements.

## Statement of Changes in Accumulated Fund for The Financial Year Ended 31 December 2014

|   | Note | Non-Distributable   |                            | Total<br>RM       |
|---|------|---------------------|----------------------------|-------------------|
|   |      | Accumulated<br>fund | SRO requirement<br>reserve |                   |
|   |      | RM                  | RM                         |                   |
| <b>At 1 January 2014</b>                          |      | <b>9,067,309</b>    | <b>12,422,970</b>          | <b>21,490,279</b> |
| Transfer to SRO requirement reserve               | 8    | (621,148)           | 621,148                    | -                 |
| Total comprehensive income for the financial year |      | 4,920,185           | -                          | 4,920,185         |
| <b>At 31 December 2014</b>                        |      | <b>13,366,346</b>   | <b>13,044,118</b>          | <b>26,410,464</b> |
| <b>At 1 January 2013</b>                          |      | <b>7,130,507</b>    | <b>11,831,400</b>          | <b>18,961,907</b> |
| Transfer to SRO requirement reserve               | 8    | (591,570)           | 591,570                    | -                 |
| Total comprehensive income for the financial year |      | 2,528,372           | -                          | 2,528,372         |
| <b>At 31 December 2013</b>                        |      | <b>9,067,309</b>    | <b>12,422,970</b>          | <b>21,490,279</b> |

The accompanying notes form an integral part of the financial statements.

## Statement of Cash Flows for The Financial Year Ended 31 December 2014

|   | 2014              | 2013              |
|---|-------------------|-------------------|
|   | RM                | RM                |
| <b>Cash Flows From Operating Activities</b>                                 |                   |                   |
| Excess of revenue over expenditure  | 5,049,500         | 2,883,882         |
| Adjustment for:-  |                   |                   |
| Depreciation of property, plant and equipment                               | 344,106           | 204,181           |
| Bad debt written off  |                   |                   |
| - non-trade   | -                 | 1,300             |
| Property, plant and equipment written off                                   | -                 | 1,213             |
| Interest income   | (794,092)         | (666,957)         |
| Excess of operating revenue over expenditure before working capital changes | <b>4,599,514</b>  | <b>2,423,619</b>  |
| Decrease/(Increase) in working capital                                      |                   |                   |
| Other receivables   | 55,588            | (201,742)         |
| Other payables  | (163,176)         | (241,495)         |
|   | (107,588)         | (443,237)         |
| Cash generated from operations  | <b>4,491,926</b>  | <b>1,980,382</b>  |
| Tax paid  | (268,564)         | (414,938)         |
| Net cash generated from operating activities                                | <b>4,223,362</b>  | <b>1,565,444</b>  |
| <b>Cash Flows From Investing Activities</b>                                 |                   |                   |
| Purchase of property, plant and equipment                                   | (180,190)         | (807,581)         |
| Interest received   | 794,092           | 666,957           |
| Net cash generated from/(used in) investing activities                      | <b>613,902</b>    | <b>(140,624)</b>  |
| <b>Net increase in cash and cash equivalents</b>                            | <b>4,837,264</b>  | <b>1,424,820</b>  |
| <b>Cash and cash equivalents at beginning of the financial year</b>         | <b>21,685,633</b> | <b>20,260,813</b> |
| <b>Cash and cash equivalents at end of the financial year</b>               | <b>26,522,897</b> | <b>21,685,633</b> |
| <b>Cash and cash equivalents at end of the financial year comprises:-</b>   |                   |                   |
| Fixed deposits with a financial institution                                 | 26,000,998        | 21,449,971        |
| Cash and bank balances  | 521,899           | 235,662           |
|   | <b>26,522,897</b> | <b>21,685,633</b> |

The accompanying notes form an integral part of these financial statements.

# Notes to The Financial Statements

## 1. Corporate Information

The Federation is a recognised self regulatory organisation (“SRO”) for the unit trust industry under section 323(1) of the Capital Markets & Services Act 2007 (“CMSA”). As a SRO, the Federation’s principal activity is to conduct its affairs in the best interests of the public and investment management industry while promoting orderly development of the investment management industry. The Federation will encourage and foster among its members conduct, ethics and standards of practice that will best serve, maintain further and protect the interests of investors and the investment management industry. In discharging its obligation, the Federation shall act in the public interest with particular regard to the need for protection of investors.

There have been no significant changes in the nature of the principal activities during the financial year.

