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# 2010 ANNUAL REPORT

**FIMM**

FEDERATION OF INVESTMENT MANAGERS MALAYSIA Federation of Investment Managers Malaysia

# Our Vision

- Managing investments for all Malaysians.

# Our Mission

- Building the highest level of trust, integrity, standards and ethics for investor security, growth and knowledge in the investment management industry.

For further information about Federation of Investment Managers Malaysia and its publications,

**write to:**

Corporate Communications Manager

Federation of Investment Managers Malaysia

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<http://www.fimm.com.my>



# FIMM'S MILESTONES



## Abbreviation:

<b>AORM</b>	Asia Oceania Regional Meeting
<b>Bureau</b>	Complaints Bureau
<b>By-laws</b>	By-laws Relating to Disciplinary Proceedings
<b>CPD</b>	Continuing Professional Development
<b>CUTA</b>	Corporate Unit Trust Advisers
<b>CUTE</b>	Computerised Unit Trust Examination
<b>EPF-MIS</b>	EPF Members Investment Scheme
<b>FIMM</b>	Federation of Investment Managers Malaysia
<b>FMUTM</b>	Federation of Malaysian Unit Trust Managers
<b>FVF</b>	Fund Volatility Factor
<b>IIFA</b>	International Investment Funds Association
<b>IMS</b>	Investment Management Standard
<b>IUTA</b>	Institutional Unit Trust Advisers
<b>Masterplan</b>	Industry Management Industry Masterplan
<b>PIF</b>	Pre-Investment Form
<b>SRO</b>	Self-Regulatory Organisation
<b>UT</b>	Unit Trusts
<b>UTC</b>	Unit Trust Consultants

...from 1993 - 2011

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## Proxy Form 71

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth (17th) Annual General Meeting of the Federation of Investment Managers Malaysia (“FIMM”) will be held at Banyan & Casuarina, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, on Wednesday, 29 June 2011, at 10.00am.

#### AGENDA

##### Ordinary Business

1. To receive and discuss the signed Minutes of the Sixteenth (16th) Annual General Meeting held on 4 June 2010.
2. To receive the Chairman’s Report.
3. To receive and consider the audited financial statements and the reports of the Board of FIMM for the financial year ended 31 December 2010.
4. To approve the re-appointment of En. Abdul Kadir Bin Md Kassim who retires as a Board Director of FIMM in accordance with Section 129(2) of the Companies Act 1965.
5. To elect from the nominees approved by the Securities Commission as listed in Table A below the Board Directors of FIMM to hold office until the Annual General Meeting of 2013 in accordance with Article 46 of the Articles of Association of FIMM and to note the persons listed in Table B below whose re-appointment as public interest directors of FIMM in accordance with Article 51A of the Articles of Association has been approved by the Securities Commission:

**Table A - Election of Board Directors**

No.	Name of Nominee	Name of Company	Constituency
1.	Dato’ Idris Bin Kechot	Amanah Saham Nasional Berhad	A
2.	Ms. Yeoh Kim Hong	Public Mutual Bhd	A
3.	Ms. Cheah Lee Ling	Prudential Fund Management Bhd	B
4.	Mr. John Campbell Tupling	CIMB-Principal Asset Management Bhd	B
5.	Tunku Dato’ Ya’acob Bin Tunku Tan Sri Abdullah	MAAKL Mutual Bhd	B
6.	Mr. Harinder Pal Singh	AmInvestment Services Bhd	C
7.	Mr. Ho Seng Yee	OSK-OUB Unit Trust Management Bhd	C
8.	Dato’ Ong Chong Gain	ING Funds Bhd	C
9.	En. Nor’ Azamin Bin Salleh	Mayban Investment Management Sdn Bhd	D
10.	Mr. Tan Keah Huat	Apex Investment Services Bhd	D
11.	Mr. Teng Chee Wai	HwangDBS Investment Management Bhd	D
12.	En. Mohamad Ayob Bin Abu Hassan	Affin Fund Management Bhd	E
13.	En. Mohd Fadzli Bin Mohd Anas	Phillip Mutual Bhd	E
14.	Mr. Wong Teck Meng	Areca Capital Sdn Bhd	E

**Table B - Appointment of Public Interest Directors**

No.	Name
1.	En. Abdul Kadir Bin Md Kassim
2.	Datuk Wira Jahaya Bin Mat
3.	Dr. Lee Mei Ling
4.	Datuk Meriam Binti Hj Ya'acob
5.	Ms. P Vasantha a/p N Punniamoorthy
6.	Prof. Dr. Saiful Azhar Bin Rosly
7.	Datuk Siti Hadzar Binti Mohd Ismail
8.	Dato' Syed Norulzaman Bin Syed Kamarulzaman
9.	Mr. Yap Koi Ming

6. To note the total attendance fee of RM87,750 paid to members of the Board, councils and committees for meeting attendances in the year 2010 and the total annual allowance of RM18,000 paid to the President for the year 2010.
7. To appoint Messrs. Morison Anuarul Azizan Chew as Auditors of FIMM in place of Messrs. KPMG who do not wish to seek re-appointment and to authorise the Board to fix their remuneration.

**Special Business**

To consider and if thought fit to pass the following resolutions:

**Ordinary Resolution**

8. Proposed Payment of Attendance Fee
  - i. THAT effective 1 January 2011 the attendance fee to be paid to Board members and designated persons for attendance at Committee meetings be increased from RM500.00 to RM1,000.00.
  - ii. THAT the attendance fee may only be varied, altered or amended with approval of the Ordinary Members at an annual general meeting of FIMM.

By Order of the Board,



**Cheong Chooi Keat**  
Secretary

Dated: 3 June 2011

**Note:**

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. A proxy need not be a member of FIMM. The Form of Proxy must be deposited with the Secretary at the Registered Office of the Company at RDL Corporate Services Sdn Bhd, 18th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur not later than 10.00 am on 27 June 2011.

## BOARD OF DIRECTORS ATTENDANCE RECORD

Board of Directors		5th	BRAINSTORMING SESSION	6th	7th	8th	9th
		28 January 2010	12 - 14 March 2010	14 April 2010	8 July 2010	14 September 2010	4 November 2010
1	Tunku Dato' Ya'acob Tunku Tan Sri Abdullah President	✓	✓	✓	✓	○	✓
2	Mark Toh Chin Hian Vice President	○	✓	✓	○	RESIGNED : 1 AUGUST 2010	
3	Yeoh Kim Hong	✓	○	✓	✓	✓	✓
4	Tan Keah Huat	○	✓	✓	✓	✓	✓
5	Ho Seng Yee	✓	✓	○	✓	✓	✓
6	Mohamad Ayob Abu Hassan	APPOINTED : 30 AUGUST 2010				✓	○
7	Danny Wong Teck Meng	APPOINTED : 30 AUGUST 2010				○	✓
8	Suraj Kumar Mishra	APPOINTED : 24 SEPTEMBER 2010 RESIGNED : 17 DECEMBER 2010				✓	
9	Teng Chee Wai	✓	○	✓	○	○	○
10	Dato' Idris Kechot	✓	○	✓	○	○	✓
11	Norkhalim Ahmad	✓	○	RESIGNED : 1 APRIL 2010			
12	Dato' Steve Ong Chong Gain	✓	✓	✓	✓	○	✓
13	Daud Mah Abdullah	○	○	○	RESIGNED : 8 JUNE 2010		
14	Christopher Foo Kah Foong	✓	✓	✓	✓	○	✓
15	Manjit Singh	✓	✓	✓	○	○	○
16	Cheah Chuan Lok	✓	✓	✓	✓	○	✓
17	Tengku Zafrul Aziz	○	○	○	RESIGNED : 25 MAY 2010		
18	Datuk Noripah Kamso	○	○	○	✓	○	○
In Attendance:							
19	Lee Siew Hoong	✓	✓	✓	✓	✓	✓

☒ Present
 ☐ Absent

Federation of Investment Managers Malaysia (FIMM) has been declared as a recognised Self-Regulatory Organisation (SRO) for the unit trust industry by the Securities Commission Malaysia (SC) through a Gazetted Order dated 20 January 2011. Please refer to the Corporate Information, and Board of Directors and Management for details.



**BOARD OF DIRECTORS AS AT 16 MARCH 2011****En. Abdul Kadir Kassim**

- Chairman /  
Public Interest Director

**Datuk Siti Hadzar Mohd Ismail**

- Public Interest Director

**Datuk Meriam Hj Yaacob**

- Public Interest Director

**Dr. Sieh Lee Mei Ling**

- Public Interest Director

**Dato' Syed Norulzaman Syed Kamarulzaman**

- Public Interest Director

**Datuk Wira Jahaya Mat**

- Public Interest Director

**Mr. George Yap Koi Ming**

- Public Interest Director

**Prof. Dr. Saiful Azhar Rosly**

- Public Interest Director

**Ms. Vasantha Punniamoorthy**

- Public Interest Director

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

- Deputy Chairman / Director

**Ms. Yeoh Kim Hong**

- Vice Chairman / Director

**Dato' Steve Ong Chong Gain**

- Vice Chairman / Director

**Mr. Tan Keah Huat**

- Treasurer / Director

**Mr. Ho Seng Yee**

- Director

**Dato' Idris Kechot**

- Director

**Mr. Teng Chee Wai**

- Director

**En. Mohamad Ayob Abu Hassan**

- Director

**Mr. Danny Wong Teck Meng**

- Director

**MANAGEMENT****Mr. Lee Siew Hoong**

Chief Executive Officer

**AUDITORS & TAX CONSULTANT**

KPMG

Level 10, KPMG Tower, 8, First Avenue,

Bandar Utama, 47800 Petaling Jaya

Tel : 603-7721 3388 / Fax : 603-7721 3399

**PAST COUNCIL PRESIDENTS / CHAIRMAN****1993 (Pro tem Council)**

Mr. Soh Teck Toh, Steven

**1994 – 1995**

Y. Bhg. Dato' Malek Merican

**1996 – 1997**

Y. Bhg. Dato' Kamaruddin Mohammed

**1998 – 2003**

Y. Bhg. Dato' Seri Abdul Azim Mohd Zabidi

**2004 – February 2011**

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

**February 2011 – Present**

En. Abdul Kadir Kassim

**INTERNAL AUDITORS**

BDO Governance Advisory Sdn Bhd

12th Floor, Menara Uni.Asia

1008, Jalan Sultan Ismail

50250 Kuala Lumpur

Tel : 603-2616 2888 / Fax : 603-2616 2829

**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

**REGISTERED OFFICE**

RDL Corporate Services Sdn Bhd

18th Floor, Wisma Sime Darby

Jalan Raja Laut, 50350 Kuala Lumpur

Tel : 603-2694 9999 / Fax : 603-2698 4759

Ms. Jennifer Cheung / Ms. Cheong Chooi Keat  
Company Secretary





On behalf of the Board of Directors of the Federation of Investment Managers Malaysia (the Federation), I take great pleasure in presenting, the 17th Annual Report and Audited Financial Statements for the 12 months ending 31 December 2010.

## GLOBAL MARKETS

After a lacklustre first half in 2010, the Asian stock markets performed remarkably well in the second half. With renewed investor optimism brought about by stronger economic growth in the emerging markets, low interest rate environment prevailing in the developed markets and loose monetary conditions worldwide; significant inflow of funds moved into the emerging countries in the second half of the year.

According to the Malaysia Rating Corp Bhd (MARC) statement, the inflows had been largely dominated by portfolio capital which amounted to RM44.9 billion in 2010, up from minus RM1.7 billion in the preceding year. Malaysia's equity market benefited with this shift in investor optimism. Performance-wise, 2010 turned out to be a phenomenal year for Asian equity markets – with a number of them, including Bursa Malaysia, recording historical and cyclical highs. As our industry is closely correlated to equities, the strong performance of the stock markets helped boost the overall performance of unit trust funds on an industry-wide basis.

For the year 2011, the Asian economy is expected to be driven by strong private domestic demand, fiscal stimulus and appropriate monetary policies to sustain growth. The growth is projected to be moderate, considering its fast recovery from the depths of the global financial crisis and this is the second year of recovery. In the short term, regional equity markets will remain volatile and be driven by events, such as the nuclear crisis in Japan, the financial fallout of certain Euro-zone countries and the build-up of tension in the Middle East and North African region.

## MALAYSIAN ECONOMY

After the downturn in 2009, the Malaysian economy experienced a strong resumption of growth in 2010 with an expansion of 7.2%. Growth was driven by robust domestic demand with a strong expansion in the private sector activity. The Prime Minister has announced in 2010, the New Economic Model

(NEM) and the Economic Transformation Programme (ETP) to further accelerate the economic growth of the country. The NEM and ETP have set out various strategies to transform Malaysia into a developed and high income economy.

Investor sentiment is likely to improve on Malaysia's long-term growth prospects, given the government's commitment to economic and policy reforms under the ETP. Under the ETP, Malaysia's Gross National Income is projected to increase from RM600 billion in 2010 to RM 1.7 trillion by the year 2020.

For year 2011, Bank Negara Malaysia has projected the Malaysian economy to grow by 5–6%. Again the public sector is expected to continue to support the domestic economy through the implementation of the ETP projects, which will involve huge infrastructure spending, thus driving domestic demand and consumption and ultimately, fuelling Malaysia's overall economic growth. In addition, there will be the implementation of new projects and the acceleration of ongoing projects to promote private sector activity.

The outcome of the ETP, will result in a significant growth in the job market, with a shift towards higher paid jobs and a strengthening of the skills-base of employees in this country. The initiatives are projected to create an additional 3.3 million jobs, of which 63% will be in the middle and high income segment compared to the current 43%. As a result of this, Malaysia's per capita income will be expected to balloon from RM22,000 per person in 2010 to RM48,000 by the year 2020, resulting in rising affluence and general increase in the disposal income of the Rakyat.

The unit trust industry will certainly have a large role to play to manage this new found wealth of the Rakyat, so that their hard-earned savings are utilised in the best possible manner to achieve their financial goals. The industry is also expected to be continuously challenged by other financial intermediaries introducing new products and often competing for

the same Ringgit, given the rising affluence of the Rakyat. Hence, Member Companies will have to continue to do what they do best, responding to the needs of investors who wish to save for old age.

## UNIT TRUST INDUSTRY

As at 31 December 2010, the Net Asset Value (NAV) of the unit trust industry was RM226.8 billion, as against RM191 billion the previous year. This substantial increase of 18.3%, or RM35.8 billion, is attributed to net sales in unit trusts, coupled with an increase in asset prices when stock markets recovered.

In summary, the key statistics for the year were:

- Net growth in NAV of RM35.8 billion to RM226.8 billion from the previous year of RM191 billion.
- Increase in half a million of unit trust account holders to 14.6 million at the end of 2010 compared to 2009.
- The unit trust industry's NAV represented 17.8% of Bursa Malaysia's market capitalisation against the previous year of 19.8%, as stock market capitalisation growth outpaced that of the unit trust industry.
- The number of unit trust funds increased by 23 from 541 funds to 564. The growth is buoyed by a rebound in equity markets as well as renewed optimism over global economic recovery prospects during the year.
- The value of the Islamic funds registered a NAV growth of 22.6% to RM 26.6 billion.
- Out of the total 564 funds in the industry, conventional funds represented 412 funds (73%) while the Islamic funds accounted for 152 funds (27%).

## REVIEW OF FEDERATION OPERATIONS

For the year ended 31 December 2010, the Federation recorded a net surplus after tax of RM3.2 million compared to a surplus of RM2.0 million in the previous year. The favourable net surplus is due to the increase in gross income with a corresponding lower total expenditure.

Total income increased by almost RM0.75 million to RM9.28 million or 8.8%, primarily attributed to an increase in Annual Members Subscription Fees (AMSF) of RM456,000 and a growth in gross examination revenue of RM194,000. The increase in AMSF is primarily due to an increase in Assets Under Management (AUM) which was one of the factor used in fee computation.

Candidates registering for the Computerised Unit Trust Examination (CUTE) had remained steady in 2010 with 15,339 candidates, as against 15,382 in the previous year. The total number of unit trust consultants (UTC) dropped to 70,361 as at 31 December 2010, compared to 74,640 in the previous year, and this number takes into account 82% of UTC renewing their registration with Member Companies and new entrants to the industry. The drop in UTC was mainly due to the failure of a number of them to comply with the continuous eligibility requirements set by the Federation.

Total expenditure has registered a drop of RM98,000 to RM6.021 million for the Federation as compared to the previous year. During the year, we saw a reduction of RM593,000 on Promotional and Advertisement expenses, RM144,000 for Council and Committee events, and RM31,000 for depreciation. The reduction of the above expenditure, however, was offset by new expenses incurred in the Federation's preparation in becoming a Self-Regulatory Organisation (SRO); internal and special audit fees of RM73,000, director attendance fees of RM105,000, bankruptcy search fees of RM35,000 and increase of RM520,000 in staff costs.

As at 31 December 2010, the Federation recorded a total reserve of RM12.2 million compared to RM9.0 million in the previous year.

## PUBLIC COMMUNICATIONS ACTIVITIES

During the year under review, the Federation has continued its efforts to inform the public on crucial policy matters and create awareness on unit trust

investing by actively engaging the investing public through its public media campaigns, principally through radio commercials. In its efforts to continuously inform and educate investors and the general public on the benefits on unit trust investing, the Federation has expanded its outreach to a wider audience by targeting groups such as women and East Malaysians via a series of educational advertorials in women lifestyle magazines, namely CLEO and The Malaysian Women's Weekly, and the East Malaysian newspaper, the Borneo Post. These public communication campaigns were complemented by ongoing UTC educational activities and seminars, which were held on a nation-wide basis.

The Federation successfully hosted the 15th Asia Oceania Investment Funds Association meeting in April 2010, with a total of 32 delegates from 14 countries. This is the second time the Federation was given the honour to host such an important event, where substantive thoughts and ideas were shared; and industry challenges and regulatory developments that were taking place across the region were discussed.