The Federation is a company limited by guarantee, incorporated in Malaysia under the Companies Act, 1965 and domiciled in Malaysia.

The registered office of the Federation is located at Level 7, Menara Millenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Height, 50490 Kuala Lumpur.

The principal place of business is located at 19-06-1, 6th Floor, Wisma Tune, 19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.

## 2. Basis of Preparation and Significant Accounting Policies

### (a) Basis of preparation

The financial statements of the Federation have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Federation’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(b) to the financial statements.

Amendments to accounting standards and interpretations that are effective for the Federation’s financial year beginning on or after 1 January 2014 are as follows:-

- Amendments to MFRS 10, MFRS 12 and MFRS 127, “Investment Entities”
- Amendments to MFRS 132, “Financial Instruments: Presentation”
- Amendments to MFRS 136, “Impairment of Assets”
- Amendments to MFRS 139, “Novation of Derivatives and Continuation of Hedge Accounting”
- IC Interpretation 21, “Levies”

The above amendments to accounting standards and interpretations effective during the financial year do not have any significant impact to the financial results and position of the Federation.

Accounting standards and amendments to accounting standards that are applicable for the Federation in the following periods but are not yet effective:-

#### *Annual periods beginning on/after 1 July 2014*

#### Amendment to MFRS 13 Fair value measurement

The Amendment relates to the Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when MFRS 13 was issued, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendment also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 Financial Instruments: Presentation.

#### Amendment to MFRS 116 Property, plant and equipment and MFRS 138 Intangible Assets

The Amendment clarifies the accounting for the accumulated depreciation/ amortisation when an asset is revalued. It clarifies that:-

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

#### Amendments to MFRS 119 Employee Benefits

These Amendments provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit.

#### *Annual periods beginning on/after 1 January 2016*

#### Amendments to MFRS 7 Financial Instruments: Disclosures

The Amendments provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7. The Amendments also clarify the applicability of Amendments to MFRS 7, Disclosure-Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

#### Amendments to MFRS 116 Property, plant and equipment

These Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not, as a matter of principle, reflect the way in which an item of property, plant and equipment is used or consumed.

#### Amendments to MFRS 119 Employee Benefits

The Amendment clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. The Amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level.

#### *Annual periods beginning on/after 1 January 2018*

#### MFRS 9 Financial Instruments

This Standard addresses the classification, measurement and recognition of financial assets and financial liabilities.

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The Standard introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. If a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the balance sheet, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the balance sheet.

The Standard introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, it requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model is forward-looking and it eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

In addition, the Standard introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. As a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The Federation is in the process of assessing the impact of MFRS 9 and MFRS 15 in the year of initial application. Aside from the above mentioned, the adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Federation.

Accounting standards and amendments to accounting standards that are not relevant and not yet effective for the Federation are as follows:-

- MFRS 14, "Regulatory Deferral Accounts"
- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants"

#### (b) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Federation's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:-

##### (i) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Federation-wide provision for income taxes. The Federation recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (ii) Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment as stated in Note 2(d) to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (iii) Provisions for liabilities

Provisions for liabilities are recognised in accordance with accounting policy in Note 2(j) to the financial statements. To determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made, the Federation takes into consideration factors such as existence of legal/contractual agreements, past historical experience, external advisors' assessments and other available information.

#### (c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Federation's functional and presentation currency.



**(d) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(e) to the financial statements.

All property, plant and equipment are depreciated on a straight-line basis at rates calculated to write off the cost of the assets to their residual values over their estimated useful lives as follows:-

|                        |          |
|------------------------|----------|
| Office equipment       | 5 years  |
| Furniture and fittings | 10 years |
| Office renovations     | 3 years  |
| Motor vehicles         | 5 years  |

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

**(e) Impairment of non-financial assets**

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. An impairment loss is charged to the profit or loss immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the profit or loss immediately.

**(f) Financial assets**

Financial assets are recognised in the statement of financial position when the Federation have become a party to the contractual provisions of the instruments.

The Federation classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. They arise when the Federation provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statement of financial position.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

**(g) Impairment of financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged decline in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in profit or loss.

#### **(h) Financial liabilities**

Other payables are classified as financial liabilities in the statement of financial position as there is a contractual obligation to make cash payments to another entity and is contractually obliged to settle the liabilities in cash.