## COMPLAINTS BUREAU

For the year under review, the FIMM received 22 complaints, as compared to 16 the previous year. Given the bullish equity markets, the complaints are mostly related to alleged misappropriation of clients' monies, unsatisfactory client services, unauthorised investments and redemptions and illegal internet investment schemes. Since setting up the Complaints Bureau in 2005, the highest number of complaints received was 30 cases in 2008 and the lowest was 16 in 2009.

As an SRO, the Federation's priority is to strengthen the investor protection framework to enhance the level of investor confidence in the unit trust industry. Towards this end, the Federation is planning to develop a public complaint management system, where Member Companies as well as Institutional and Corporate Advisers will be able to

report online all investor complaints to the Federation on a regular basis. The system will also have features to collate data and other information for the industry. Along with the compliance monitoring framework to monitor Member Companies and distributors conduct, the Federation will be more equipped in handling complaints and protect the interest of the investors.

## SECURITIES COMMISSION

During the year under review, the SC introduced multi-class funds to give investors a greater level of investment flexibility as well as spur the growth of cross-border offerings of Malaysian unit trusts. Effective 1 June 2010, Member Companies are able to offer a unit trust fund with multiple classes of units over a single investment pool, with each class of units having different features such as the fees and charges imposed, and currency denominations. The latter feature facilitates the marketing of our unit trusts to foreign investors and allowed them to invest directly in such products which can be denominated in their own currencies. Thus, going forward investors will be able to choose the class that best suit their preferences and investment objectives.

In addition, FIMM has worked closely with the SC to introduce the Pre-Investment Form (PIF) to ensure that investors are fully aware of the critical factors and issues before they made a decision to invest. Among others, the PIF highlights risks, fees payable under different sales channels and the investor's right to a cooling off period, all of which need to be acknowledged by both the UTC and investor. Through highlighting and emphasising the most fundamental issues of investing in unit trusts, the PIF offers greater transparency to investors, enhances their protection and creates an ethical investing environment.

The Federation and industry will continuously strive to strengthen our deep and strong relationship with the SC and other government agencies, like the Employees Provident Fund (EPF), by regularly engaging them on crucial policy matters and industry



issues. The Federation will continue to play an effective and dynamic role to provide input on a range of investment, distribution, regulatory and compliance issues for the betterment of the industry.

### EMPLOYEES PROVIDENT FUND

After two years of development work between the Federation, the industry and EPF, the Elektronik Pilihan Pelaburan Ahli (E-PPA) system was officially launched on 11 May 2010. The E-PPA system now allows our Member Companies to submit online EPF members' withdrawal applications to the EPF for purchasing unit trust investments and making redemptions. The E-PPA system cuts the application processing time to two days, as compared to between 15 to 20 days under the manual system of obtaining EPF approval. This has greatly enhanced service standards and business efficiency, reduced Member Company funding costs, as well as improved customer relationships and market integrity.

In another notable development, the EPF reinstated its members' option to invest in unit trust funds with up to 30% foreign portfolio component on 1 September 2010. Since 2007 – the year when this option was suddenly withdrawn by the Government – the Federation had been pursuing the reinstatement of this facility to allow EPF members to enjoy diversification via offshore markets. EPF members will now have more investment options which can further enhance their returns for retirement by strengthening their asset allocation strategy with domestic and offshore funds.

As part of our efforts to further enhance investor protection, the Federation together with EPF agreed on a Fund Evaluation Methodology (FEM) to evaluate funds offered to EPF members. Under the FEM, funds must meet the set standard criteria, including a track record of at least three years and an investment mandate that does not exceed 30% in overseas assets, as well as consistency in return performance among peers or meeting the stated performance benchmark. The benefit of this annual evaluation system is EPF members will only be offered funds that are screened for their relatively strong performance in their category, thus ensuring that they enjoy strong and sustainable earnings on their investments.

### PRIVATE PENSION SCHEME

The Private Pension Scheme (PPS) announced at the 2011 budget is a first step towards bridging the retirement savings inadequacy that some segments of

the Rakyat are facing. The SC is expected to announce details of the PPS by the end of 2011. Based on the announcement, the PPS will be a voluntary scheme; the RM6,000 tax relief for contributions to the EPF and Life Insurance will now include contributions to the PPS; self-employed individuals can participate in the scheme; and only eligible companies will be appointed to run the PPS.

The Federation is supportive of any PPS, which will be introduced, to encourage long-term savings of the Rakyat. Such schemes will certainly complement the distribution of unit trusts, even if it were in an indirect manner, through raising the awareness of Rakyat on the need to save for their retirement. It is likely the PPS will be a scheme to provide for the basic needs of the Rakyat, while the unit trust industry will be able to play a complementary role by providing additional options of higher return and more sophisticated investments to complete the Rakyat's portfolio.

Many success stories on PPS in the developed countries share a common element – the availability of tax incentives to attract their citizens to start building their retirement nests when young. The Federation sees the availability of meaningful tax incentives under the PPS as crucial for the Rakyat to commit to long-term investments for a better future.

### SELF-REGULATORY ORGANISATION

As an industry body, the Federation continued to break new ground when we were declared a recognised Self-Regulatory Organisation (SRO) for the unit trust industry by the SC through a Gazette Order dated 20 January 2011.

With this recognition, the Federation will play a dual role of an industry body and public interest body, ensuring the healthy growth of the unit trust industry, whilst maintaining at all times, the public interest, over and above others. In taking on the role of a SRO, Federation will have to comply and work towards five key areas as set by the SC. The key areas are ensuring continuous compliance with securities laws and guidelines; enhancing corporate governance; promoting investor protection; strengthening marketing and distribution practices; and lastly, ensuring sufficient financial, human and other resources to carry out the SRO functions.

During the year, many discussions and meetings were held with the SC and Securities Industry Development Corporation (SIDC) to prepare the Federation to take on this important task, in

particular, drawing up initiatives and activities that would encompass stronger corporate governance; increased professionalism of UTC and distributors through industry training and a stronger examination regime; adoption of ethical distribution practices; developing a career pathway for UTC; framework for active surveillance, enforcement and disciplinary action for breaches of rules and guidelines; and expanded public education campaigns. These are but some of the many initiatives to be taken to maintain public confidence and encourage investors to take a long-term view of unit trusts.

## THE YEAR AHEAD

The launch of the Investment Management Industry Masterplan in 2010 was a strategic blueprint to accelerate the development and growth of the domestic investment management industry over the next 10 years. The 45 initiatives contained in the Masterplan were drawn to provide a balance between focusing on initiatives and action plans that will further spur the growth of the industry and ensuring high levels of investors' protection when the Federation takes on the role of a SRO.

Recently, the SC has launched the Capital Market Masterplan 2 (CMP2), which is another strategic blueprint for the development of the Malaysian capital market over this decade. The CMP2 emphasises growth with governance and it is a timely reminder to all stakeholders to promote market integrity and build investor confidence while focusing on the development of the industry.

These two Masterplans will provide the points of reference and benchmark of progress for the Federation in executing the strategic objectives of raising the overall standards of fund management. Towards this end, efforts will be directed towards developing best practices to meet heightened standards expected by investors on key areas such as value-added advice, transparency and robust governance.

Our guiding principle for the future in formulating new rules or revising existing ones is to ensure any changes will be practical, market-oriented and balanced, without being unnecessarily onerous to ensure the sustainable growth and development of the industry. At the same time, we are also cognisant of the fact that investors are becoming savvier and more value conscious and therefore, the industry must remain committed to offer a higher level of transparency and value proposition to assure investors

that their monies are being invested properly. The Federation will continue to encourage ethical and professional behaviour and practices through the development and promulgation of pragmatic and efficient rules for distributing unit trusts.

Moving forward, the Federation will rely on the Investment Management Industry Masterplan and Capital Market Masterplan 2 as the guiding beacons to ensure the orderly and robust development of the overall unit trust industry. With these two Masterplans illuminating the path for accomplishing the critical medium- and long-term goals, the unit trust industry will no doubt become a key driver to propel Malaysia towards achieving its aspirations of becoming a developed nation by 2020.

## CONCLUSION

That we were able to achieve so much is to a large extent due to the commitment and strong support from the industry, SC and authorities. I would like to record my appreciation to the Board of Directors, and the many Council and Committee Members, who have shared their time and expertise, for the betterment of the industry. On behalf of the Board, I would also like to express my deepest gratitude to YM Tunku Dato' Ya'acob who has selflessly contributed his valuable time, wisdom and unwavering support over the last six years as the Chairman of the Federation. My thanks to the outgoing Board members, Datuk Noripah, Mr Christopher Foo Kah Foong, Mr Manjit Singh and Mr Cheah Chuan Lok for their contributions to the Federation. Lastly, I would like to extend my appreciation to the Secretariat staff for their hard work which has enabled the Federation to become a SRO.

As this is my first year as Chairman of the Federation, I would also like to extend a warm welcome to all the Public Interest Directors for coming on board.

Abdul Kadir Kassim  
Chairman  
1 June 2011

## BOARD OF DIRECTORS AND MANAGEMENT

## PUBLIC INTEREST DIRECTORS



**Encik Abdul Kadir Kassim** (Chairman)

**Encik Abdul Kadir Kassim** (Chairman)

Encik Kadir was appointed to our Board on 18 February 2011.

He is currently the Chairman of Time dotCom Berhad. He sits on the Board of UEM Group Berhad, is a director of UEM Land Berhad and is Chairman of UEM Builders Berhad and of Cement Industries of Malaysia Berhad.

Encik Kadir serves as Chairman of the Exchange Committee of Labuan International Financial Exchange Inc., is a member of the Investment Panel of Tabung Haji and of the Corporate Debt Restructuring Committee.

He is also a member of the Board of Directors of Danajamin Nasional Berhad, of Sabah Ports Sdn Bhd, of Express Rail Link Sdn Bhd and of Datuk Yaw Teck Seng Foundation.

He holds a Bachelor of Laws (Honours) degree from the University of Singapore and is the Managing Partner of Messrs Kadir, Andri & Partners.



**Datuk Siti Hadzar Mohd Ismail**

**Datuk Siti Hadzar Mohd Ismail**

Datuk Siti Hadzar was the former Deputy Secretary General (Policy) in the Ministry of Finance. She was the adviser to the Ministry from 2004 to 2009. Prior to her appointment to the Ministry of Finance, she was attached to the Economic Planning Unit, holding posts, among others, the Secretary of the Foreign Investment Committee (FIC) and Director of the Macroeconomics Section. She was a member of the Securities Commission from February 2000 to June 2009.

Datuk Siti Hadzar is currently the adviser to Minister, Economic Planning Unit in the Prime Minister's Department. She is on the Board of Malaysian Technology Development Corporation (MTDC) since March 2002, and is currently the Chairman of MTDC. She is also the Director on the Board of Teraju Bumiputera Corporation.

She holds a Bachelor in Analytical Economics from University of Malaya and Masters in Development Economics from Williams College, Mass. USA.



**Datuk Meriam Hj Yaacob**

**Datuk Meriam Hj Yaacob**

Datuk Meriam's career spanned more than 30 years. She started her career with a commercial bank in New Zealand and returned home to gain experience in the local banking industry. In February 1981, she joined Permodalan Nasional Berhad (PNB) as senior executive and her last role in PNB was as Group Company Secretary and Senior Compliance Officer in 2006.

She is currently attached with Deloitte KassimChan as Director of Clients & Markets. She represented PNB on the Boards of Directors of various companies, namely Pelangi Berhad, Carrier International Malaysia Sdn Bhd, Carrier (Malaysia) Sdn Bhd, Mecair (Malaysia) Sdn Bhd, Mercedes Holdings Berhad and Dijaya Corporation Berhad. Datuk Meriam is presently representing PNB as Director on the Boards of Directors of Goodyear Malaysia Berhad, Goodyear Marketing & Sales Sdn Bhd and Boh Plantations Sdn Bhd.

She holds a Degree in Bachelor of Commerce and Administration from Victoria University of Wellington, New Zealand. She is also a Certified Financial Planner and a Licensed Company Secretary.

**Dr. Sieh Lee Mei Ling****Dr. Sieh Lee Mei Ling**

Dr. Sieh was the Chair Professor of Business Administration at the University of Malaya and had served on the Board of the Employees Provident Fund (1992 – 1996) and the National Accreditation Board (1997 – 2003).

She has extensive research experience and has numerous publications. She has been a consultant to government and inter-government agencies, professional bodies, industries, multinational and Malaysian corporations. Her advisory and honorary positions include those with the Palm Oil Research Institute of Malaysia and the Master Builders Association of Malaysia. Among others, she was also an adviser to the Malaysian Investment Development Authority (MIDA) and a member of the Advisory Panel of the Centre of Public Policy Studies (CPPS). She was an independent non-executive director of Southern Bank Bhd.

Dr. Sieh is currently attached to Department of Marketing and Information Systems, Faculty of Business & Accountancy, University Malaya, as a Senior Research Fellow.

She is a graduate in economics from the University of Singapore and holds master and doctorate degrees from University of Sheffield.

**Dato' Syed Norulzaman Syed Kamarulzaman****Dato' Syed Norulzaman Syed Kamarulzaman**

Upon graduation from the University of Malaya with a Bachelor of Arts (Hons) Degree, Dato' Syed Norulzaman joined the Administrative and Diplomatic Service of the Malaysian Government in 1973 and was assigned to the Ministry of Foreign Affairs. He served in different capacities in the Ministry as well as in Malaysia's diplomatic missions in Geneva, Baghdad, Ottawa and Jakarta. In 1999 he was appointed the Director General of the Institute of Diplomacy and Foreign Relations Malaysia, where he served until 2002.

Dato' Syed Norulzaman has also previously served as Malaysia's Ambassador to Spain and Thailand, and was the Ambassador to China from February 2005 until December 2009. During his term in China, he was the patron of the Malaysian Chamber of Commerce and Industry, China.

**Datuk Wira Jahaya Mat****Datuk Wira Jahaya Mat**

Datuk Wira Jahaya was the State Secretary for the Melaka State Government from 2001 until 2003. Between 2003 and 2007, Datuk Wira Jahaya served as the Managing Director of the Melaka International Trade Centre, Deputy Chairman of the Melaka State Religious Council and Deputy Executive Chairman of the Melaka Foundation College.

He is the Honorary Treasurer of Koperasi Setia (Malaysia) Berhad and the Vice President of Majlis Datuk-Datuk Melaka.

He holds a Bachelor of Economics in Rural Development from the University of Malaya and a Master in International Business Studies from the University of South Carolina.

**Mr. George Yap Koi Ming****Mr. George Yap Koi Ming**

Mr. George Yap is the proprietor of K M Yap & Company, a wealth management, corporate financier and chartered accountancy firm, and a shareholder and Executive Director of Sunrise Consultancy Sdn Bhd. He is also a registered company auditor, licensed financial adviser and accredited mortgage consultant in Australia, as well as the International Financial Advisor for BestInWest Berhad's mega projects in Indonesia.

Mr. George Yap is a practicing member of the Institute of Chartered Accountant of England and Wales and Institute of Chartered Accountant of Australia and a member of the Malaysian Institute of Accountants. He also holds an Advanced Diploma in Financial Services (Financial Planning) and a Diploma in Financial Services (Financial Planning) from Australia.



## BOARD OF DIRECTORS AND MANAGEMENT (cont'd)



**Prof. Dr. Saiful Azhar Rosly**

#### **Prof. Dr. Saiful Azhar Rosly**

Prof. Dr. Saiful has served as the Director of Research at the Malaysian Institute of Economic Research (MIER) and a consultant in Islamic banking and finance for the Ministry of Finance, National Economic Advisory Council (NEAC), Permodalan Usahawan Nasional Berhad (PUNB), EON Bank, CIMB Bank Berhad and Silverlake Malaysia.

He is a Professor of Economics and Head of the Banking Department at the International Centre for Education in Islamic Finance (INCEIF). Prof. Dr. Saiful is also a member of the Shariah Review Panel for Registered Financial Planner at the Malaysian Financial Planning Association (MFP), a member of the Shariah Advisory Committee for Agrobank Malaysia and an independent director for EONCAP Islamic Bank Berhad.

He holds a Bachelor of Science in Economics and Master of Economics from the Northern Illinois University. He obtained his doctorate in Economics from the National University of Malaysia in 1994.



**Ms. Vasantha Punniamoorthy**

#### **Ms. Vasantha Punniamoorthy**

Ms. Vasantha holds a Bachelor of Laws (Hons) from the University of London, a Certificate in Legal Practice from the Malaysian Qualifying Board and an LL.M from University Kebangsaan Malaysia.

Ms. Vasantha was admitted as an Advocate and Solicitor of the High Court of Malaya in 1992.

Ms. Vasantha decided to turn to full time teaching and to leave practice in 1999. Ms. Vasantha was made the Head of the Department of Law in 2004 and as Dean of the Faculty of Law and Government in August 2007.

Since 2005, she has been assisting Senior Management to vet and draft legal agreements and documents for HELP and its subsidiary companies. Ms. Vasantha has also served as one of the panel members of the Malaysian Qualifications Agency's committee for Standards and Criteria for all Law and Syariah programmes. She is also a member of the Bar Council's Joint Consultative Committee (Professional Standards and Development Committee).

## **DIRECTORS**



**Yang Mulia Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah**  
(Deputy Chairman)

#### **Yang Mulia Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah** (Deputy Chairman)

Yang Mulia (YM) Tunku Dato' Ya'acob was appointed a Council Member of the Federation of Investment Managers Malaysia (formerly known as Federation Of Malaysian Unit Trust Managers - FMUTM) in April 2002, and served as its Chairman from 2004 to February 2011.

YM Tunku Dato' Ya'acob is currently the Deputy President of the Federation of Public Listed Companies (FPLC), and was the Founder Chairman of the Financial Planning Association of Malaysia (FPAM).