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the Federation designates the liabilities at fair value through profit or loss. Financial liabilities are designated at fair value through profit or loss when:-

- (i) they are acquired or incurred for the purpose of selling or repurchasing in the near term;
- (ii) the designation eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities or recognising gains or losses on them; or
- (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### **(i) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, bank balances and deposits with a financial institution and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

#### **(j) Provisions for liabilities**

Provisions for liabilities are recognised when the Federation has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

#### **(k) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of assets or liabilities in the statement of financial position and its tax base at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

**(l) Revenue recognition****(i) Subscriptions**

Annual subscriptions receivable from members 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 profit or loss 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) Interest income**

Interest income is recognised as it accrues using the weighted average method in profit or loss.

**(m) Employee benefits****(i) Short term employee benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Federation.

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the statement of financial position date.

**(ii) Statutory contribution plans**

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

**(iii) Private Retirement Scheme ("PRS")**

Contributions made by the Federation to registered PRS provider for eligible employees are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

### 3. Property, Plant and Equipment

|                                 | Office<br>equipment | Furniture<br>and fittings | Office<br>renovations | Motor<br>vehicles | Total            |
|---------------------------------|---------------------|---------------------------|-----------------------|-------------------|------------------|
|                                 | RM                  | RM                        | RM                    | RM                | RM               |
| <b>Cost</b>                     |                     |                           |                       |                   |                  |
| At 1.1.2014                     | 1,998,392           | 349,030                   | 570,250               | 169,223           | 3,086,895        |
| Addition                        | 180,190             | -                         | -                     | -                 | 180,190          |
| At 31.12.2014                   | <b>2,178,582</b>    | <b>349,030</b>            | <b>570,250</b>        | <b>169,223</b>    | <b>3,267,085</b> |
| <b>Accumulated depreciation</b> |                     |                           |                       |                   |                  |
| At 1.1.2014                     | 1,773,773           | 187,098                   | 31,361                | 53,414            | 2,045,646        |
| Charge for the financial year   | 92,282              | 27,898                    | 190,082               | 33,844            | 344,106          |
| At 31.12.2014                   | <b>1,866,055</b>    | <b>214,996</b>            | <b>221,443</b>        | <b>87,258</b>     | <b>2,389,752</b> |
| <b>Carrying amount</b>          |                     |                           |                       |                   |                  |
| At 31.12.2014                   | <b>312,527</b>      | <b>134,034</b>            | <b>348,807</b>        | <b>81,965</b>     | <b>877,333</b>   |

|                                 | Office<br>equipment | Furniture<br>and fittings | Office<br>renovations | Motor<br>vehicles | Total            |
|---------------------------------|---------------------|---------------------------|-----------------------|-------------------|------------------|
|                                 | RM                  | RM                        | RM                    | RM                | RM               |
| <b>Cost</b>                     |                     |                           |                       |                   |                  |
| At 1.1.2013                     | 1,895,093           | 237,873                   | 324,205               | 169,223           | 2,626,394        |
| Additions                       | 126,174             | 111,157                   | 570,250               | -                 | 807,581          |
| Write-off                       | (22,875)            | -                         | (324,205)             | -                 | (347,080)        |
| At 31.12.2013                   | <b>1,998,392</b>    | <b>349,030</b>            | <b>570,250</b>        | <b>169,223</b>    | <b>3,086,895</b> |
| <b>Accumulated depreciation</b> |                     |                           |                       |                   |                  |
| At 1.1.2013                     | 1,684,604           | 167,429                   | 315,729               | 19,570            | 2,187,332        |
| Charge for the financial year   | 112,044             | 19,669                    | 38,624                | 33,844            | 204,181          |
| Write-off                       | (22,875)            | -                         | (322,992)             | -                 | (345,867)        |
| At 31.12.2013                   | <b>1,773,773</b>    | <b>187,098</b>            | <b>31,361</b>         | <b>53,414</b>     | <b>2,045,646</b> |
| <b>Carrying amount</b>          |                     |                           |                       |                   |                  |
| At 31.12.2013                   | <b>224,619</b>      | <b>161,932</b>            | <b>538,889</b>        | <b>115,809</b>    | <b>1,041,249</b> |

### 4. Other Receivables

|                   | 2014           | 2013           |
|-------------------|----------------|----------------|
|                   | RM             | RM             |
| Other receivables | 179,938        | 114,907        |
| Deposits          | 279,609        | 407,737        |
| Prepayments       | 99,179         | 91,670         |
|                   | <b>558,726</b> | <b>614,314</b> |

## 5. Fixed Deposits with a Financial Institution

The fixed deposits interest rates and maturities of deposits range from 3.00% to 3.41% (2013: 3.00% to 3.25%) per annum and the tenure ranges from 62 to 452 days (2013: 5 to 92 days) respectively.