YM Tunku Dato' Ya'acob holds a B. Sc. (Honours) in Economics and Accounting from the City University, London (1982) and is also a Fellow of the Institute of Chartered Accountants of England and Wales (ICAEW). He was attached to the offices of PriceWaterhouse in London and Kuala Lumpur from 1982 to 1987.

YM Tunku Dato' Ya'acob is also Chairman of MAA Holdings Berhad, Melewar Industrial Group Berhad, and Mycron Steel Berhad, all of which are public listed companies on the Bursa Malaysia. He is the Deputy Group Managing Director of Melewar Group Berhad, an investment holding company, and he also holds directorship in several private limited companies.



**Ms. Yeoh Kim Hong**  
(Vice Chairman)

**Ms. Yeoh Kim Hong (Vice Chairman)**

Ms. Yeoh Kim Hong, CA(M), CPA, CFP, is a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. She is an Executive Director of Public Mutual Berhad (Public Mutual) since September 2004.

Ms Yeoh has more than 14 years of experience in the unit trust industry. She joined Public Mutual in 1996 and was promoted to General Manager - Finance & Operations in 1999. In 2004, she was promoted to the position of Senior General Manager and was involved in the strategic planning of marketing and sales of unit trusts, customer administration and services, information technology, finance, product research and development and other areas of operations of the company. Ms. Yeoh assumed her position as Chief Executive Officer of Public Mutual in July 2007.

Prior to joining Public Mutual, Ms. Yeoh was with an international public accounting firm for more than 12 years during which she gained exposures in auditing and management consultancy and advisory, both locally and in the United States.



**Dato' Steve Ong Chong Gain**  
(Vice Chairman)

**Dato' Steve Ong Chong Gain (Vice Chairman)**

Dato' Steve Ong Chong Gain is the Chief Executive Officer and Director of ING Funds Berhad (ING Funds). Dato' Steve Ong started the company in 2004 and within 6 years, has grown the company to be one of the leading players in the local fund management industry. Prior to his move to ING Funds, he was involved with the life insurance business for 21 years. Dato' Steve Ong is a seasoned professional with over 27 years of experience in the financial services industry.

He has held a variety of senior management positions over his 27 years of professional career. He has held the position of Senior Vice President, Corporate Marketing & Business Development for ING Insurance, responsible for product development, branding and agency force performance development. He was also the Senior Vice President for the Group Insurance Division, which he developed into the market leader for Employee Benefit schemes. From 1997 – 2000, he was also appointed the Regional Marketing Officer for Aetna International where he had responsibilities for marketing and distribution channel development, to assist the growth of Aetna's South East Asia countries in the Philippines, Indonesia and Thailand.

Dato' Steve Ong is also a Director of Perpetual Trustees Berhad. In 2004, Dato' Steve Ong also served as a Director of ING Vsya Life, India.

He holds an MBA (with Distinction) from the Malaysian Institute of Management - University of Bath, England and a Bachelor of Science Honors Degree in Accounting and Financial Management from Loughborough University of Technology, England. He is a licensed Securities Commission Capital Market Service Representative and also a Certified Financial Planner (CFP).



**Mr. Tan Keah Huat**  
(Treasurer)

**Mr. Tan Keah Huat (Treasurer)**

Mr. Tan Keah Huat has been a director and Chief Executive Officer of Apex Investment Services Berhad since 3 May 2001. Prior to his present employment, Mr. Tan was the Chief Executive Officer of AMMB Investment Service Berhad. In the same previous company, he also assumed the roles of Investment Committee member, Chairman of Fixed Income Risk Committee and Chairman of Derivative Risk Management Committee. Mr. Tan has been involved in the fund management industry since 1995.

He holds a Bachelor of Science (Honours) Degree in Actuarial Science from the University of Western Ontario, Canada. He is also a Certified Financial Planner (CFP).

**Mr. Ho Seng Yee****Mr. Ho Seng Yee**

Mr. Ho Seng Yee was appointed in November 2002 as the Chief Executive Officer of OSK-OUB Unit Trust Management Berhad. He joined the senior ranks of the OSK Group in June 2000 and has considerable experience and knowledge of the securities and futures industry.

Prior to that, he spent twenty four years in the commercial and financial services industry, predominantly in the financial arena. During that tenure, Mr. Ho held various management positions and was actively involved in the sales and marketing of products and the development of new businesses. He is also a non-independent Executive Director of OSK-OUB Unit Trust Management Berhad as well as a non-independent non-Executive Director of OSK-OUB Asset Management Sdn Bhd.

He holds a Bachelor of Economics Degree (Honours) in Business Administration from University of Malaya.

**Dato' Idris Kechot****Dato' Idris Kechot**

Dato' Idris Kechot is the Executive Director of Amanah Saham Nasional Berhad and Deputy President of Permodalan Nasional Berhad – Unit Trust. He has an MBA from the University of Stirling United Kingdom majoring in Finance and a Bachelor of Science (Agribusiness) from Universiti Putra Malaysia. He is also a Certified Financial Planner and a Licensed Fund Management Representative. He sits on the Board of Directors of several other companies.

He has over 28 years of experience in the funds and Unit Trust Management Industry. Prior to his present appointment he was the Head of Investment Division of Permodalan Nasional Berhad, responsible for management of PNB's proprietary and unit trust funds.

**Mr. Teng Chee Wai****Mr. Teng Chee Wai**

Mr. Teng Chee Wai, who has over 19 years experience in the fund management industry, began his career with NTUC Income in Singapore as an investment manager investing largely in the equity markets of Malaysia, Singapore, Thailand and Taiwan. He then progressed to the position of Assistant General Manager of Overseas Assurance Corporation (OAC) responsible for the group's investment operations in Singapore and Malaysia with total investment assets exceeding S\$2.5 billion comprising equities, fixed income and other investment assets. At OAC, Mr. Teng was responsible for the investment function of the group and managed a team of investment professionals. His role required him to formulate the investment strategy for OAC's investments into treasuries, private debt securities, loans as well as equities.

Mr. Teng is the Executive Director of HwangDBS Investment Management Berhad and has been appointed as Chief Executive Officer on 1 June 2005.

He graduated with a Bachelor of Science from the National University of Singapore and has a Post-Graduate Diploma in Actuarial Studies from City University in London. He is a holder of Capital Market Services Representative's License to carry out fund management.



**Encik Mohamad  
Ayob Abu Hassan**

**Encik Mohamad Ayob Abu Hassan**

Encik Mohamad Ayob is the Chief Executive Officer of Affin Fund Management Berhad.

He graduated with a Bachelor Degree in Economics (Honours) from University of Malaya and MBA (Finance) from University of Hull. He is a holder of Capital Market Services Representative's License.

He began his banking career with Maybank Berhad in April 1978 and was selected to join Maybank's International Department as a Foreign Exchange and Money Market Dealer in the same year. In May 1981, he was transferred to the Bank's London Branch as a Senior Dealer and was subsequently made the London Branch Manager in January 1984. He returned to Malaysia in December 1985 and served Maybank until July 1987. Between August 1987 and July 1990, he ventured into several other business activities including financial services, construction and manufacturing.

He joined Affin Merchant Bank in July 1990 as Manager in the Treasury Division. He was later appointed as General Manager of Corporate Recovery Division. His last position held at the Bank was as First Vice President, Treasury and Investment Division.



**Mr. Danny Wong  
Teck Meng**

**Mr. Danny Wong Teck Meng**

Mr. Danny Wong is the Executive Director and Chief Executive Officer of Areca Capital Sdn Bhd. He has more than 20 years of experience in stock broking, asset management and unit trusts.

He is a fellow member of the Association of Chartered Certified Accountants (ACCA) UK and member of the Financial Planning Association of Malaysia, Certified Financial Planner (CFP).

**MANAGEMENT**



**Mr. Lee Siew Hoong  
(Chief Executive Officer)**

**Mr. Lee Siew Hoong (Chief Executive Officer)**

Mr. Lee Siew Hoong joined FIMM as an Executive Director in September 2004 and became the Chief Executive Officer in 2011. He has more than 30 years of experience in the capital market and accounting industry.

He started his career with a leading accounting firm. During his 12 years tenure, he held increasingly responsible and varied positions in the firm. During this period, he built his expertise in various areas of audit, taxation, receivership, liquidation and corporate restructuring. He then moved on to become a Company Secretary cum Asset Administration Manager in a finance company, before becoming a Dealer Representative in an 8-year stint with a stockbroking firm.

Taking on a new challenge, Mr. Lee joined the Financial Planning Association of Malaysia in 2000 as the Principal Officer. He was directly responsible for the smooth running of the organisation, as well as providing strategic directions in promoting and developing the Malaysian financial planning industry.

He is a member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and a Certified Financial Planner.



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

## Unit Trust Funds

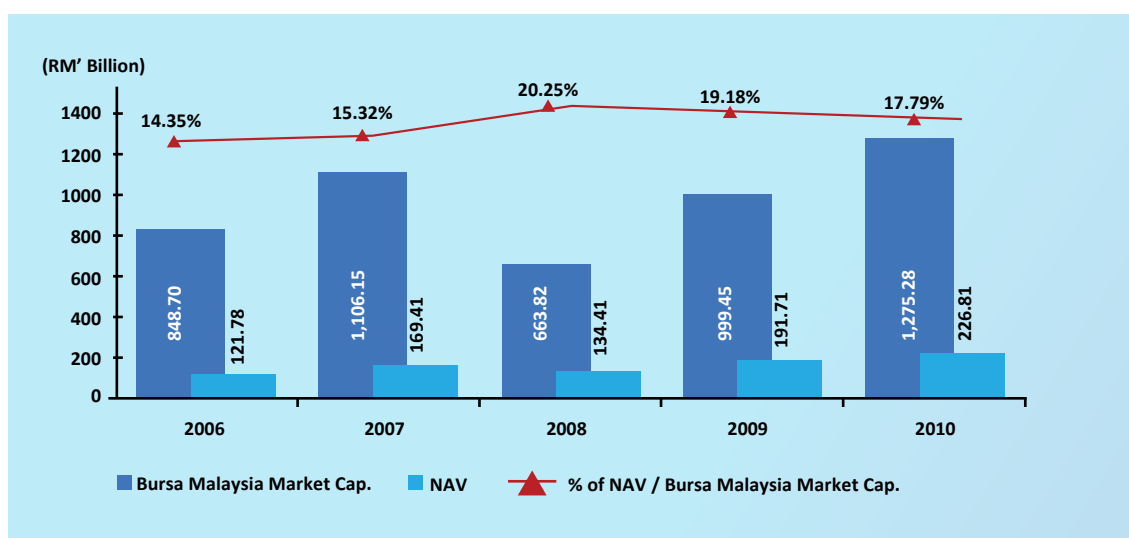
Led by a resilient domestic demand and government consumption, Malaysian economy staged a strong recovery in the first half of 2010, rebounded to 9.5% from a negative 5.1% in the same period last year before expanded further, albeit at a slower pace in the second half and recorded a growth of 7.2% in 2010 as a whole. Against the positive backdrop, Net Asset Value (NAV) for unit trust funds increased 18.3% to RM226.8 billion as at end of December 2010, representing 17.8% of market capitalisation of Bursa Malaysia (Chart 1).

Private unit trust funds (excluding federal and state funds) saw NAV added a substantial 26.2% over the year and stood at RM99.1 billion as at end of December 2010 (Chart 2). The year 2010 saw one of continued growth for conventional equity funds with assets grew 10.7% and touched yet another all year high of RM27.3 billion. Undoubtedly, increasing

investors' risk appetite induced by low interest rate environment as well as the stellar performance of the equity market locally and renewed optimism over global economic recovery prospects helped drove the equity assets growth.

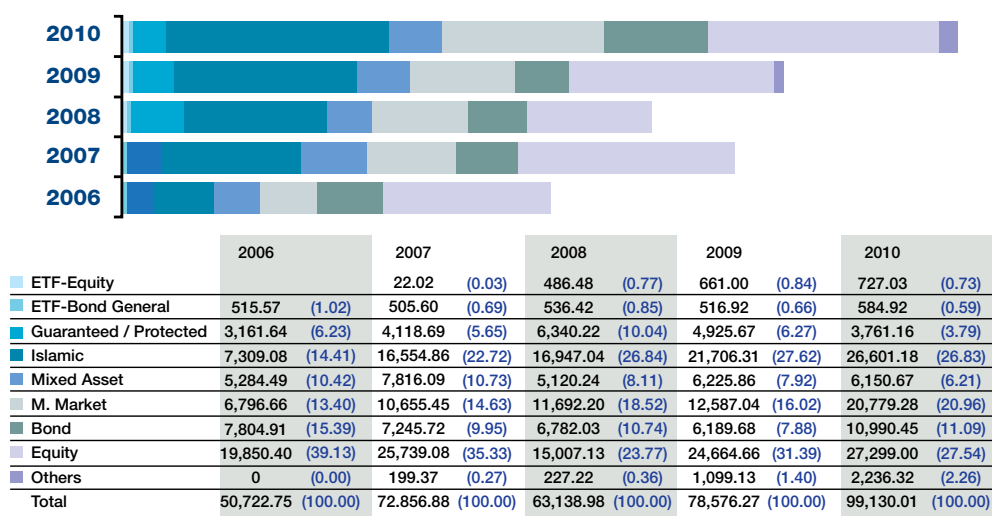
The year also marked the fourth consecutive year of firm growth of Islamic funds and money market funds. Total NAV of Islamic funds amounted to RM26.6 billion as at end of 2010 - an increase of 22.6% over the course of last year, while assets of money market funds added a marked 65.1% to RM 20.8 billion in the corresponding period. The assets for bond funds also rose significantly to RM11.0 billion as of end of 2010, up 77.6% from RM6.2 billion a year before. On the contrary, NAV for conventional mixed asset funds and guaranteed / protected funds dipped to RM6.2 billion and RM3.8 billion respectively.

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



Source : Securities Commission (SC)

Chart 2: Net Asset Value by Types of Funds as at 31 December (2006 - 2010) (RM million)



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

#### Notes:

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

- (a) ETF - Bond & Equity : Includes both bond and equity ETF.
- (b) Guaranteed/ Protected funds : Comprises conventional Capital Guaranteed funds and Capital Protected funds.
- (c) Money Market funds : Includes all conventional money market funds.
- (d) 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.
- (e) Islamic funds : Includes Islamic Bond funds, Islamic Equity funds, Islamic Guaranteed / Protected funds, Islamic Mixed Asset funds and Islamic Money Market funds.
- (f) Bond funds : Include all conventional bond funds invested in Malaysian assets and abroad.
- (g) Equity : Include all conventional equity funds invested in local markets and abroad.
- (h) Others : Includes Target Maturity funds, Commodities funds, Hedge/ Fixed Income Arbitrage funds as well as funds yet to be classified.

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

3. The above excludes Real-Estate Investment Trusts (REIT) as insufficient fund data were captured by Lipper as at end of 2010.

4. The above include 45 wholesale funds with total NAV of RM14.0 billion that are managed by FIMM members.

### Real-Estate Investment Trusts (REITs) And Exchange Traded Funds (ETFs)

As at December 2010, there are a total of 14 listed REITs with a market capitalisation over RM10.1 billion. The REIT market added two new funds listed on Bursa Malaysia last year - Sunway Real Estate Investment Trust and CapitaMalls Malaysia Trust. This has further boosted the profile of Malaysian REITs and had managed to attract greater foreign investor participation.

The ETF industry added two new funds in 2010 and brought the total NAV to RM1.3 billion as at end of the year - CIMB FTSE ASEAN 40 Malaysia and the CIMB FTSE China 25. New funds launched include the first feeder ETF that is invested offshore and listed on Bursa Malaysia. The launch of the new funds would therefore provide additional cost-effective avenue to gain exposure to regional markets namely China as well as ASEAN.

## NEW UNIT TRUST FUNDS LAUNCHED

Year 2010 saw 57 new unit trust funds launched, 34 funds matured or terminated due to uneconomical and inefficient to run thus bringing the total number of unit trust funds to 564 (Source: SC). Details of new funds are listed in the following Table 1.

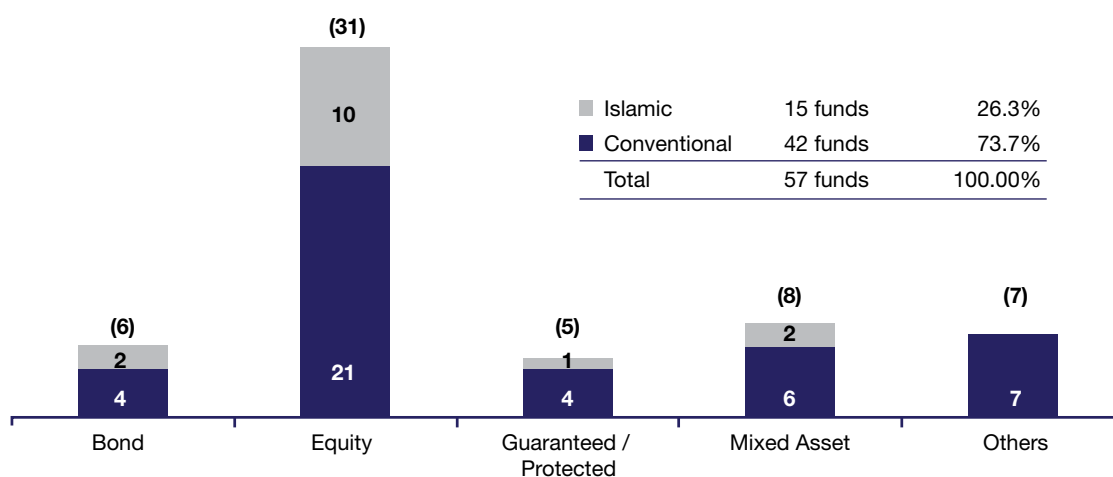
### Funds based on asset classes

Buoyed by a rebound in equity markets as well as renewed optimism over global economic recovery prospects, equity funds were once again the largest among new funds launched in 2010 - 31 or 54.4% of new fund offerings with NAV of RM1.8 billion<sup>1</sup> as at end of the year (Chart 3). At the same time, mixed asset funds added eight new funds in addition to the launch of six bond funds, making up 14.0% and 10.5% respectively of new fund offerings.