## 6. Other Payables

|                              | 2014      | 2013      |
|------------------------------|-----------|-----------|
|                              | RM        | RM        |
| Other payables               | 380,393   | 233,128   |
| Accruals                     |           |           |
| - Staff bonus and benefit    | 440,952   | 553,163   |
| - Directors' attendance fees | -         | 433,250   |
| - Others                     | 204,709   | 178,381   |
| Advance billings             | 538,284   | 329,592   |
|                              | 1,564,338 | 1,727,514 |

## 7. Accumulated Fund

Accumulated fund represents the reserve available to be utilised for the general operations and capital expenditure of the Federation.

## 8. SRO Requirement Reserve

|                                | 2014       | 2013       |
|--------------------------------|------------|------------|
|                                | RM         | RM         |
| At 1 January                   | 12,422,970 | 11,831,400 |
| Transfer from accumulated fund | 621,148    | 591,570    |
| At 31 December                 | 13,044,118 | 12,422,970 |

The Federation is a recognised Self Regulatory Organisation ("SRO") for the unit trust industry under Section 323(1) of the Capital Markets & Services Act 2007 ("CMSA").

To ensure there is sufficient financial resources to fund its operations and in reference to Article 15(A)(1) of the Federation's Articles of Association, the Federation is required to maintain a SRO Requirement Reserve which fulfills the following criteria:-

- (i) Pegged at a 3-year multiple of operating expenditure (inclusive of anticipated capital expenditure) based on its first year of establishment; and
- (ii) For subsequent years, the reserve should factor an annual increase of 5%.

Any refund of subscription fees to its members may only commence when the targeted SRO Requirement Reserve amount has been achieved and after consultation with the Securities Commission.

## 9. Deferred Tax Liability

|                                  | 2014          | 2013          |
|----------------------------------|---------------|---------------|
|                                  | RM            | RM            |
| Accelerated capital allowances:- |               |               |
| At 1 January                     | 74,422        | 76,869        |
| Recognised in profit or loss     | 12,765        | (6,565)       |
| Under provision in prior year    | -             | 4,118         |
| At 31 December                   | <b>87,187</b> | <b>74,422</b> |

## 10. Revenue

Revenue represents:-

- (a) application and annual subscription fees from members, Institutional Unit Trust Advisers, Corporate Unit Trust Advisers and Unit Trust Consultants' examination fees received or receivables.
- (b) application and annual subscription fees from members, Institutional Private Retirement Advisers and Private Retirement Consultants' examination fees received or receivables.

## 11. Other Income

|                          | 2014           | 2013           |
|--------------------------|----------------|----------------|
|                          | RM             | RM             |
| Conference fees received | 90,520         | 103,950        |
| Interest income          | 794,092        | 666,957        |
| Sundry income            | 55,513         | 43,611         |
|                          | <b>940,125</b> | <b>814,518</b> |

## 12. Administration Expenses

Administration expenses consist of:-

|   | Note | 2014           | 2013           |
|---|------|----------------|----------------|
|   |      | RM             | RM             |
| Auditors' remuneration                        |      |                |                |
| - external audit                              |      | 20,000         | 20,000         |
| - internal audit                              |      | -              | 18,000         |
| Depreciation of property, plant and equipment |      | 344,106        | 204,181        |
| Key management personnel compensation         | 15   | 309,190        | 194,400        |
| Other project expenses                        |      | 135,772        | 30,210         |
| Rental of premises                            |      | 510,840        | 597,651        |
| UTC seminar expenses                          |      | 241,850        | 267,345        |
| Examination expenses                          |      | 1,563,928      | 1,324,011      |
| Bad debt written off                          |      |                |                |
| - non-trade                                   |      | -              | 1,300          |
| Property, plant and equipment written off     |      | -              | 1,213          |
| Directors' attendance fees                    |      | <b>511,000</b> | <b>433,250</b> |

### 13. Staff Costs

|                                   | 2014      | 2013      |
|-----------------------------------|-----------|-----------|
|                                   | RM        | RM        |
| Staff costs (excluding Directors) | 3,353,901 | 3,671,406 |

Included in staff costs (excluding Directors) are:-

- (a) contributions made to the Employees Provident Fund under a statutory contribution plan for the Federation amounting to RM320,443 (2013: RM411,187).
- (b) contributions made to registered Private Retirement Scheme for eligible employees of the Federation amounting to RM19,555 (2013: RM17,964).