### Islamic funds vs conventional funds

A total of 15 new Islamic funds were launched in 2010, out of which 10 were equity funds. Most of the Islamic equity funds invested abroad and focused on niche markets such as emerging markets and selective sectors within Asia Pacific region or across the world. Similarly, conventional funds especially equity funds gained acceptance among investors in 2010 with RM1.5 billion or 50.2% of NAV of all new funds as of end of the period under review.

**Chart 3: New Unit Trust Funds Launched in 2010**



Source : FIMM

Notes : The above excludes Wholesale Funds, REITs and ETFs.

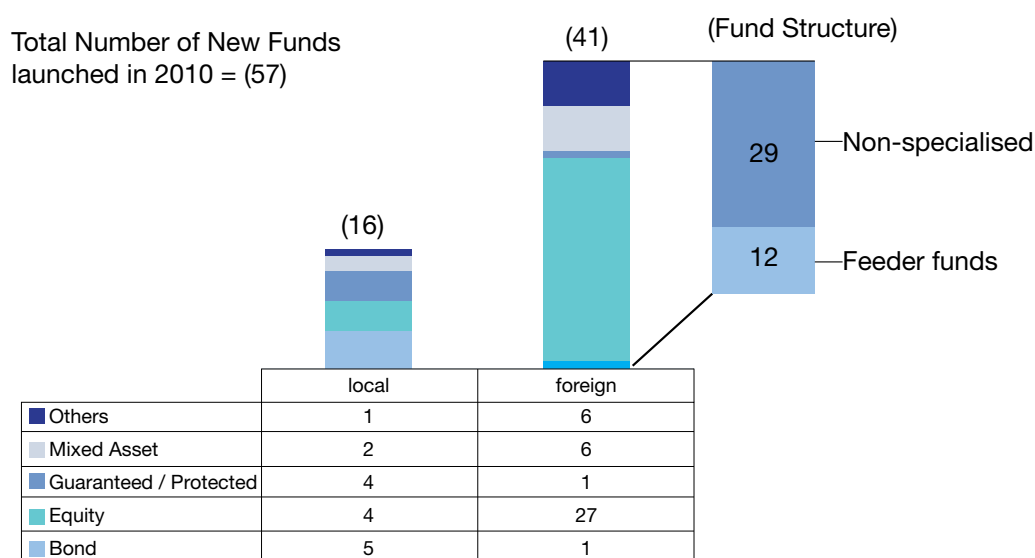
"Others" includes target maturity funds as well as funds yet to be classified.

<sup>1</sup> Excluding Amanah Hartanah Bumiputra as well as two other unit trust funds whereby NAV for the funds were not available as at 31 December 2010.

### Funds based on geographical focus

Among new fund offerings, 41 or 71.9% (Chart 4) are funds with more than 50% of assets mandated to be invested overseas (foreign-focused unit trusts) ; whereas 16 funds or 28.1% are fund investing predominantly in local markets. Equity funds formed 27 or 73.3% of the foreign-focused funds. Meanwhile, 10 or 66.7% of the foreign-focused funds were packaged as non-specialised unit trust funds and four or 26.7% were offered through feeder fund structure and the remaining one or 6.7% were offered via fund of funds.

**Chart 4: New Unit Trust Funds Launched in 2010: By Geographical Spread and Structure**



Source : FIMM

Note : The above excludes Wholesale funds, REITs and ETFs.



## NEW UNIT TRUST FUNDS LAUNCHED (cont'd)

**Table 1: New Funds Launched in 2010**

No	Funds	Launch date	Unit Trust Management Companies
<b>(A) Exchange Traded Funds</b>			
1	CIMB FTSE ASEAN 40 Malaysia	9 Jul 2010	CIMB-Principal Asset Management Berhad
2	CIMB FTSE China 25	9 Jul 2010	CIMB-Principal Asset Management Berhad
<b>(B) Real-Estate Investment Trusts</b>			
1	Sunway Real Estate Investment Trust	8 Jul 2010	Sunway REIT Management Sdn Bhd
2	CapitaMalls Malaysia Trust	16 Jul 2010	CapitaMalls Malaysia REIT Management Sdn Bhd
<b>(C) Unit Trust Funds</b>			
1	CIMB Islamic Global Commodities Equity	6 Jan 2010	CIMB-Principal Asset Management Berhad
2	Manulife Investment - China Value	7 Jan 2010	Manulife Unit Trusts Berhad
3	Manulife Investment - Global Resources	7 Jan 2010	Manulife Unit Trusts Berhad
4	Manulife Investment - India Equity	7 Jan 2010	Manulife Unit Trusts Berhad
5	HwangDBS Tactical Opportunity Capital Protected	13 Jan 2010	HWANGDBS Investment Management Berhad
6	OSK-UOB Asia Consumer	18 Jan 2010	OSK-UOB Unit Trust Management Berhad
7	Public Islamic Asia Leaders Equity	19 Jan 2010	Public Mutual Berhad
8	AmConstant Extra 2	20 Jan 2010	AmInvestment Services Berhad
9	CIMB-Principal China-India-Indonesia Equity	21 Jan 2010	CIMB-Principal Asset Management Berhad
10	Pacific ELIT Dana Aman	5 Feb 2010	Pacific Mutual Fund Bhd
11	Pacific ELIT Dana Dividen	5 Feb 2010	Pacific Mutual Fund Bhd
12	Pacific ELIT Islamic AsiaPac Balanced	5 Feb 2010	Pacific Mutual Fund Bhd
13	Pacific ELITE Dividend	5 Feb 2010	Pacific Mutual Fund Bhd
14	RHB Asia Pacific Maqasid	23 Feb 2010	RHB Investment Management Sdn Bhd
15	TA BRIC & Emerging Markets	25 Feb 2010	TA Investment Management Berhad
16	PB China Australia Equity	2 Mar 2010	Public Mutual Berhad
17	AMB Dana Aqeel – Capital Protected	9 Mar 2010	Amanah Mutual Berhad
18	OSK-UOB China-India Dynamic Growth	11 Mar 2010	OSK-UOB Unit Trust Management Berhad
19	Areca Recovery Growth	12 Mar 2010	Areca Capital Sdn Bhd
20	HwangDBS AUD Income	18 Mar 2010	HWANGDBS Investment Management Berhad
21	CIMB-Principal Australian Equity	20 Mar 2010	CIMB-Principal Asset Management Berhad
22	Hong Leong Vietnam Strategic	23 Mar 2010	Hong Leong Asset Management Bhd
23	AmConstant Extra 3	1 Apr 2010	AmInvestment Services Berhad
24	Public Far-East Alpha-30	6 Apr 2010	Public Mutual Berhad
25	Pacific Global Agriculture, Infrastructure and Resources	12 Apr 2010	Pacific Mutual Fund Bhd

## NEW UNIT TRUST FUNDS LAUNCHED (cont'd)

No	Funds	Launch date	Unit Trust Management Companies
26	OSK-UOB Asian Recovery	27 Apr 2010	OSK-UOB Unit Trust Management Berhad
27	OSK-UOB Capital Protected US Recovery	10 May 2010	OSK-UOB Unit Trust Management Berhad
28	PB Infrastructure Bond	11 May 2010	Public Mutual Berhad
29	PB Singapore Advantage-30 Equity	11 May 2010	Public Mutual Berhad
30	Public Optimal Growth	8 Jun 2010	Public Mutual Berhad
31	ING Global Opportunities	21 Jun 2010	ING Funds Berhad
32	ING Enhanced Yield	30 Jun 2010	ING Funds Berhad
33	AmCommodities Equity	19 Jul 2010	AmlInvestment Services Berhad
34	OSK-UOB Asian Advantage Bond	19 Jul 2010	OSK-UOB Unit Trust Management Berhad
35	Affin Tactical	10 Aug 2010	Affin Fund Management Berhad
36	Pacific ELITE Asia Dividend	13 Aug 2010	Pacific Mutual Fund Bhd
37	Pacific ELITE Emerging Markets	13 Aug 2010	Pacific Mutual Fund Bhd
38	Pacific ELITE Global Strategic	13 Aug 2010	Pacific Mutual Fund Bhd
39	OSK-UOB Capital Protected World Mining	17 Aug 2010	OSK-UOB Unit Trust Management Berhad
40	Public Indonesia Select	1 Sept 2010	Public Mutual Berhad
41	Pacific ELITE China Growth	2 Sept 2010	Pacific Mutual Fund Bhd
42	Alliance Regular Income 2	15 Sept 2010	Alliance Investment Management Berhad
43	AmConstant Extra 4	23 Sept 2010	AmlInvestment Services Berhad
44	OSK-UOB Capital Protected Asia Gaming & Hospitality	5 Oct 2010	OSK-UOB Unit Trust Management Berhad
45	PB Indonesia Balanced	12 Oct 2010	Public Mutual Berhad
46	OSK-UOB US Focus Equity	15 Oct 2010	OSK-UOB Unit Trust Management Berhad
47	AmAdvantage BRIC	19 Oct 2010	AmlInvestment Services Berhad
48	MAAKL Indonesia Equity	19 Oct 2010	MAAKL Mutual Berhad
49	AmlIslamic Greater China	8 Nov 2010	AmlInvestment Services Berhad
50	Public Islamic Alpha-40 Growth	16 Nov 2010	Public Mutual Berhad
51	Public Islamic Infrastructure Bond	16 Nov 2010	Public Mutual Berhad
52	AmConstant Multi Maturity	18 Nov 2010	AmlInvestment Services Berhad
53	Amanah Hartanah Bumiputera	29 Nov 2010	Mayban Investment Management Sdn Bhd
54	Pru Shariah Opportunities-Asia Pacific Equity-Class A	20 Dec 2010	Prudential Fund Management Berhad
55	Pru Shariah Opportunities-Asia Pacific Equity-Class B	20 Dec 2010	Prudential Fund Management Berhad
56	Public Islamic Strategic Bond	30 Dec 2010	Public Mutual Berhad
57	Public Strategic Bond	30 Dec 2010	Public Mutual Berhad

Source : FIMM

## 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, Sandakan, Seremban, Melaka, Tawau, Miri and Sibu.

Table 2 shows the number of candidates registered for CUTE in 2010.

CUTE registration in 2010 was only marginally lower than 2009.

**Table 2: Comparison of CUTE Registration for 2010 and 2009**

Examination Session	No. of Registered Candidates 2010	No. of Registered Candidates 2009
January	1,380	1,245
February	1,240	1,094
March	1,533	1,152
April	1,175	1,020
May	1,579	1,511
June	1,410	1,704
July	1,203	1,303
August	1,490	1,332
September	1,161	1,131
October	920	1,329
November	1,360	1,257
December	888	1,304
<b>Total</b>	<b>15,339</b>	<b>15,382</b>

The total number of UTC (Table 3) stood at 70,361 as at 31 December 2010 compared to 74,640 as at 31 December 2009. Of the total of 70,361 registered UTC, 86.2% of them were attached to Ordinary Members and the balance of 13.8%, were paid employees of UTMC, IUTA and CUTA.

(Note: As of 1 January 2011, the registered number of UTC was 58,563 as a total of 11,798 did not renew their registration for 2011, giving a renewal rate of 83%.)

**Table 3: Number of Registered UTC**

ORDINARY MEMBERS			
No.	COMPANY NAME	31 December 2010	31 December 2009
1	AFFIN FUND MANAGEMENT BERHAD	14	16
2	ALLIANCE INVESTMENT MANAGEMENT BERHAD	232	272
3	AMANAH MUTUAL BERHAD	22	22
4	AMANAH SAHAM KEDAH BERHAD	16	18
5	AMANAH SAHAM NASIONAL BERHAD	464	386
6	AMANAH SAHAM SARAWAK BERHAD	51	49
7	AMANAHRAYA INVESTMENT MANAGEMENT SDN BHD	22	4
8	AMANAHRAYA UNIT TRUST MANAGEMENT SDN BHD	-	92
9	AMINVESTMENT SERVICES BERHAD	75	81
10	APEX INVESTMENT SERVICES BERHAD	460	668
11	ARECA CAPITAL SDN BHD	8	8
12	ASM INVESTMENT SERVICES BERHAD	281	344
13	LIBRA INVEST BERHAD (formerly known as AVENUE INVEST BERHAD)	45	48
14	BIMB INVESTMENT MANAGEMENT BERHAD	88	314
15	CIMB WEALTH ADVISORS BERHAD	4,747	6,343
16	CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD	26	26
17	HONG LEONG ASSET MANAGEMENT BHD	572	561
18	HWANGDBS INVESTMENT MANAGEMENT BERHAD	221	197
19	ING FUNDS BERHAD	1,342	1,655
20	INTER-PACIFIC ASSET MANAGEMENT SDN BHD	4	4
21	KAF FUND MANAGEMENT SDN BHD	4	3
22	KENANGA FUND MANAGEMENT BERHAD	4	18
23	KENANGA INVESTORS BERHAD (formerly known as CMS TRUST MANAGEMENT BERHAD)	169	169
24	KUMPULAN SENTIASA CEMERLANG SDN BHD	5	3



## UNIT TRUST CONSULTANTS (UTC) (cont'd)

ORDINARY MEMBERS			
No.	COMPANY NAME	31 December 2010	31 December 2009
25	MAAKL MUTUAL BERHAD	1,261	1,171
26	MANULIFE UNIT TRUSTS BERHAD	190	88
27	MAYBAN INVESTMENT MANAGEMENT SDN BHD	3	3
28	MIDF AMANAH ASSET MANAGEMENT BERHAD	10	19
29	OSK-UOB UNIT TRUST MANAGEMENT BERHAD	404	471
30	PACIFIC MUTUAL FUND BHD	651	771
31	PELABURAN HARTANAH NASIONAL BERHAD	4	3
32	PELABURAN JOHOR BERHAD	7	12
33	PENGURUSAN KUMIPA BERHAD	16	16
34	PERMODALAN BSN BERHAD	14	24
35	PHEIM UNIT TRUSTS BERHAD	16	20
36	PHILLIP MUTUAL BERHAD	111	70
37	PRUDENTIAL FUND MANAGEMENT BERHAD	2,586	2,466
38	PTB UNIT TRUST BERHAD	19	19
39	PUBLIC MUTUAL BERHAD	45,925	47,862
40	RHB INVESTMENT MANAGEMENT SDN BHD	249	135
41	SAHAM SABAH BERHAD	26	28
42	TA INVESTMENT MANAGEMENT BERHAD	300	276
	<b>Sub-Total</b>	<b>60,664</b>	<b>64,755</b>

REGISTERED PERSONS			
No.	COMPANY NAME	31 December 2010	31 December 2009
1	A.D. FINANCIAL SDN BHD	10	6
2	AFFIN BANK BERHAD	281	279
3	ALLIANCE BANK MALAYSIA BERHAD	400	394
4	AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BERHAD	71	84
5	AMBANK (M) BERHAD	737	844
6	AMINVESTMENT BANK BERHAD	50	51
7	BANK ISLAM MALAYSIA BERHAD	212	-
8	BANK KERJASAMA RAKYAT MALAYSIA BERHAD	17	-
9	BANK SIMPANAN NASIONAL	53	-

REGISTERED PERSONS			
No.	COMPANY NAME	31 December 2010	31 December 2009
10	CIMB BANK BERHAD	1,063	1,088
11	CIMB INVESTMENT BANK BERHAD	60	63
12	CITIBANK BERHAD	305	261
13	CTLA FINANCIAL PLANNERS SDN BHD	2	-
14	ECM LIBRA INVESTMENT BANK BERHAD	60	28
15	EON BANK BERHAD	514	492
16	GV WEALTH PLANNERS SDN BHD	3	-
17	HONG LEONG BANK BERHAD	1,311	1,525
18	HONG LEONG ISLAMIC BANK BERHAD	19	15
19	HSBC AMANAH MALAYSIA BERHAD	96	50
20	HSBC BANK MALAYSIA BERHAD	444	571
21	IFAST CAPITAL SDN BHD	18	21
22	KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD	31	44
23	FIN FREEDOM SDN BHD (formerly known as LION WEALTH ADVISORS SDN BHD)	6	5
24	MALACCA SECURITIES SDN BHD	4	5
25	MALAYAN BANKING BERHAD	1,231	1,168
26	OCBC AL-AMIN BANK BERHAD	24	16
27	OCBC BANK BERHAD	308	294
28	OSK INVESTMENT BANK BERHAD	290	284
29	PUBLIC BANK BERHAD	768	1,050
30	RHB BANK BERHAD	496	533
31	RHB ISLAMIC BANK BERHAD	4	13
32	STANDARD CHARTERED BANK (MALAYSIA) BERHAD	348	252
33	STANDARD CHARTERED SAADIQ BERHAD	13	6
34	STANDARD FINANCIAL PLANNER SDN BHD	79	68
35	THE ROYAL BANK OF SCOTLAND BERHAD	17	69
36	UNITED OVERSEAS BANK (MALAYSIA) BERHAD	346	299
37	WHITMAN INDEPENDENT ADVISORS SDN BHD	6	7
	<b>Sub-Total</b>	<b>9,697</b>	<b>9,885</b>
	<b>GRAND TOTAL</b>	<b>70,361</b>	<b>74,640</b>

## REGISTRATION OF INSTITUTIONAL UNIT TRUST ADVISERS (IUTA)

Bank Simpanan Nasional was registered in 2010 as an IUTA. There were 43 IUTA as at 31 December 2010, comprising banks, investment banks, unit trust management companies, a stock broking company and an on-line financial services provider.

	Name of IUTA Approved IUTA (in year 2010)	Effective Date *
1.	Bank Simpanan Nasional	27 May 2010
	Approved IUTA (in previous years)	
1.	Citibank Bhd	1 May 2000
2.	Standard Chartered Bank (Malaysia) Bhd	1 May 2000
3.	HSBC Bank (Malaysia) Bhd	1 May 2000
4.	OCBC Bank (Malaysia) Bhd	1 May 2000
5.	OSK Investment Bank Bhd	15 Jul 2000
6.	CIMB Wealth Advisors Bhd	1 Sep 2000
7.	Public Bank Bhd	1 Oct 2000
8.	Apex Investment Services Bhd	1 Nov 2000
9.	AmInvestment Services Bhd	15 Jun 2001
10.	Alliance Bank (Malaysia) Bhd	1 Aug 2001
11.	United Overseas Bank (Malaysia) Bhd	15 Mar 2002
12.	CIMB Investment Bank Bhd	1 May 2002
13.	Malayan Banking Bhd	15 Sep 2002
14.	RHB Bank Bhd	1 Feb 2003
15.	Affin Bank Bhd	1 Mar 2003
16.	AmInvestment Bank Bhd	1 Sep 2003
17.	EON Bank Bhd	15 Sep 2003
18.	Hong Leong Bank Bhd	1 Oct 2004
19.	AmBank (M) Bhd	15 Feb 2005
20.	Malacca Securities Sdn Bhd	15 Mar 2005
21.	Kenanga Investors Bhd (formerly known as CMS Trust Management Bhd)	15 Apr 2005
22.	Phillip Mutual Bhd	1 May 2005
23.	TA Investment Management Bhd	7 Sep 2006
24.	CIMB Bank Bhd	8 Sep 2006
25.	ASM Investment Services Bhd	11 Dec 2006
26.	ECM Libra Investment Bank Bhd	30 Jan 2007
27.	The Royal Bank of Scotland Bhd	27 Apr 2007
28.	Hong Leong Islamic Bank Bhd	18 May 2007
29.	Al Rajhi Banking & Investment Corporation (Malaysia) Bhd	4 Jun 2007
30.	Kuwait Finance House (M) Bhd	27 Aug 2007
31.	CIMB Islamic Bank Bhd	29 Aug 2007
32.	Areca Capital Sdn Bhd	27 Nov 2007

## REGISTRATION OF INSTITUTIONAL UNIT TRUST ADVISERS (IUTA) (cont'd)

	Name of IUTA Approved IUTA (in year 2010)	Effective Date*
33.	Bank Islam Malaysia Bhd	3 Mar 2008
34.	RHB Islamic Bank Bhd	28 Apr 2008
35.	RHB Investment Management Sdn Bhd	14 May 2008
36.	iFAST Capital Sdn Bhd	27 Jun 2008
37.	MAAKL Mutual Bhd	5 Aug 2008
38.	Amanah Saham Nasional Bhd	25 Sep 2008
39.	HSBC Amanah Malaysia Bhd	29 Oct 2008
40.	Standard Chartered Saadiq Bhd	18 Nov 2008
41.	OCBC Al-Amin Bank Bhd	21 Jan 2009
42.	Bank Kerjasama Rakyat Malaysia Bhd	6 July 2009

\* Effective date of approval to market and distribute unit trusts.

## REGISTRATION OF CORPORATE UNIT TRUST ADVISERS (CUTA)

Two Corporate Unit Trust Advisers (CUTA) applications were registered in 2010. They were GV Wealth Planners Sdn Bhd and CTLA Financial Planners Sdn Bhd. A total of six CUTA were registered with FIMM as at 31 December 2010.

	Name of IUTA Approved IUTA (in year 2010)	Effective Date*
1.	GV Wealth Planners Sdn Bhd	11 Feb 2010
2.	CTLA Financial Planners Sdn Bhd	20 Sep 2010
<b>Approved CUTA (in previous years)</b>		
1.	Standard Financial Planner Sdn Bhd	29 Apr 2008
2.	Fin Freedom Sdn Bhd (formerly known as Lion Wealth Advisors Sdn Bhd)	5 Aug 2008
3.	Whitman Independent Advisors Sdn Bhd	17 Feb 2009
4.	A.D. Financial Sdn Bhd	2 Oct 2009

\* Effective date of approval to market and distribute unit trusts.



### Enhance Investors Protection/Interests

- : Introduction of the Pre-Investment Form to investors
- : Adoption of the “Fit & Proper” screening test on Unit Trust Consultants (UTC)
- : Implementation of methodology to evaluate annual performance of funds offered to EPF members
- : Reinstatement of funds with 30% foreign portfolio to be sold to EPF members
- : Continued Investors Education & engagement

### Enhance Industry Efficiency

- : Launch of the E-PPA system to process withdrawal applications and redemptions from EPF members
- : Live run on electronic system for submission of daily fund prices by the industry to FIMM

### Corporate Governance

- : Approval of revised Memorandum & Articles of Association to enhance governance
- : Appointment of Internal Auditors
- : Adoption of Risk Management Framework

### Industry Blueprint

- : Launch of the Investment Management Industry Masterplan – a 10-year roadmap for the industry

### Profiling FIMM

- : Host for the 15th Asia Oceania Investment Funds Association meeting in Kota Kinabalu

### Strengthening SRO Structure

- : Continued development and revision of the following:
  - i. Competency and Knowledge Enhancement program for UTC
  - ii. Marketing and Distribution Compliance Audit on distributors
  - iii. Market survey for feedback from investors
  - iv. Code of Ethics and Standards of Professional Conduct
  - v. By-laws relating to the Procedure for Disciplinary Proceedings
  - vi. By-laws Relating to the Appointment and Functions of the Councils and Committees
  - vii. Guidelines on Registration of IUTA and CUTA

During the year under review, FIMM continued to nurture and work closely with the regulators, authorities and other relevant organisations. In its part, FIMM adopted a proactive approach, providing constructive views and suggestions during discussions on issues of mutual concern for the benefit of the industry. This section covers the main developmental dialogues and works undertaken during the period.

### 1. SECURITIES COMMISSION

#### a) Revised Memorandum and Articles of Association

The revised Memorandum and Articles of Association has been approved by the Ministry of Domestic Trade, Cooperatives and Consumerism on 11 October 2010. The Memorandum and Articles of Association was revised pursuant to the establishment of FIMM as an SRO.

#### b) Marketing and Distribution Compliance Audit

During the year, numerous discussions were held between FIMM and the SC to establish the Marketing and Distribution Compliance Audit Framework (Audit Framework). This is an on-site compliance audit programme which aim to ensure continuous compliance of UTMC, IUTA and CUTA with the relevant regulatory requirements in respect of the marketing and distribution activities. The compliance audit will be carried out in a cycle of every five years by an external auditor appointed by the company. Once FIMM is recognised as an SRO, the audit is targeted to commence after the SC has approved the Audit Framework and based on an audit schedule prepared by FIMM. The audit report shall be forwarded to FIMM for review and follow-up action, if any. The SC in turn will be updated by FIMM with the audit outcome as and when an audit report is received from the external auditor.

#### c) Market Survey for Investors

As an initiative to increase awareness of the investors experience in dealing with the unit trust consultants (UTC), FIMM has developed a market survey framework which creates an opportunity for the investors to provide feedback to the industry on whether our UTC have met certain basic industry marketing practices when dealing with their clients. The survey is one of the two surveillance programmes (the other one being the compliance audit) that will be implemented once FIMM is recognised as an SRO. The awareness of the investors experience in dealing with the UTC will allow implementation of mechanism to foster investors' confidence and protect market integrity through the strengthening of good marketing practices.

Numerous discussions had been held between FIMM and the SC to finalise the survey framework and once FIMM is recognised as an SRO, the survey is expected to be conducted in the second half of 2011. The market survey results submitted by UTMC, IUTA and CUTA will be compiled by FIMM as an industry-wide result for submission to the SC.

#### d) Revision of the Code of Ethics and Standards of Professional Conduct for the Unit Trust Industry (Code)

FIMM has proposed the revision of the First Edition of the Code to the SC. The revision is being finalised and expected to be implemented in 2011. The revised Code will be known as the Code of Ethics and Professional Responsibility and Rules of Professional Conduct for the Investment Management Industry. The revised Code will be more comprehensive and adopts the best practices to enhance the integrity of the industry.

**e) Revision of the By-laws Relating to the Procedure for Disciplinary Proceedings (By-laws)**

The revision of the By-laws was proposed by FIMM upon consultation with the SC. The aim of the revised By-laws is to improve the management of the disciplinary proceedings and to streamline the penalties that may be imposed by FIMM for non-compliance and misconduct.

**f) Multiple Classes of Units for Malaysian Unit Trust Funds**

Effective 1 June 2010, proposal on multiple classes of unit trusts for Malaysian unit trust funds was adopted whereby a unit trust fund is allowed to offer multiple classes of units over a single investment pool, with each class of unit having different features such as the fees and charges imposed and the currency in which it is denominated. As such, investors will be able to choose the class that best suit their investment objectives and expected level of services offered.

**g) Private Pension Scheme (PPS)**

The government has announced in the recent Budget that a framework on Private Pension Scheme (PPS) will be put in place by the end of 2011. PPS will complement the mandatory contribution to the Employees Provident Fund (EPF) and will provide contributors, who have sufficient financial resources, with options for extra voluntary long-term savings to supplement their retirement savings and enhance their post-retirement income.

In addition to the tax incentives, a robust legal and regulatory framework will be established for the scheme to safeguard the interests of PPS contributors. Clear guidelines will also be put in place to cover fund governance, monitoring and reporting, asset allocation as well as performance disclosure and benchmarking.

FIMM will continue to collaborate closely with the SC in shaping the PPS to provide adequate savings for retirement amid challenges posed by aging populations and longevity issues. The industry aims to actively participate in the PPS by providing all Malaysians sufficient choices and control over their investment options besides making it convenient for all to plan, save for old age, all within reasonable costs.

**h) Guidelines for Registration of Institutional Unit Trust Advisers (IUTA) and Guidelines for Registration of Corporate Unit Trust Advisers (CUTA) for the Marketing and Distribution of Unit Trusts**

Amendments to the IUTA and CUTA Guidelines following some streamlining in submissions and processes of the applications and also with the incorporation of some items to be in line with SC's FAQ on activities of distributing and marketing of unit trusts, have been submitted to the SC for review and consideration.

**i) Competency and Knowledge Enhancement (CAKE) Programme**

As part of the SRO conditions stipulated by the SC, FIMM is required to strengthen the distribution standards of the overall unit trust industry. Towards this end, FIMM held numerous discussions with the Securities Industry Development Corporation (SIDC), which is the training and education arm of the SC, to jointly develop and implement the CAKE Programme over a period of five years. CAKE was conceived as an industry-wide initiative to ensure that all UTC, new entrants or existing ones, ultimately have the right skills, knowledge and attitude to render services of high quality to their investing clients. To enhance the human capacity of the new entrants, CAKE will introduce the qualifying training programme and enhance the standards of the ongoing qualifying examination. To achieve this for existing UTC, CAKE will introduce the Continuing Professional Development (CPD) programme as well as professional courses that aim to advance the career prospects of UTC. CAKE will also encompass a public complaints management system that allows FIMM to manage and keep track of complaints made by investors against UTC, UTMC and other distributors.

## 2. EMPLOYEES PROVIDENT FUND

This year, the industry engaged actively with the EPF on issues and developments related to the EPF-Members Investment Scheme (EPF-MIS) as follows:

### a) Enhanced Electronic System for the EPF-MIS: Elektronik Pilihan Pelaburan Ahli (E-PPA)

Following a successful live run at the beginning of 2010, the E-PPA was officially launched on 11 May 2010. The E-PPA system has proven its capability of completing the processing of withdrawal applications by T+1, a marked improvement from the manual practice. Such prompt processing reduces members' financing costs due to pending application cases besides enabling timely services to be delivered to EPF members.

During the year, FIMM, EPF and Rexit conducted meetings and industry briefings that focused on key operating and technical areas of E-PPA system, including EPF's policy and procedures, file and data specifications for application submissions as well as EPF's responses in order to prepare new member IPD to come on board E-PPA platform.

### b) Evaluation Methodology for EPF-MIS Funds

FIMM has worked closely with the EPF to provide additional safeguards for funds to be sold under the EPF-MIS in the interests of EPF members. FIMM and EPF developed an evaluation methodology to ensure that only funds with relative higher performance amongst peers will be made available for sale to EPF members. The methodology is developed based on Lipper Leaders Rating for Consistent Returns that reflects historical risk-adjusted returns, adjusted for volatility and relative to peers that strived to balance between technical rigor and needs for a solution that is administratively simple, cost efficient, transparent and with minimal subjectivity.

The proposed methodology was approved by the EPF in June 2010 and funds that passed the evaluation exercise conducted by FIMM were included in the revised list of EPF-MIS funds that were subsequently announced in September 2010. During the year, the EPF and FIMM have further fine-tuned the methodology to accommodate funds with overseas exposures, provide for administrative flexibility as well as add clarity to the process that is crucial for orderly execution of the evaluation exercise.

### c) Reinstated Funds with Overseas Exposures under the EPF-MIS

After rounds of appeals by FIMM to reinstate funds with overseas exposures under the EPF-MIS, the EPF has partially released the overseas investment restrictions by allowing funds with overseas investments up to 30% of the funds' total net asset value to be eligible for approval under the EPF-MIS. Such funds will be evaluated against its peer group and only funds that meet the criteria under the fund evaluation methodology for EPF-MIS funds will be offered to EPF members.

The reinstatement expands the investment universe of the EPF-MIS funds and provides EPF members an opportunity to enhance the returns for their core investments locally. Funds with overseas exposures offer another layer of diversification benefits to EPF members by spreading investments across different countries and sectors as well as providing access to investment opportunities that are not available locally.

The Board of Directors has established various councils and committees with specific objectives to serve the interest of its members and the investing public. Assisting the Board are three (3) councils and committees. The activities of the councils and committees for the year under review are summarised below:

## 1. Investment Development Council (IDC)

Chairman - Mr. Teng Chee Wai  
Vice Chairman - Dato' Steve Ong Chong Gain

### Role and responsibilities:

1. The IDC shall generally be responsible for the orderly development of fund management in the investment management industry.
2. The powers and responsibilities of the IDC shall further include the following:
  - (a) Conducting market research for identifying and exploring new opportunities in order to facilitate the growth of the Investment Management Industry. The scope of market research to be carried out by the IDC shall include:
    - (i) Reviewing and assessing industry developments, both locally and internationally;
    - (ii) Identifying potentials and opportunities for the industry growth;
    - (iii) Making proposals to the Securities Commission (SC) for broadening the offerings of investment products and services after identifying and ascertaining the timeliness and expediency for such products or services, taking into account any possible or incidental risk which may be involved in introducing new products and services;
    - (iv) Working closely with the Distribution Development Council to ensure that distribution channels shall not be affected by the introduction of new products and services;
  - (b) Facilitating the development of private pension funds within the unit trust industry with a view to promote retirement savings;
  - (c) Seeking tax incentives for the Investment Management Industry, both direct and indirect, to encourage the public to invest;
  - (d) Working closely with the Ordinary Members and the SC towards rationalising and streamlining fund management operations within the Investment Management Industry;
  - (e) Formulating standards for best practices in the Investment Management Industry, in line with international standards;
  - (f) Collating and analysing industry statistics submitted by Ordinary Members and Registered Persons. The data collected shall be compiled into a consolidated industry performance report for the general information of Ordinary Members and such other persons that the Board may approve; and
  - (g) Managing public affairs and acting as a spokesperson for the FIMM on matters and issues relating to the Investment Management Industry and public policies affecting the same.

### Activities:

#### a) Multiple Classes of Units for Malaysian Unit Trust Funds

- (i) The SC has adopted the industry's proposal on 1 June 2010 and revised the Guidelines on Unit Trust Funds to allow offering of funds with multiple classes of units, over a single investment pool, with each class of unit having different features such as the fees and charges imposed and the currency in which it is denominated.



- (ii) A CEO briefing session was subsequently conducted by the FIMM and StateStreet on 2 September 2010 on issues and challenges as well as best practices pertaining to managing funds with multiple classes of units across different jurisdictions. The session focused on area of interests, including fund accounting and reporting requirements, managing additional foreign exchange risks among different class of units as well as calculation of unit net asset value. Discussions were substantiated with examples drawn from expertise gained from managing such funds in more established off-shore financial centres such as Luxembourg, Hong Kong and Singapore.
- b) Reinstated Funds with Overseas Exposures under the EPF-MIS**
  - (i) After rounds of appeals by FIMM to reinstate funds with overseas exposures under the EPF-MIS, the EPF has partially released the overseas investment restrictions by allowing funds with overseas investments up to 30% of the funds' total net asset value to be eligible for approval under the EPF-MIS. Such funds will be evaluated against its peer group and only funds that meet the criteria under the fund evaluation methodology for EPF-MIS funds will be offered to EPF members.
  - (ii) The reinstatement expands the investment universe of the EPF-MIS funds and provides EPF members an opportunity to enhance the returns for their core investments locally. Funds with overseas exposures offer another layer of diversification benefits to EPF members by spreading investments across different countries and sectors as well as providing access to investment opportunities that are not available locally.
- c) Evaluation Methodology for EPF-MIS Funds**
  - (i) FIMM has worked closely with the EPF to provide additional safeguards for funds to be sold under the EPF-MIS in the interests of EPF Members. FIMM and EPF developed an evaluation methodology to ensure that only funds with relative higher performance amongst peers will be made available for sale to EPF members. The methodology is developed based on Lipper Leaders Rating for Consistent Returns that reflects historical risk-adjusted returns, adjusted for volatility and relative to peers that strived to balance between technical rigor and needs for a solution that is administratively simple, cost efficient, transparent and with minimal subjectivity.
  - (ii) The proposed methodology was approved by the EPF in June 2010 and funds that passed the evaluation exercise conducted by FIMM were included in the revised list of EPF-MIS funds that were subsequently announced in September 2010. During the year, the EPF and FIMM have further fine-tuned the methodology to accommodate funds with overseas exposures, provide for administrative flexibility as well as add clarity to the process that are crucial for orderly execution of the evaluation exercise.
- d) Enhanced Electronic System for the EPF-MIS: Elektronik Pilihan Pelaburan Ahli (E-PPA)**
  - (i) Following a successful live run at the beginning of 2010, the E-PPA was officially launched on 11 May 2010. The E-PPA system has proven its capability of completing the processing of withdrawal applications by T+1, a marked improvement from the manual practice. Such prompt processing reduces members' financing costs due to pending application cases besides enabling timely services to be delivered to EPF members.
  - (ii) During the year, FIMM, EPF and Rexit conducted meetings and industry briefings that focused on key operating and technical areas of E-PPA system, including EPF's policy and procedures, file and data specifications for application submissions as well as EPF's responses in order to prepare new member IPD to come on board E-PPA platform.