### 14. Taxation

|                                    | 2014           | 2013           |
|------------------------------------|----------------|----------------|
|                                    | RM             | RM             |
| Malaysian income tax:-             |                |                |
| - Current year                     | 428,740        | 514,464        |
| - Over provision in prior year     | (312,190)      | (156,507)      |
|                                    | <b>116,550</b> | <b>357,957</b> |
| Deferred tax:-                     |                |                |
| - Current year                     | 12,765         | (6,565)        |
| - Under provision in prior year    | -              | 4,118          |
|                                    | 12,765         | (2,447)        |
| Tax expense for the financial year | <b>129,315</b> | <b>355,510</b> |

Income tax is calculated at the statutory tax rate of 26% (2013: 26%) of the estimated assessable operating surplus and total comprehensive income for the financial year.

A reconciliation of income tax expense applicable to excess of revenue over expenditure at the statutory income tax rate to income tax expense at the effective income tax rate of the Federation is as follows:-

|  | 2014           | 2013           |
|--|----------------|----------------|
|  | RM             | RM             |
| Excess of revenue over expenditure                 | 5,049,500      | 2,883,882      |
| Tax at applicable tax rate of 26% (2013: 26%)*     | 1,312,870      | 749,809        |
| Expenses not deductible for tax purposes           | 100,944        | 151,500        |
| Tax exempt income                                  | (960,159)      | (381,735)      |
| Over provision of current taxation in prior year   | (312,190)      | (156,507)      |
| Under provision of deferred taxation in prior year | -              | 4,118          |
| Effect of differential tax rates                   | (12,150)       | (11,675)       |
| Tax expense for the financial year                 | <b>129,315</b> | <b>355,510</b> |

\* 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. The effect of differential tax rates above is a result of the disparity between statutory tax rate of 26% (2013: 26%) and the scale rates applicable to the Federation.

## 15. Key Management Personnel Compensation

|   | 2014           | 2013           |
|---|----------------|----------------|
|   | RM             | RM             |
| Other key management personnel          |                |                |
| - Short term employee benefit           | 189,190        | 194,400        |
| - Key management personnel compensation | 120,000        | -              |
|   | <b>309,190</b> | <b>194,400</b> |

Key management personnel comprise persons other than the Directors of the Federation, who have authority and responsibility for planning, directing and controlling the activities of the Federation either directly or indirectly.

## 16. Financial Instruments

### (a) Financial risk management objectives and policies

The Federation's financial risk management policy is to ensure that adequate financial resources are available for the development of the Federation's operations whilst managing its financial risks, including credit risk, liquidity and cash flow risk.

### (b) Credit risk

The Federation's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and action is taken to recover debts when due.

At reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk for the Federation is the carrying amount of the financial assets shown in the statement of financial position.

### (c) Liquidity and cash flow risk

The Federation's exposure to liquidity risk arises principally from its other payables.

The Federation also maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

### Maturity analysis

The table below summarises the maturity profile of the Federation's financial liability as at the end of the reporting period based on undiscounted contractual payments.

|                | Carrying amount | Contractual interest rate | Contractual cash flows | Below one year |
|----------------|-----------------|---------------------------|------------------------|----------------|
|                | RM              | %                         | RM                     | RM             |
| <b>2014</b>    |                 |                           |                        |                |
| Other payables | 380,393         | -                         | 380,393                | 380,393        |
| <b>2013</b>    |                 |                           |                        |                |
| Other payables | 233,128         | -                         | 233,128                | 233,128        |

### (d) Fair values

The carrying amounts of cash and cash equivalents, other receivables and other payables approximate fair value due to the relatively short term nature of these financial instruments.



## 17. Capital Management

The Federation is a recognised Self Regulatory Organisation (“SRO”) for the unit trust industry under Section 323(1) of the Capital Markets & Services Act 2007 (“CMSA”).

The Federation is required to ensure there is sufficient financial resources to fund its operations and in reference to Article 15(A)(1) of the Federation’s Articles of Association and to maintain a SRO Requirement Reserve which fulfills the criteria as stated in Note 8 to the financial statements.

The Federation is not subject to externally imposed capital requirement as it does not have any external borrowings.

## 18. Date of Authorisation for Issue

The financial statements of the Federation for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 3 March 2015

## Detailed Statement of Profit or Loss and Other Comprehensive Income for The Financial Year Ended 31 December 2014

|   | 2014              | 2013              |
|---|-------------------|-------------------|
|   | RM                | RM                |
| Revenue   |                   |                   |
| <u>Unit Trust</u>                                 |                   |                   |
| Members' subscription                             | 7,038,356         | 6,084,379         |
| Members' application fees                         | 5,000             | 5,000             |
| Institutional Unit Trust Advisers (IUTAs)         |                   |                   |
| - application fees                                | 3,750             | 3,750             |
| - annual fees                                     | 690,000           | 600,000           |
| Corporate Unit Trust Advisers (CUTAs)             |                   |                   |
| - application fees                                | 2,500             | 2,000             |
| - annual fees                                     | 4,000             | 3,000             |
|   | <b>7,743,606</b>  | <b>6,698,129</b>  |
| <u>Private Retirement Scheme (PRSs)</u>           |                   |                   |
| Members' subscription                             | 22,578            | 20,571            |
| Institutional Private Retirement Advisers (IPRAs) |                   |                   |
| - annual fees                                     | 30,000            | 10,000            |
| Corporate Private Retirement Advisers (CPRAs)     |                   |                   |
| - annual fees                                     | 500               | 500               |
|   | 53,078            | 31,071            |
| Examination fees                                  | 3,714,200         | 3,373,088         |
| Re-registration fees                              | 453,038           | 638,093           |
|   | <b>11,963,922</b> | <b>10,740,381</b> |
| <u>Other income</u>                               |                   |                   |
| Interest income                                   | 794,092           | 666,957           |
| Conference income                                 | 90,520            | 103,950           |
| Sundry income                                     | 55,513            | 43,611            |
|   | 940,125           | 814,518           |
| <u>Less: Administration expenses</u>              |                   |                   |
| Auditors' remuneration                            |                   |                   |
| - external audit                                  | (20,000)          | (20,000)          |
| - internal audit                                  | -                 | (18,000)          |
| Advertisement                                     | (13,544)          | (19,275)          |
| AGM expenses                                      | (41,000)          | (30,258)          |
| Attendance fees                                   | (511,000)         | (433,250)         |
| Bad debt written off                              |                   |                   |
| - non-trade                                       | -                 | (1,300)           |

This statement does not form part of the audited financial statements and is for management purpose only.

## Detailed Statement of Profit or Loss and Other Comprehensive Income for The Financial Year Ended 31 December 2014 (continued)

|   | 2014             | 2013             |
|---|------------------|------------------|
|   | RM               | RM               |
| Bank charges  | (4,151)          | (3,876)          |
| Bankruptcy search on UTCs                                     | (68,519)         | (30,614)         |
| Board and committee expenses                                  | (7,283)          | (4,308)          |
| Computer program  | (160,948)        | (155,986)        |
| Courier and postage   | (2,726)          | (3,382)          |
| Depreciation  | (344,106)        | (204,181)        |
| Entertainment   | (804)            | (779)            |
| Examination expenses  | (1,563,928)      | (1,324,011)      |
| Filing and stamping fees                                      | (484)            | (3,077)          |
| Fund expenses   | (25,558)         | (20,916)         |
| Handphone claims  | (12,640)         | (13,954)         |
| Insurance   | (66,859)         | (40,591)         |
| Library books   | (1,868)          | -                |
| Magazines and periodicals                                     | (12,683)         | (8,582)          |
| Other project expenses  | (135,772)        | (30,210)         |
| Printing and stationery                                       | (50,709)         | (52,204)         |
| Professional fees   | (197,599)        | (87,458)         |
| Promotion - Billboard/Media advertisements                    | -                | (709,756)        |
| Property, plant and equipment written off                     | -                | (1,213)          |
| PRs expenses  | (6,643)          | (20,394)         |
| Rental  | (510,840)        | (597,651)        |
| Staff secondment  | -                | (400,177)        |
| Secretarial fees  | (2,742)          | (1,200)          |
| Service tax   | (18,791)         | (20,168)         |
| Study tour/conference   | (84,357)         | (97,660)         |
| Sundry expenses   | (31,447)         | (6,432)          |
| Telephone and faxes   | (54,834)         | (54,032)         |
| Travelling and accommodation                                  | (146,006)        | (140,934)        |
| UTCs expenses   | (101,814)        | (124,463)        |
| UTCs seminar expenses   | (241,850)        | (267,345)        |
| Upkeep of office  | (17,489)         | (19,537)         |
| Upkeep of office equipment                                    | (2,463)          | (556)            |
| Water and electricity   | (39,189)         | (31,881)         |
|   | (4,500,646)      | (4,999,611)      |
| Staff costs   | (3,353,901)      | (3,671,406)      |
| Excess of revenue over expenditure                            | <b>5,049,500</b> | <b>2,883,882</b> |
| Taxation  | (129,315)        | (355,510)        |
| Operating surplus and total comprehensive income for the year | <b>4,920,185</b> | <b>2,528,372</b> |

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Calendar of Events

This statement does not form part of the audited financial statements and is for management purpose only.