**e) Private Pension Scheme (PPS)**

- (i) The government has announced in the recent Budget that a framework on Private Pension Scheme (PPS) will be put in place by end of 2011. PPS will complement the mandatory contribution to the Employees Provident Fund (EPF) and will provide contributors, who have sufficient financial resources, with options for extra voluntary long-term savings to supplement their retirement savings and enhance their post-retirement income.
- (ii) In addition to the tax incentives, a robust legal and regulatory framework will be established for the scheme to safeguard the interests of PPS contributors. Clear guidelines will also be put in place to cover fund governance, monitoring and reporting, asset allocation as well as performance disclosure and benchmarking.
- (iii) FIMM will continue to collaborate closely with the SC in shaping the Scheme to provide adequate savings for retirement amid challenges posed by aging populations and longevity issues. The industry aims to actively participate in the PPS by providing all Malaysians sufficient choices and control over their investment options besides making it convenient for all to plan, save for old age, all within reasonable costs.

**2. Distribution Development Council (DDC)**

- Chairman - Ms. Yeoh Kim Hong  
 Vice Chairman - Mr. John Campbell Tupling

**Role and responsibilities:**

1. The DDC shall generally be responsible for the orderly development of investment products marketing and distribution locally and internationally.
2. The powers and responsibilities of the DDC shall further include the following:
  - (a) Enhancing public awareness and confidence in the Investment Management Industry through formulation and promotion of investor awareness programmes in the form of road shows, billboards, seminars, newspaper articles, business bulletins, or such other activities as deemed appropriate;
  - (b) Working closely with the SC to provide a strong framework for investor protection, in order to enhance investors' confidence in the Investment Management Industry;
  - (c) Working closely with the Ordinary Members, Registered Persons and SC towards rationalising and streamlining the marketing and distribution activities within the Investment Management Industry;
  - (d) Enhancing the level of professionalism among Registered Persons;
  - (e) Setting the minimum entry requirements for registration of IUTA and CUTA to ensure that only institutions which are able to meet and maintain the requirements set by the FIMM are registered;
  - (f) Setting the minimum entry requirements for registration of unit trust consultants (UTC) to ensure that only individuals who have passed the examination modules set or recognised by the FIMM are registered;
  - (g) Providing and promoting Continuing Professional Development (CPD) programmes for UTC which have been designed towards achieving certain standards and levels of proficiency among UTC, thereby continuously improving the quality of services being offered to the investing public;
  - (h) Overseeing the introduction of semi-professional and professional programmes to UTC.

**Activities:****a) Compliance Audit on Marketing and Distribution Activities**

The draft scope of operational audit on sales and post-sales processing was first submitted to the SC in December 2009. However, after several discussions and meetings with the SC, it was advised by the SC in August 2010 that the scope of audit should involve mainly the marketing and distribution activities of the UTMC, IUTA and CUTA. The SC has also confirmed that the audit should be conducted by an external auditor to ensure that the audit is conducted by an independent party.

Based on the revised framework that has been approved by the SC in October 2010, FIMM has drawn up a list of audit points and procedures. A working group comprised of FIMM and the three main accounting firms namely; PricewaterhouseCoopers, Ernst & Young and KPMG has also been formed to jointly develop the Agreed-Upon Procedures (AUP) for each of the audit point. This is to ensure that a uniform approach to the audit can be achieved by all the accounting firms once it is implemented later.

**b) Market Survey for Investors**

The market survey framework which allows the investors to provide feedback to the industry on whether the UTC have met certain industry marketing practices when dealing with their clients and the list of survey questionnaire were brought up for discussion in several Council meetings during 2010. The same has also been sent to the SC for comments.

It was advised by the SC and subsequently agreed by the Council that the survey should involve all the UTMC, IUTA and CUTA. The survey sample size will be based on two percent (2%) of the number of investors of UTMC, IUTA and CUTA with maximum sample size of 2,000 and minimum sample size of 100 respectively. The internal auditor of the UTMC, IUTA and CUTA shall be assigned to scrutinise the entire exercise.

**c) "Fit and Proper" requirements for UTC**

FIMM recognises the importance of continuous "Fit and Proper" assessments of UTC as these will further enhance the credibility of the UTC and improve confidence of the investors and also with a view to protect investors' interest. These are amongst other requirements by the SC on FIMM as an SRO. In these respects:

- (i) FIMM has appointed RAM Credit Information Sdn Bhd, with the consent of the SC, to conduct bankruptcy searches on all UTC to determine their status. UTC who were found in the bankruptcy list following the searches would be de-registered as UTC, unless a formal letter of discharge from Jabatan Insolvensi Malaysia was obtained. 212 UTC were de-registered following this exercise. The results of the bankruptcy searches were made known to the SC.

The bankruptcy searches will be conducted on a three-year cycle basis. Nevertheless, relevant companies are to notify FIMM immediately should any of their UTC be declared as bankrupt at any time.

New UTC joining the industry would be subject to a bankruptcy check.

- (ii) UTC were required to submit the Statutory Declaration for Continuous Eligibility Requirements (SD) to their principals within a certain timeframe, failing which they would be de-registered. Through the SD, the UTC will declare amongst others, that, they have never been convicted of any criminal offences, never been convicted of any offence under the securities laws, never been convicted for any offence involving fraud or other dishonesty

in Malaysia or overseas, besides declaring that they are not un-discharged bankrupts. 4,853 UTC were de-registered for failing to submit the SD. The results of the non-submission of the SD by UTC were also made known to the SC.

UTC are required to submit the SD to their principals once every two years.

**d) IUTA matters**

- (i) FIMM has proposed to the SC additional conditions to IUTA applications whose businesses do not have a core financial or capital market business and the shareholders are made up of individuals. The proposal was due to FIMM Board's prudence and concern about the level of long-term commitment of individual shareholders to stay in the business and their financial capabilities to avoid any fallout which can affect the image of the industry and investors' confidence.
- (ii) Amendments to the IUTA and CUTA Guidelines following some streamlining in submissions and processes of the applications and also with the incorporation of some items to be in line with SC's FAQ on activities of distributing and marketing of unit trusts, have been submitted to the SC for consideration.

**e) CUTA matters**

The CUTA annual fees was revised to RM500 from RM2,000 following the SC's decision on FPAM's request.

The revised due diligence checklist for CUTA was approved and submitted to the SC for further consideration as part of FIMM's effort to address CUTA concerns. CUTA were concerned that the audit coverage in the original checklist was too wide and does not commensurate with their size of operations, and burdening them with higher audit fees. FIMM together with the SC are making an earnest effort in revising the checklist by removing certain sections and retaining sections that are deemed important for the operations and on-going business concern of the CUTA and in particular, to safeguard investors' interest.

**f) Education & Conference matters**

The committee discussed on the topics and identified the speakers for the UTC seminars as well as for the Annual Convention for Unit Trust Consultants. Apart from the seminars and conference, the committee also looked into the revision of the unit trust syllabus, the examination questions and identifying potential writers to determine the overall training programme to raise the stature of the UTC. In regards to the Certification in Investment Planning Courses, the committee deliberated on the syllabus and potential writers.

**g) Competency and Knowledge Enhancement Programme for UTC**

The committee held various discussions with SC and the Securities Industry Development Corporation (SIDC) on developing an education framework for new and existing UTC to raise the competency, knowledge, professionalism and skill sets of the UTC. A Certificate in Investment Planning Course is also in the pipeline for UTC who seek to gain a sound foundation towards intermediate financial and investing knowledge as well as professional client servicing skills.

**h) Financial Planning Association of Malaysia (FPAM)'s proposal**

The committee is still in discussion on FPAM's appeal on the revision of CPD points given for the Certified Financial Planner (CFP) modules and to recognise module 1 & 4 of the CFP Certification course for CPD programmes.

**i) Implementation of the Continuing Professional Development Programme (CPD)**

FIMM is in discussion with the SIDC to develop a CPD framework for all UTC which is in line with the Capital Market Industry framework.

**j) Notation on the status of the YouTube e-Learning project for UTC**

This knowledge-based website will be launched and go live nationwide in 2011, to reach out to 60,000 plus UTC living in different parts of Malaysia. The e-Learning platform will allow UTC to have quick and easy access to pre-recorded seminars and articles to meet their training and development needs as well as facilitate the fulfillment of CPD requirements.

**3. Compliance and Disciplinary Council (CDC)**

Chairman - Mr. Ho Seng Yee

Vice Chairman - Dato' Idris Kechot

**Role and responsibilities:**

1. The CDC shall generally be responsible for monitoring and regulating the conduct and activities of Ordinary Members and Registered Persons and promoting investor protection.
2. The powers and responsibilities of the CDC shall further include the following:
  - (a) Providing clarifications and advice on legal and regulatory issues affecting the Investment Management Industry and working closely with the relevant local and foreign authorities and such other regulatory bodies performing similar role and functions;
  - (b) Enforcing and ensuring observance and compliance by Ordinary Members and Registered Persons with all rules, regulations, by-laws, guidelines, directives, codes, standards and practice notes issued by the FIMM and SC from time to time;
  - (c) Setting up proper mechanisms and implementing adequate measures to deal with complaints relating to the conduct of Ordinary Members and Registered Persons;
  - (d) Setting up the Disciplinary Committee (DC) and Appeal Committee (AC) for the purpose of conducting disciplinary and appeal proceedings respectively, either on its own accord or following complaints made against any Ordinary Member and/or Registered Person;
3. The scope and functions of the DC and AC respectively and provisions regarding the composition, appointment, resignation, termination and re-appointment of Committee members, including the chairman, and conduct of disciplinary and appeal proceedings are more particularly set out in the *By-laws Relating to the Procedure for Disciplinary Proceedings*.
4. Where any penalty is imposed on or disciplinary action is taken against any Ordinary Member, the CDC shall report the same to the SC in writing in accordance with Section 324(3) of the CMSA.
5. The FIMM shall provide a quarterly report to the SC on complaints received by the FIMM including actions taken against any Ordinary Member or Registered Person by the CDC, DC or AC.

**Activities:**

- a) **Revision of the Code of Ethics and Standards of Professional Conduct for the Unit Trust Industry**  
FIMM has revised the First Edition of the Code of Ethics and Standards Professional Conduct for the Unit Trust Industry and renamed it as Code of Ethics and Professional Responsibility and Rules of Professional Conduct for the Investment Management Industry (Code). The CDC has been consulted in numerous meetings during the year to approve provisions of the revised Code. Consultation with the SC is ongoing and the revised Code is expected to be finalised for implementation.



**b) Revised By-laws Relating to the Procedure for Disciplinary Proceedings**

Numerous discussions with the CDC were conducted during the year to finalise the revised By-laws Relating to the Procedure for Disciplinary Proceedings (By-laws). The final consultation with the SC is being conducted and the By-laws is expected to be finalised.

**c) Alternative Dispute Resolution**

The Council deliberated on SC's proposal to set up an Alternative Dispute Resolution to assist investors to resolve monetary disputes/complaints of a certain amount in an efficient and speedy manner. The Securities Industry Dispute Resolution Centre (SIDREC) has been incorporated to handle capital market monetary disputes/complaints.

**d) Quarterly reports on complaints received by FIMM**

The Council discussed the quarterly reports on complaints received and resolved by FIMM, which were submitted to the SC.

**e) Complaints by investors**

Complaints by investors, findings of misconduct and actions to be taken were brought up for discussion and decision in the Council meetings during 2010.

**4. Communication Committee**

Chairman - Mr. Ho Seng Yee

**Role and responsibilities:**

- a) Organise public awareness programmes or such other activities, as deemed fit, to educate the public on unit trust investing;
- b) Driving home the message using various media channels that Investment is a MUST for all Malaysians to achieve their financial goals in the long run;
- c) Work with the industry and third parties including SIDC and other statutory bodies in raising the knowledge and confidence of the public on benefits of unit trust investing; and
- d) Organise activities to inform investors of their rights, obligations and the available channel for recourse such as FIMM's complaints Bureau for investors complaints.

**Activities:****a) Advertising and Promotional (A&P) Activities**

Identify the mode of advertising and promotional outreach that would best represent the unit trust industry.

- Billboards and radio were identified as a preferred mode of outreach. Other options such as mainstream media and lifestyle publications were suggested as part of the 2010 A&P initiative.

**b) Investor Education Initiatives**

As part of the Investor Education initiatives, the following activities were executed to drive through the message of unit trust investments for all Malaysians:

**(i) Career Talks**

Reaching out to students from higher learning institutions. A talk was organised for the students of the Islamic University of Malaysia (IIUM) on 5 March 2010.

**(ii) Training Of Secondary Schools Teachers on Financial Planning**

- A collaboration with the Learning Society (Singapore) Ltd to roll out basic financial literacy programmes under the Making Sense of Money banner for Malaysian Schools.

- The project kicked off in May 2010, involving 21 teachers from various secondary schools located in the Klang Valley. The project trained teachers to complete module 1 of the Certified Financial Planner programme so that teachers can impart prudent savings habits and financial management values to students via their school co-curriculum.

**(iii) Retirement Transformation Conference**

- Co-supported the Retirement Transformation Conference which was held on 3 August 2010 at the Sime Darby Convention Centre. FIMM was represented at the speaker's platform by Mr. Cheah Chuan Lok, Chairman of the Education & Conference Committee.
- UTC were given 8 CPD points for attendance and also a 20% discount off the registration fee to encourage them to participate at the inaugural event which drew 180 people from overseas and locally.

**5. Audit Committee**

Chairman - Mr. Manjit Singh

**Role and responsibilities:**

- Assist the Board to discharge its responsibilities with due care, diligence and skill in relation to FIMM's reporting of financial information to users of the financial reports, application of accounting policies, reporting requirements, internal control system and establishment and management of compliance procedures over regulatory and legal requirements;
- Improve the effectiveness of the internal and external audit functions and the effective communication between the Board and the auditors (both external and internal);
- Review key risk profiles, the mitigation plan and controls in place to manage these significant risks and the overall effectiveness of the risk management process;
- Determine and set the scope of annual audit plan for the internal and external audit;
- Ensure the adequacy of the resources of the internal audit department to carry out its function effectively; and
- Review the audited financial statements and internal audit reports and report to the Board on its findings.

**Activities:**

**a) Statutory accounts for the financial year ended 31 December 2009**

The Audit Committee had discussed and reviewed with KPMG on the statutory accounts for the financial year ended 31 December 2009 and subsequently recommended to the Board for approval and tabling at the Annual General Meeting.

**b) Statutory audit plan for the financial year end 2010 and audit fee**

The Audit Committee had discussed with KPMG on the statutory audit plan for financial year end 2010 and KPMG's proposed increase of audit fee. The Audit Committee had reviewed and approved the statutory audit plan and also recommended the increase of audit fee to the Board.

**c) Appointment of internal auditor**

The Audit Committee had deliberated on the appointment of an accounting firm to undertake the internal audit function on behalf of FIMM and recommended to the Board the engagement of BDO Governance Advisory Sdn Bhd as FIMM's internal auditor. BDO Governance Advisory Sdn Bhd then proposed the Internal Audit Plan 2010/2012 and the Audit Committee had reviewed and approved the proposal.

**d) Other matters**

The Audit Committee had reviewed on the complaints received by FIMM.

**6. Secretariat Committee**

Chairman - Y.M. Tunku Dato' Ya'acob Tunku Tan Sri Abdullah

Vice Chairman - Mr. Tan Keah Huat

**Areas of Focus:**

- a) Responsible for the smooth operations of the Secretariat;
- b) Responsible for the preparation of budget and financial statements of FIMM;
- c) Organise Annual General Meeting and Council/Board of Directors Meetings;
- d) Enhance communication channels among FIMM's members, Committees and other parties related to the industry.

**Activities:****a) 16th Annual General Meeting (AGM)**

Held on 4 June 2010 at Hilton Kuala Lumpur Hotel, the 16th AGM was attended by 34 delegates, drawn from FIMM's Ordinary Members. There was no election and the general meeting proceedings went on smoothly as well as matters were resolved speedily.

**b) 12th Annual Golf Tournament 2010**

Held on 12 July 2010 at the Saujana Golf and Country Club, the tournament saw 24 players having a swing time. The winner of the individual event (Dato' Kamaruddin Mohammed Challenge Trophy) was En. Mohamad Ayob Abu Hassan of Affin Fund Management Berhad and the winner for the team event (Dato' Seri Abdul Azim Mohd Zabidi Challenge Trophy) was En. Mohamad Ayob Abu Hassan and En. Amren Faisal Fadzil of Affin Fund Management Berhad.

**c) Launch of Elektronik Pilihan Pelaburan Ahli (E-PPA)**

The official launch of the E-PPA at the JW Marriott Hotel on 11 May 2010 marked the successful implementation of an automated system that significantly increases EPF's processing efficiency of the EPF member's investment withdrawal and reinstatement submission.