# Opportunity

# 5

## Calendar of Events

# Calendar of Events

## 2014

**20 February 2014**

GST Awareness Session for UTS and PRS

**3 June 2014**

FIMM Seminar, Petaling Jaya

**14 June 2014**

FIMM's Annual Golf Tournament

**18 June 2014**

FIMM Seminar, Miri

**11 August 2014**

GST Meeting

**12 August 2014**

FIMM Seminar, Kuching



**21 August 2014**

FIMM Seminar, Sandakan

**27 August 2014**

FIMM Seminar, Kuantan



**12 & 13 September 2014**

PRS Familiarisation Program  
2-day PRS Train-The-Trainer Workshop

**15 September 2014**

PRS Familiarisation Program  
1-day PRS Refresher Course

**25 September 2014**

FIMM Seminar, Penang

**8 October 2014**

FIMM Annual Convention

**3 - 5 November 2014**

Participated at the MFPC National Financial Planning Tournament organised by Malaysian Financial Planning Council

**23 June 2014**

Annual General Meeting

**26 June 2014**

FIMM Seminar, Melaka

**5 August 2014**

FIMM Seminar, Ipoh

**7 August 2014**

FIMM Seminar, Alor Setar

**14 August 2014**

FIMM Seminar, Kota Kinabalu

**19 August 2014**

FIMM Seminar, Petaling Jaya



**9 – 14 September 2014**

Participated at the InvestSmart Fest organised by Securities Commission



**23 September 2014**

FIMM Seminar, Johor Bahru

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**PROXY FORM**

I, \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_

being the Authorised Representative of the Member [being a member of Federation of Investment Managers Malaysia ("FIMM")] HEREBY APPOINT the \***Chairman of the Meeting** or \_\_\_\_\_

of \_\_\_\_\_

(being a person entitled to vote at a general meeting of FIMM in accordance with and subject to the Articles of Association of FIMM) as my proxy to vote for me on my behalf at the 21st Annual General Meeting of FIMM to be held on Monday, 22 June 2015 at 10.00 a.m. and at any adjournment of that meeting.