**d) Asia Oceania Regional Meeting (AORM)**

FIMM had successfully hosted the 15th AORM at Nexus Resort Karambunai, Kota Kinabalu, Sabah from 19 to 23 April 2010. A total of 32 delegates from Australia, Japan, Korea, China, Taiwan, Hong Kong, India, Bangladesh, Pakistan, Philippines, Thailand, Brunei, Singapore and Malaysia had participated in the conference that included a line-up of exciting post-conference activities. The delegates had also agreed to name the grouping of countries participating in the AORM as AOIFA (Asia Oceania Investment Funds Association).



### JANUARY

#### 6 January 2010

34th Elektronik Pilihan Pelaburan Ahli (E-PPA) System Project Team Meeting

#### 11 January 2010

Live run of E-PPA System

#### 14 January 2010

Briefing to EPF Management Committee on the industry's participation in E-PPA

#### 21 January 2010

35th E-PPA Project Team Meeting

#### 28 January 2010

5th Board of Director Meeting

### FEBRUARY

#### 10 February 2010

4th Compliance and Disciplinary Council Meeting

#### 10 February 2010

Industry Briefing conducted by EPF on policies and procedures with regards to E-PPA

### MARCH

#### 4 March 2010

Education and Conference Committee Meeting

#### 4 March 2010

Meeting with the EPF on EPF Members' Investment Scheme (EPF-MIS)

#### 5 March 2010

Investor Education and Career Talk for Students, International Islamic University Malaysia (IIUM)

#### 12-14 March 2010

Board of Directors Brainstorming Session, Bangkok

#### 23 March 2010

5th Distribution Development Council Meeting

#### 31 March 2010

Morningstar Fund Awards (Malaysia) 2009

### APRIL

#### 5 April 2010

4th Audit Committee Meeting

#### 12 April 2010

E-PPA System Project Team Special Meeting

#### 14 April 2010

6th Board of Director Meeting

#### 19-23 April 2010

15th Asia Oceania Regional Meeting (AORM), Kota Kinabalu



## CALENDAR OF EVENTS (cont'd)



### 21 April 2010

Self-Regulatory Organisation Meeting with Securities Commission and Board of Directors

### MAY

#### 5 May 2010

4th Investment Development Council Meeting

#### 6 May 2010

5th Audit Committee Meeting

#### 11 May 2010

Official Launch of E-PPA System

#### 17 May 2010

5th Compliance and Disciplinary Council Meeting

#### 24 May 2010

Meeting with EPF to finalise EPF-MIS Fund Evaluation Methodology

### JUNE

#### 1 June 2010

6th Distribution Development Council Meeting

#### 1 June 2010

UTC Seminar, Johor Bahru

#### 3 June 2010

UTC Seminar, Kuala Lumpur

### 4 June 2010

16th Annual General Meeting

### 15 June 2010

Securities Commission visit to FIMM

### 16 June 2010

UTC Seminar, Ipoh

### 23 June 2010

UTC Seminar, Kuala Lumpur

### 25 June 2010

6th Compliance and Disciplinary Council Meeting

### 28 June 2010

Communications Committee Meeting

### 29 June 2010

UTC Seminar, Melaka

### JULY

#### 1 July 2010

UTC Seminar, Kuala Lumpur

#### 6 July 2010

7th Distribution Development Council Meeting

#### 6 July 2010

UTC Seminar, Kuching





**8 July 2010**

7th Board of Director Meeting

**8 July 2010**

UTC Seminar, Kota Kinabalu

**12 July 2010**

FIMM Annual Golf Tournament 2010  
Dato' Kamaruddin Mohammed Challenge Trophy

**12 July 2010**

2nd EPF Fund Evaluation Committee Meeting

**28 July 2010**

UTC Seminar, Petaling Jaya

**AUGUST**

**3 August 2010**

UTC Seminar, Kuala Lumpur

**5 August 2010**

8th Distribution Development Council Meeting

**5 August 2010**

UTC Seminar, Seberang Jaya

**10 August 2010**

5th Investment Development Council Meeting

**10 August 2010**

36th E-PPA Project Team Meeting

**11 August 2010**

7th Compliance and Disciplinary Council Meeting

**13 August 2010**

Meeting with Securities Commission and KPMG on surveillance framework

**SEPTEMBER**

**2 September 2010**

CEO Briefing on Funds with Multiple Unit Classes

**14 September 2010**

8th Board of Director Meeting

**22 September 2010**

UTC Seminar, Petaling Jaya

**23 September 2010**

9th Distribution Development Council Meeting

**24 September 2010**

6th Audit Committee Meeting

**29 September 2010**

UTC Seminar, Kuantan

**OCTOBER**

**1 October 2010**

8th Compliance and Disciplinary Council Meeting

## CALENDAR of EVENTS (cont'd)



### 5 October 2010

UTC Seminar, Sibu

### 7 October 2010

UTC Seminar, Kuching

### 7 October 2010

Meeting with the SC on independent verification of fund performance for advertisements and promotional materials

### 8 October 2010

7th Audit Committee Meeting

### 13 October 2010

UTC Seminar, Kota Kinabalu

### 18-20 October 2010

24th Annual Conference of International Investment Funds Association (IIFA), Chile

### 19 October 2010

UTC Seminar, Kuala Lumpur

### 26 October 2010

Meeting with Securities Commission and SIDC

### 26 October 2010

UTC Seminar, Penang

## NOVEMBER

### 2 November 2010

Annual Convention of Unit Trust Consultants 2010  
“The Market Renaissance – Reinvigorating the Spirit of Investing”

### 4 November 2010

9th Board of Director Meeting

### 9 November 2010

Meeting with the SC on Private Pension Scheme

### 10 November 2010

9th Compliance and Disciplinary Council Meeting

### 18 November 2010

Meeting with the EPF for potential enhancement of the EPF-MIS Fund Evaluation Methodology

## DECEMBER

### 1 December 2010

Meeting with the SC and other stakeholders on Private Pension Scheme

### 2 December 2010

10th Distribution Development Council Meeting

### 8 December 2010

6th Investment Development Council Meeting

## DIRECTORS' REPORT

### Federation of Investment Managers Malaysia

(Company No. 272577-P)

(A Company Limited by Guarantee)

(Incorporated in Malaysia)

## Directors' report for the year ended 31 December 2010

The Directors have pleasure in submitting their report and the audited financial statements of the Federation for the year ended 31 December 2010.

### Principal activities

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

### Results

Operating surplus for the year	RM 3,204,963 =====
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### Reserves and provisions

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

### Directors of the Federation

Directors in office since the date of the last report are:

<u>2010</u>	<u>Appointed Date</u>	<u>Resigned Date</u>
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah		
Tan Keah Huat		
Ho Seng Yee		
Teng Chee Wai		
Yeoh Kim Hong		
Dato' Ong Chong Gain		
Dato' Idris bin Kechot		
Mohamad Ayob bin Abu Hassan	30.08.2010	
Danny Wong Teck Meng	30.08.2010	
Suraj Kumar Mishra	24.09.2010	17.12.2010
Norkhalim bin Ahmad		01.04.2010
Tengku Zafrul bin Tengku Abdul Aziz		25.05.2010
Daud Mah bin Abdullah @ Mah Siew Whye		08.06.2010
Toh Chin Hian, Mark		01.08.2010
Datuk Noripah binti Kamso		08.02.2011
Christopher Foo Kah Foong		08.02.2011
Manjit Singh a/l Hajander Singh		08.02.2011
Cheah Chuan Lok		08.02.2011

## Directors of the Federation (continued)

<u>2011</u>	<u>Appointed Date</u>	<u>Resigned Date</u>
Abdul Kadir bin Md Kassim	18.02.2011	
Datuk Siti Hadzar binti Mohd Ismail	22.02.2011	
Dr Sieh Lee Mei Ling	22.02.2011	
Dato' Syed Norulzaman bin Syed Kamarulzaman	24.02.2011	
P Vasantha a/p N Punniamoorthy	01.03.2011	
Datuk Meriam binti Hj Ya'acob	03.03.2011	
Prof. Dr. Saiful Azhar bin Rosly	10.03.2011	
Datuk Wira Jahaya bin Mat	11.03.2011	
Yap Koi Ming	11.03.2011	

## Directors' benefits

### Direct benefits

Since the end of the previous financial year, no Director of the Federation has received nor 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 and indirect benefit disclosed below.

In the 16th AGM held on 4 June 2010, the members approved the payment of the following fixed attendance fee to the Board members for the following proceeding, effective 1 January 2010.

In the Board of Directors meeting held on 8 July 2010, the Board agreed to apply a reduction of 50% of the fixed attendance fee for the year 2010 only.

<b>Type of proceeding</b>	<b>Attendance fee approved by members RM</b>	<b>Attendance fee for year 2010 only RM</b>
Board	2,000	1,000
Council	1,000	500
Committee	500	250

In the 16th AGM held on 4 June 2010, the members approved the payment of RM3,000 monthly allowance to the Chairman of the Board effective 1 January 2010. In accordance with the 50% reduction of attendance fees payable to the members of the Board, Councils and Committees as approved by the Board in the meeting held on 8 July 2010, the Chairman will be receiving a monthly allowance of RM1,500 per month for the year 2010 only.

### Indirect benefit

During the year, an amount of RM19,240 is payable for professional services rendered by Raja, Darryl & Loh, Advocates & Solicitors in which a Director is a partner. This has also been disclosed in Note 12 of the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling 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

Before the statement of comprehensive income and statement of financial position of the Federation were made out, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

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

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

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

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

In the opinion of the Directors, the financial performance of the Federation for the year ended 31 December 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Auditors

The auditors, Messrs KPMG, do not wish to seek re-appointment.

Signed in accordance with a resolution of the Directors:

**Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah**  
Deputy Chairman

**Tan Keah Huat**  
Treasurer

Kuala Lumpur  
Date: 3 June 2011



## Statement of financial position as at 31 December 2010

	Note	2010 RM	2009 RM
<b>Assets</b>			
Plant and equipment	3	490,024	605,742
<b>Total non-current assets</b>		490,024	605,742
Other receivables, deposits and prepayments	4	300,821	254,723
Cash and cash equivalents	5	12,762,799	9,422,494
<b>Total current assets</b>		13,063,620	9,677,217
<b>Total assets</b>		13,553,644	10,282,959
<b>Accumulated fund</b>		12,281,202	9,076,239
<b>Liabilities</b>			
Deferred tax liability	6	103,133	108,264
<b>Total non-current liability</b>		103,133	108,264
Advanced billings		332,703	323,518
Other payables and accruals	7	836,468	673,999
Provision for taxation		138	100,939
<b>Total current liabilities</b>		1,169,309	1,098,456
<b>Total liabilities</b>		1,272,442	1,206,720
<b>Total accumulated fund and liabilities</b>		13,553,644	10,282,959

## Statement of comprehensive income for the year ended 31 December 2010

	Note	2010 RM	2009 RM
Revenue	8	9,053,394	8,365,797
Interest income		219,027	154,404
Other income		7,498	3,530
Depreciation		(185,497)	(216,894)
Examination expenses		(1,283,170)	(1,294,014)
Rental of premises		(316,197)	(314,112)
Staff costs		(2,145,160)	(1,625,390)
Other operating and administrative expenses		(2,091,310)	(2,668,706)
<b>Excess of revenue over expenditure</b>	9	3,258,585	2,404,615
Income tax expense	11	(53,622)	(394,218)
<b>Operating surplus and total comprehensive income for the year</b>		3,204,963	2,010,397

The notes on pages 52 to 63 are an integral part of these financial statements.

## Statement of changes in accumulated fund for the year ended 31 December 2010

	RM
At 1 January 2009	7,065,842
Total comprehensive income for the year	<u>2,010,397</u>
At 31 December 2009 / 1 January 2010	9,076,239
Total comprehensive income for the year	<u>3,204,963</u>
At 31 December 2010	<u>12,281,202</u>

## Statement of cash flows for the year ended 31 December 2010

	2010 RM	2009 RM
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditure	3,258,585	2,404,615
Adjustments for:		
Depreciation of plant and equipment	185,497	216,894
Interest income	(219,027)	(154,404)
Gain on disposal of plant and equipment	(190)	(8,257)
Plant and equipment write off	<u>5,974</u>	<u>-</u>
Excess of operating revenue over expenditure before changes in working capital	3,230,839	2,458,848
Changes in working capital:		
Other receivables, deposits and prepayments	(46,098)	40,882
Advanced billings	9,185	(2,357)
Other payables and accruals	<u>162,469</u>	<u>159,543</u>
Cash generated from operations	3,356,395	2,656,916
Income tax paid	<u>(159,554)</u>	<u>(560,475)</u>
<b>Net cash generated from operating activities</b>	<u>3,196,841</u>	<u>2,096,441</u>
<b>Cash flows from investing activities</b>		
Purchases of plant and equipment	(75,763)	(305,673)
Interest received	219,027	154,404
Proceeds from disposal of plant and equipment	<u>200</u>	<u>8,590</u>
<b>Net cash generated from/(used in) investing activities</b>	<u>143,464</u>	<u>(142,679)</u>
<b>Net increase in cash and cash equivalents</b>	3,340,305	1,953,762
<b>Cash and cash equivalents at 1 January</b>	<u>9,422,494</u>	<u>7,468,732</u>
<b>Cash and cash equivalents at 31 December</b>	<u>12,762,799</u>	<u>9,422,494</u>

## Statement of cash flows for the year ended 31 December 2010 (continued)

### Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2010 RM	2009 RM
Deposits and repo with a licensed financial institution	11,733,443	8,511,551
Cash and bank balances	<u>1,029,356</u>	<u>910,943</u>
	<u>12,762,799</u>	<u>9,422,494</u>

The notes on pages 52 to 63 are an integral part of these financial statements.

## Notes to the financial statements

The Federation of Investment Managers Malaysia is a company limited by guarantee, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Federation is as follows:

19-07-3, 7th Floor, PNB Damansara  
19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur

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

These financial statements were approved and authorised for issue by the Directors on 3 June 2011.

### 1. Basis of preparation

#### (a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The Federation has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Federation:

#### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010*

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

#### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010*

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011**

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
  - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
  - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011**

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012**

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Federation plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for the FRS 3, FRS 127, Amendments to FRS 2, Amendments to FRS 138, IC Interpretation 12, IC Interpretation 16, IC Interpretation 17 and IC Interpretation 18 which are not applicable to the Federation.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Federation.

Following the announcement by MASB on 1 August 2008, the Federation's financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 January 2012. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Federation.

**(b) Basis of measurement**

These financial statements have been prepared on the historical cost basis unless otherwise stated.

**(c) Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia (RM), which is the Federation's functional currency.

**(d) Use of estimates and judgements**

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

### (a) Financial instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. There is no significant impact on the financial statements of the Federation upon adoption.

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Federation becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

#### (ii) Financial instrument categories and subsequent measurement

The Federation categorises financial instruments as follows:

##### *Financial assets*

##### (a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see note 2(f)(i)).

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost.

#### (iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (b) Plant and equipment

#### (i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gains or losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

**(ii) Subsequent costs**

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Federation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives for the current and comparative periods are 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 reviewed, and adjusted as appropriate at the end of the reporting period.

**(c) Leased assets**

**(i) Operating lease**

Leases, where the Federation does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position of the Federation.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

**(d) Receivables**

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with note 2(a).

**(e) Cash and cash equivalents**

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

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy note 2(a).

**(f) Impairment**

**(i) Financial assets**

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.



**(ii) Other assets**

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (groups of units) on a *pro rata* basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

**(g) Employee benefits**

**(i) Short term employee benefits**

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Federation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) State plans**

The Federation's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Federation has no further payment obligations.

**(h) Provisions**

A provision is recognised if, as a result of a past event, the Federation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(i) Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(i) Revenue and other income**

**(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 income statement on a monthly basis over the 12 months of each financial year.

**(iii) Application and examination fees**

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

**(iv) Interest income**

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

**(j) Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

**3. Plant and equipment**

Cost	Office equipment RM	Furniture and fittings RM	Office renovations RM	Motor vehicles RM	Capital work-in progress RM	Total RM
At 1 January 2009	1,670,593	188,818	292,644	152,937	92,400	2,397,392
Additions	192,437	49,617	63,619	-	-	305,673
Disposals	(90,907)	(10,026)	-	-	-	(100,933)
Transfer	92,400	-	-	-	(92,400)	-
At 31 December 2009/ 1 January 2010	1,864,523	228,409	356,263	152,937	-	2,602,132
Additions	51,835	15,056	1,305	7,567	-	75,763
Disposals	(41,003)	-	-	-	-	(41,003)
Write offs	(100,469)	(8,640)	(55,154)	-	-	(164,263)
At 31 December 2010	1,774,886	234,825	302,414	160,504	-	2,472,629
<b>Depreciation</b>						
At 1 January 2009	1,344,094	112,657	292,644	130,701	-	1,880,096
Charge for the year	176,362	16,199	2,097	22,236	-	216,894
Disposals	(90,827)	(9,773)	-	-	-	(100,600)
At 31 December 2009/ 1 January 2010	1,429,629	119,083	294,741	152,937	-	1,996,390
Charge for the year	145,430	18,048	21,641	378	-	185,497
Disposals	(40,993)	-	-	-	-	(40,993)
Written off	(98,144)	(4,992)	(55,153)	-	-	(158,289)
At 31 December 2010	1,435,922	132,139	261,229	153,315	-	1,982,605
<b>Carrying amounts</b>						
At 1 January 2009	326,499	76,161	-	22,236	92,400	517,296
At 31 December 2009/ 1 January 2010	434,894	109,326	61,522	-	-	605,742
At 31 December 2010	338,964	102,686	41,185	7,189	-	490,024

**4. Other receivables, deposits and prepayments**

	2010 RM	2009 RM
Other receivables	39,659	49,328
Deposits	148,614	103,213
Prepayments	112,548	102,182
	300,821	254,723

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 5. Cash and cash equivalents

	2010 RM	2009 RM
Deposits and repo with a licensed financial institution	11,733,443	8,511,551
Cash and bank balances	<u>1,029,356</u>	<u>910,943</u>
	<u>12,762,799</u>	<u>9,422,494</u>

### 6. Deferred tax liability

Recognised deferred tax liability	2010 RM	2009 RM
Plant and equipment	103,133	108,264

### 7. Other payables and accruals

	2010 RM	2009 RM
<b>Other payables</b>	170,097	110,866
<b>Accruals and provisions</b>		
Staff bonus and benefit	388,492	274,997
Directors' attendance fees	105,750	180,000
Others	<u>172,129</u>	<u>108,136</u>
	<u>836,468</u>	<u>673,999</u>

### 8. Revenue

Revenue represents application and annual subscription fees from members, Institutional Unit Trust Advisers and Corporate Unit Trust Advisers, and Unit Trust Consultants' examination fees received or receivable.

### 9. Excess of revenue over expenditure

	2010 RM	2009 RM
Excess of revenue over expenditure is arrived at after charging:		
Auditors' remuneration		
- External audit	20,000	16,000
- Internal audit	18,000	-
- SRO readiness audit	55,000	-
UTC seminar expenses	464,203	422,066
Other project expenses	59,080	61,146
Unit trust examination expenses	1,283,170	1,294,014
Plant and equipment write off	<u>5,974</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 9. Excess of revenue over expenditure (continued)

	2010 RM	2009 RM
and crediting:		
Gain on disposal of plant and equipment	190	8,257
Unit trust examination fees	2,719,022	2,525,952
Interest income	219,027	154,404
Conference fees received	1,400	750
	=====	=====

The number of employees (excluding Directors) of the Federation during the year was 31 (2009: 27). Staff costs include contributions to the Employees' Provident Fund of RM219,001 (2009: RM165,878).

### 10. Key management personnel compensation

The key management personnel compensations are as follows:

	2010 RM	2009 RM
Directors:		
- Fees	105,750	110,000
Other key management personnel:		
- Short term employee benefits	284,000	263,150
	389,750	373,150
	=====	=====

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

The estimated monetary value of Directors' benefit-in-kind is RM11,045 (2009: RM4,300).

### 11. Income tax expense

Recognised in profit or loss

	2010 RM	2009 RM
Current tax expense - current	272,826	362,509
- prior year	(214,073)	(5,719)
	58,753	356,790
Deferred tax expense		
- Origination and reversal of temporary differences	(10,551)	46,310
- Under/(Over) provision in prior year	5,420	(8,882)
	(5,131)	37,428
	53,622	394,218
	=====	=====
<b>Reconciliation of effective tax expense</b>		
Excess of revenue over expenditure	3,258,585	2,404,615
Income tax using Malaysian tax rates *	847,232	649,246
Non-deductible expenses	55,452	22,435
Tax exempt income	(637,714)	(285,096)
Effect of changes in tax rates	(4,475)	8,882
Other items	7,200	4,470
	267,695	399,937
Over provision of tax expense in prior year	(214,073)	(5,719)
Income tax expense	53,622	394,218
	=====	=====

**11. Income tax expense (continued)**

\* 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 changes in tax rate above is a result of the disparity between corporate tax rate of 26% (2009: 27%) and the scale rates applicable to the Federation.

**12. Related party transactions*****Identity of related parties***

For the purposes of these financial statements, parties are considered to be related to the Federation if the Federation has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Federation and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Federation either directly or indirectly. The key management personnel includes all the Directors of the Federation, and certain members of senior management of the Federation.

The significant related party transactions of the Federation, other than key management personnel compensation (see note 10), are as follows:

	2010 RM	2009 RM
Amount paid/payable for professional services		
- rendered by Raja, Darryl & Loh, Advocates & Solicitors in which a Director is a partner	19,240	117,208
	=====	=====

**13. Financial instruments**

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

**13.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Other financial liabilities measured at amortised cost (OL).

	Carrying amount RM	L&R RM	Others RM
<b>2010</b>			
<b>Financial assets</b>			
Other receivables, deposits and prepayments	300,821	188,273	112,548
Cash and cash equivalents	12,762,799	12,762,799	-
	13,063,620	12,951,072	112,548
	=====	=====	=====
		Carrying amount RM	OL RM
<b>2010</b>			
<b>Financial liabilities</b>			
Other payables and accruals		836,468	836,468
		=====	=====



**13.2 Net gains arising from financial instruments**

	2010 RM
Net gains arising on:	
<b>Financial assets</b>	
Loans and receivables	219,027 =====

**13.3 Financial risk management**

The Federation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

**13.4 Credit risk**

Credit risk is the risk of a financial loss to the Federation if a counterparty to a financial instrument fails to meet its contractual obligations. Management monitors credit risk on an ongoing basis. The Federation's exposure to credit risk arises principally from fixed deposits placed with a licensed financial institution.

At the end of the reporting period, there was no significant concentration of credit risk as fixed deposits are placed with financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Board has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are members, Institutional Unit Trust Advisers and Corporate Unit Trust Advisers that have been transacting with the Federation. The Federation uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

The ageing of receivables as at the end of the reporting period were:

	Gross RM	Individual impairment RM	Collective impairment RM	Net RM
<b>2010</b>				
<b>Other receivables</b>				
Not past due	39,659 =====	-----	-----	39,659 =====

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

**13.5 Liquidity risk**

Liquidity risk is the risk that the Federation will not be able to meet its financial obligations as they fall due. The Federation's exposure to liquidity risk arises principally from its other payables.

The Federation monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Federation's operations and to mitigate the effects of fluctuations in cash flows.

**13.5 Liquidity risk (continued)***Maturity analysis*

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

	Carrying amount RM	Under 1 year RM
<b>2010</b>		
Other payables	836,468 =====	836,468 =====

**13.6 Interest rate risk**

The Federation does not have any borrowings. Excess funds which are placed in short term fixed deposits based on the prevailing rates are not significantly exposed to interest rate risk as they are stated at amortised costs.

The interest rate profile of the Federation's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2010 RM	2009 RM
<b>Fixed rate instruments</b>		
Deposits with a financial institution	11,733,443 =====	8,511,551 =====

*Interest rate risk sensitivity analysis*

The Federation does not account for any fixed rate financial assets at fair value. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

**Fair values**

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

**14. Comparative figures****14.1 FRS 101, Presentation of Financial Statements (revised)**

Arising from the adoption of FRS 101 (revised), income statement for the year ended 31 December 2010 have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

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

In the opinion of the Directors, the financial statements set out on pages 50 to 63 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Federation at 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the Directors:

**Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah**  
Deputy Chairman

**Tan Keah Huat**  
Treasurer

Kuala Lumpur

Date: **3 June 2011**

## Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Lee Siew Hoong**, 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 50 to 63 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 above named in Kuala Lumpur on 3 June 2011.

**Lee Siew Hoong**

Before me:  
**Charanjit Kaur**  
No. W 606  
Commission for Oaths  
Kuala Lumpur

## Independent auditors' report to the members of Federation of Investment Managers Malaysia

(Company No. 272577-P)  
(A Company Limited by Guarantee)  
(Incorporated in 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 2010, and the statements of comprehensive income, changes in accumulated funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 63.

### *Directors' responsibility for the financial statements*

The Federation's Directors are responsible for the preparation of financial statements that give true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Federation's Directors determine are 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 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Federation's 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 audit opinion.

## INDEPENDENT AUDITORS' REPORT (cont'd)

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and 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 2010 and of its financial performance and cash flows for the year then ended.

### **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 Act to be kept by the Federation have been properly kept in accordance with the provisions of the Act.

### **Other matters**

This report is made solely 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 responsibility to any other person for the content of this report.

#### **KPMG**

Firm Number: AF 0758  
Chartered Accountants

#### **Thong Foo Vung**

Approval Number: 2867/08/12(J)  
Chartered Accountant

Petaling Jaya, Selangor  
Date: 3 June 2011



## Detailed statement of comprehensive income for the year ended 31 December 2010

	2010 RM	2009 RM
<b>Revenue</b>		
Members' subscription	5,415,830	4,959,567
Members' application fees	5,000	15,000
Examination fees	2,719,022	2,525,952
Institutional Unit Trust Advisers (IUTAs)		
- application fees	1,250	6,250
- annual fees	885,499	844,021
Income from Corporate Unit Trust Advisers (CUTAs)	<u>26,793</u>	<u>15,007</u>
	<u>9,053,394</u>	<u>8,365,797</u>
<b>Interest income</b>	219,027	154,404
<b>Other income</b>		
Books/Materials sales	109	69
Conference income	1,400	750
Sundry income	<u>5,989</u>	<u>2,711</u>
	<u>7,498</u>	<u>3,530</u>
<b>Less: Expenditure</b>		
Depreciation	(185,497)	(216,894)
Examination expenses	(1,283,170)	(1,294,014)
Rental	(316,197)	(314,112)
Staff costs	<u>(2,145,160)</u>	<u>(1,625,390)</u>

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

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 DECEMBER 2010 (cont'd)

**Detailed statement of comprehensive income for the year  
ended 31 December 2010** (continued)

	2010 RM	2009 RM
<i>Other operating and administrative expenses</i>		
Advertisement	(58,103)	(51,619)
Auditors' remuneration		
- External audit	(20,000)	(16,000)
- Internal audit	(18,000)	-
- SRO readiness audit	(55,000)	-
Bank charges	(3,820)	(3,207)
Other project expenses	(59,080)	(61,146)
Computer program	(138,063)	(127,240)
Council and committee events	(61,786)	(96,851)
Long service awards	-	(110,000)
Courier and postage	(2,231)	(2,689)
Entertainment	(11,687)	(19,078)
Insurance	(4,008)	(4,683)
Gain on disposal of plant and equipment	190	8,257
Plant and equipment write off	(5,974)	-
Magazines and periodicals	(4,633)	(4,834)
Printing and stationery	(35,024)	(26,156)
Professional fees	(45,447)	(112,720)
Secretarial fees	(1,200)	(1,260)
Study tour/conference	(197,130)	(232,412)
Sundry expenses	(10,344)	(7,466)
Promotion - Billboard/Media advertisement	(259,208)	(852,176)
Telephone and faxes	(64,418)	(61,651)
Travelling and accommodation	(40,737)	(35,223)
UTCs seminar expenses	(464,203)	(422,066)
UTCs expenses	(296,861)	(347,132)
Upkeep of office	(21,330)	(20,452)
Upkeep of office equipment	(11,682)	(4,502)
Water and electricity	(25,669)	(22,511)

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

## Detailed statement of comprehensive income for the year ended 31 December 2010 (continued)

	2010 RM	2009 RM
<i>Other operating and administrative expenses (continued)</i>		
AGM expenses	(32,146)	(33,889)
Attendance fees	(105,750)	-
Filing and stamping fee	(2,864)	-
Bankruptcy search on UTCs	(35,102)	-
	(2,091,310)	(2,668,706)
Excess of revenue over expenditure	3,258,585	2,404,615
Income tax expense	(53,622)	(394,218)
<b>Excess of revenue over expenditure after taxation and total comprehensive income for the year</b>	<b>3,204,963</b>	<b>2,010,397</b>
	=====	=====

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

# PROXY FORM



Federation of Investment Managers Malaysia  
(Incorporated in Malaysia) (272577-P)

I, \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)  
of \_\_\_\_\_  
being the Authorised Representative of the Ordinary Member (being a member of FIMM) HEREBY APPOINT the **\*Chairman of the Meeting** or  
of \_\_\_\_\_  
as my proxy to vote for me and on my behalf at the 17th Annual General Meeting of FIMM to be held on the Wednesday, 29 June 2011 at 10.00 a.m.  
and at any adjournment thereof.

**\*Note:**

1. 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."
2. Please indicate with an "x" in the spaces provided how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.

Resolutions	For	Against																																																												
<b>Ordinary Resolution</b> To receive and discuss the signed Minutes of the Sixteenth (16th) Annual General Meeting held on 4 June 2010.																																																														
<b>Ordinary Resolution</b> To receive the Chairman’s Report.																																																														
<b>Ordinary Resolution</b> To receive and consider the audited financial statements and the reports of the Board of FIMM for the financial year ended 31 December 2010.																																																														
<b>Ordinary Resolution</b> To approve the re-appointment of En. Abdul Kadir Bin Md Kassim who retires as a Board Director of FIMM in accordance with Section 129(2) of the Companies Act 1965.																																																														
<b>Ordinary Resolution</b> To elect from the nominees approved by the Securities Commission as listed in Table A below the Board Directors of FIMM to hold office until the Annual General Meeting of 2013 in accordance with Article 46 of the Articles of Association of FIMM:  <b>Table A - Election of Board Directors</b>																																																														
<table><tr><th>No.</th><th>Name of Nominee</th><th>Name of Company</th><th>Constituency</th></tr><tr><td>1.</td><td>Dato’ Idris Bin Kechot</td><td>Amanah Saham Nasional Berhad</td><td>A</td></tr><tr><td>2.</td><td>Ms. Yeoh Kim Hong</td><td>Public Mutual Bhd</td><td>A</td></tr><tr><td>3.</td><td>Ms. Cheah Lee Ling</td><td>Prudential Fund Management Bhd</td><td>B</td></tr><tr><td>4.</td><td>Mr. John Campbell Tupling</td><td>CIMB-Principal Asset Management Bhd</td><td>B</td></tr><tr><td>5.</td><td>Tunku Dato’ Ya’acob Bin Tunku Tan Sri Abdullah</td><td>MAAKL Mutual Bhd</td><td>B</td></tr><tr><td>6.</td><td>Mr. Harinder Pal Singh</td><td>AmInvestment Services Bhd</td><td>C</td></tr><tr><td>7.</td><td>Mr. Ho Seng Yee</td><td>OSK-OUB Unit Trust Management Bhd</td><td>C</td></tr><tr><td>8.</td><td>Dato’ Ong Chong Gain</td><td>ING Funds Bhd</td><td>C</td></tr><tr><td>9.</td><td>En. Nor’ Azamin Bin Salleh</td><td>Mayban Investment Management Sdn Bhd</td><td>D</td></tr><tr><td>10.</td><td>Mr. Tan Keah Huat</td><td>Apex Investment Services Bhd</td><td>D</td></tr><tr><td>11.</td><td>Mr. Teng Chee Wai</td><td>HwangDBS Investment Management Bhd</td><td>D</td></tr><tr><td>12.</td><td>En. Mohamad Ayob Bin Abu Hassan</td><td>Affin Fund Management Bhd</td><td>E</td></tr><tr><td>13.</td><td>En. Mohd Fadzli Bin Mohd Anas</td><td>Phillip Mutual Bhd</td><td>E</td></tr><tr><td>14.</td><td>Mr. Wong Teck Meng</td><td>Areca Capital Sdn Bhd</td><td>E</td></tr></table>	No.	Name of Nominee	Name of Company	Constituency	1.	Dato’ Idris Bin Kechot	Amanah Saham Nasional Berhad	A	2.	Ms. Yeoh Kim Hong	Public Mutual Bhd	A	3.	Ms. Cheah Lee Ling	Prudential Fund Management Bhd	B	4.	Mr. John Campbell Tupling	CIMB-Principal Asset Management Bhd	B	5.	Tunku Dato’ Ya’acob Bin Tunku Tan Sri Abdullah	MAAKL Mutual Bhd	B	6.	Mr. Harinder Pal Singh	AmInvestment Services Bhd	C	7.	Mr. Ho Seng Yee	OSK-OUB Unit Trust Management Bhd	C	8.	Dato’ Ong Chong Gain	ING Funds Bhd	C	9.	En. Nor’ Azamin Bin Salleh	Mayban Investment Management Sdn Bhd	D	10.	Mr. Tan Keah Huat	Apex Investment Services Bhd	D	11.	Mr. Teng Chee Wai	HwangDBS Investment Management Bhd	D	12.	En. Mohamad Ayob Bin Abu Hassan	Affin Fund Management Bhd	E	13.	En. Mohd Fadzli Bin Mohd Anas	Phillip Mutual Bhd	E	14.	Mr. Wong Teck Meng	Areca Capital Sdn Bhd	E		
No.	Name of Nominee	Name of Company	Constituency																																																											
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<b>Ordinary Resolution</b> To appoint Messrs. Morison Anuarul Azizan Chew as the Auditors of FIMM in place of Messrs. KPMG who do not wish to seek for re-appointment and to authorise the Board to fix their remuneration.																																																														
<b>Special Business:</b> <b>Ordinary Resolution</b> Proposed Payment of Attendance Fee																																																														
i. THAT effective 1 January 2011 the attendance fee to be paid to Board members and designated persons for attendance at Committee meetings be increased from RM500.00 to RM1,000.00. ii. THAT the attendance fee may only be varied, altered or amended with approval of the Ordinary Members at an annual general meeting of FIMM.																																																														

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signature

**NOTE:**

The instrument appointing a proxy must be deposited with the Secretary at the Registered Office of FIMM at RDL Corporate Services Sdn Bhd, 18th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur (Tel No: 03-2694 9999 Fax No: 03-2692 7942) not later than 10.00 a.m. on 27 June 2011.

FIRST FOLD

STAMP

**Federation of Investment Managers Malaysia**  
19-07-03, 7th floor, PNB Damansara, No. 19, Lorong Dungun,  
Damansara Heights, 50490 Kuala Lumpur.  
Tel : 03-2093 2600 Fax : 03-2093 2700  
E-mail : [info@fimm.com.my](mailto:info@fimm.com.my)  
Website : [www.fimm.com.my](http://www.fimm.com.my)

SECOND FOLD







**FEDERATION OF INVESTMENT MANAGERS MALAYSIA** (272577-P)

19-07-03, 7th Floor, PNB Damansara  
No. 19, Lorong Dungun, Damansara Heights  
50490 Kuala Lumpur