| Resolutions  | For                                    | Against                           |                 |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |
|--|--|-----------------------------------|-----------------|--------------|----|----------------------|-------------------|---|----|------------------------------|-------------------------|---|----|--|------------------------------|---|----|-------------------------------------|-----------------------------------|---|----|------------------------------|-----------------|---|----|-------------------------------|------------------------|---|----|--------------------------|-----------------------------|---|----|-----------------------|--------------------|---|----|-----------------------|----------------------------|---|--|--|
| <p>Ordinary Resolution 1</p> <p>To re-appoint Messrs. Morison Anuarul Azizan Chew as Auditors of FIMM to hold office until the conclusion of the next Annual General Meeting of FIMM and to authorise the Directors to fix their remuneration.</p>   |  |                                   |                 |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |
| <p>Ordinary Resolution 2</p> <p>To elect a maximum of 2 nominees for each Constituency from the list of nominees approved by the Securities Commission in Table A below as members of the Board of Directors of FIMM, to hold office until the end of the Annual General Meeting of 2017 in accordance with Article 46 of the Articles of Association of FIMM:</p> <p>Table A: List of persons nominated for election as members of the Board and their respective constituencies.</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name of Member</th> <th>Name of Nominee</th> <th>Constituency</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Public Mutual Berhad</td> <td>Ms. Yeoh Kim Hong</td> <td>A</td> </tr> <tr> <td>2.</td> <td>Amanah Saham Nasional Berhad</td> <td>En. Mohammad bin Hussin</td> <td>A</td> </tr> <tr> <td>3.</td> <td>CIMB Principal Asset Management Berhad</td> <td>Pn. Munirah binti Khairuddin</td> <td>A</td> </tr> <tr> <td>4.</td> <td>Affin Hwang Asset Management Berhad</td> <td>Dato' Mohamad Ayob bin Abu Hassan</td> <td>B</td> </tr> <tr> <td>5.</td> <td>RHB Asset Management Sdn Bhd</td> <td>Mr. Ho Seng Yee</td> <td>B</td> </tr> <tr> <td>6.</td> <td>AmlInvestment Services Berhad</td> <td>Mr. Harinder Pal Singh</td> <td>C</td> </tr> <tr> <td>7.</td> <td>Kenanga Investors Berhad</td> <td>Mr. Ismitz Matthew De Alwis</td> <td>C</td> </tr> <tr> <td>8.</td> <td>Areca Capital Sdn Bhd</td> <td>Mr. Wong Teck Meng</td> <td>D</td> </tr> <tr> <td>9.</td> <td>Permodalan BSN Berhad</td> <td>En. Kamarul Izam bin Idrus</td> <td>D</td> </tr> </tbody> </table> | No.                                    | Name of Member                    | Name of Nominee | Constituency | 1. | Public Mutual Berhad | Ms. Yeoh Kim Hong | A | 2. | Amanah Saham Nasional Berhad | En. Mohammad bin Hussin | A | 3. | CIMB Principal Asset Management Berhad | Pn. Munirah binti Khairuddin | A | 4. | Affin Hwang Asset Management Berhad | Dato' Mohamad Ayob bin Abu Hassan | B | 5. | RHB Asset Management Sdn Bhd | Mr. Ho Seng Yee | B | 6. | AmlInvestment Services Berhad | Mr. Harinder Pal Singh | C | 7. | Kenanga Investors Berhad | Mr. Ismitz Matthew De Alwis | C | 8. | Areca Capital Sdn Bhd | Mr. Wong Teck Meng | D | 9. | Permodalan BSN Berhad | En. Kamarul Izam bin Idrus | D |  |  |
| No.  | Name of Member                         | Name of Nominee                   | Constituency    |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |
| 1.   | Public Mutual Berhad                   | Ms. Yeoh Kim Hong                 | A               |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |
| 2.   | Amanah Saham Nasional Berhad           | En. Mohammad bin Hussin           | A               |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |
| 3.   | CIMB Principal Asset Management Berhad | Pn. Munirah binti Khairuddin      | A               |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |
| 4.   | Affin Hwang Asset Management Berhad    | Dato' Mohamad Ayob bin Abu Hassan | B               |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |
| 5.   | RHB Asset Management Sdn Bhd           | Mr. Ho Seng Yee                   | B               |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |
| 6.   | AmlInvestment Services Berhad          | Mr. Harinder Pal Singh            | C               |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |
| 7.   | Kenanga Investors Berhad               | Mr. Ismitz Matthew De Alwis       | C               |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |
| 8.   | Areca Capital Sdn Bhd                  | Mr. Wong Teck Meng                | D               |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |
| 9.   | Permodalan BSN Berhad                  | En. Kamarul Izam bin Idrus        | D               |              |    |                      |                   |   |    |                              |                         |   |    |  |                              |   |    |                                     |                                   |   |    |                              |                 |   |    |                               |                        |   |    |                          |                             |   |    |                       |                    |   |    |                       |                            |   |  |  |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

\_\_\_\_\_  
Signature

**PROXY FORM**

STAMP

**Federation of Investment Managers Malaysia**

19-06-1, 6th Floor, Wisma Tune,  
19, Lorong Dungun, Damansara Heights,  
50490 Kuala Lumpur

**Notes:**

1. A member of FIMM entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead.
2. A proxy appointed to attend and vote at the Annual General Meeting of FIMM shall be either: (a) Chairman of the Meeting or (b) any other person who may but need not be a member of FIMM.
3. If you wish to appoint any person other than the Chairman of the Meeting as proxy, please insert the full name of the proxy (in block letters) in the space provided and delete the words "the Chairman of the Meeting."
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney and the Directors may, but shall not be bound to, require evidence of the authority of the appointer or his attorney.
5. The instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
6. Please indicate with an "x" in the spaces provided, how you wish your vote to be cast. Any alteration to the instrument appointing a proxy must be initialised.
7. The Proxy Form must be deposited at the Registered Office of FIMM at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur (*Attn: Ms. Mak Chooi Peng/Ms. Celina Lee* (Tel No: 03-2084 9000; Fax No: 03-2094 9940) not later than **10:00 a.m. on 20 June 2015.**





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