

2012
FIMM
Federation of Investment Managers Malaysia
Annual Report

Contents

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Vision

Managing Investments For All Malaysians

Mission



**Building the highest level of trust, integrity,
standards and ethics for investor security,
growth and knowledge in the Investment
Management Industry**



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Nineteenth (19th) Annual General Meeting of Federation of Investment Managers Malaysia (“FIMM”) will be held at Function Room 3 of Kuala Lumpur Golf & Country Club, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, on Tuesday, **25th June 2013, at 10.00am.**

AGENDA

Ordinary Business

- | | |
|--|------------------------------|
| 1. To receive the audited financial statements and the reports of the Board of FIMM for the financial year ended 31 December 2012. | Ordinary Resolution 1 |
| 2. To approve the re-appointment of En. Abdul Kadir Bin Md. Kassim who retires as a Director of FIMM in accordance with Section 129(2) of the Companies Act 1965. | Ordinary Resolution 2 |
| 3. To elect a maximum of 2 nominees for each Constituency from the list of nominees approved by the Securities Commission in Table A below as members of the Board of Directors of FIMM, to hold office until the end of the Annual General Meeting of 2015 in accordance with Article 46 of the Articles of Association FIMM: | Ordinary Resolution 3 |

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

No.	Name of Members	Name of Nominee	Constituency
1.	Amanah Saham Nasional Berhad	En. Mohammad Bin Hussin	A
2.	CIMB Wealth Advisors Berhad	Pn. Munirah Binti Khairuddin	A
3.	Public Mutual Berhad	Ms. Yeoh Kim Hong	A
4.	CIMB-Principal Asset Management Berhad	Mr. Pedro Esteban Borda	B
5.	Hwang Investment Management Berhad	Mr. Teng Chee Wai	B
6.	OSK-UOB Investment Management Berhad	Mr. Ho Seng Yee	B
7.	AmInvestment Services Berhad	Mr. Harinder Pal Singh	C
8.	ING Funds Berhad	Mr. Ismitz Matthew De Alwis	C
9.	MAAKL Mutual Berhad	En. Muhamad Umar Swift	C
10.	Affin Fund Management Berhad	Dato' Mohamad Ayob Bin Abu Hassan	D
11.	Areca Capital Sdn. Bhd.	Mr. Wong Teck Meng	D
12.	Maybank Asset Management Sdn. Bhd.	En. Nor' Azamin Bin Salleh	D
13.	Permodalan BSN Berhad	En. Kamarul Izam Bin Idrus	D

4. To re-appoint Messrs. Morison Anuarul Azizan Chew as Auditors of FIMM to hold office until the conclusion of the next Annual General Meeting of FIMM and to authorise the Directors to fix their remuneration.
5. a) To note the total attendance fee of RM501,000.00 paid to members of the Board and committees for meeting attendances in the year 2012 and the total attendance fee of RM1,500.00 paid to non-members of the Board for committees meeting attendances in the year 2012.
b) To note the total annual allowance of RM36,000.00 paid to the Chairman for the year 2012.

**Ordinary
Resolution 4**

**Ordinary
Resolution 5**

By Order of the Board,



Cheong Chooi Keat
Secretary

Dated: **30 MAY 2013**

Notes:

1. A member of FIMM entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead.
2. A proxy appointed to attend and vote at the Annual General Meeting of FIMM shall be either:
(a) Chairman of the Meeting or (b) any other person who may but need not be a member of FIMM.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney and the Directors may, but shall not be bound to require evidence of the authority of the appointer or his attorney.
4. The instrument appointing a proxy may specify the manner in which the vote is to be cast in respect of each resolution and if the instrument does not provide so, the proxy will vote or abstain from voting at his discretion.
5. The Proxy Form must be deposited at the Registered Office of FIMM c/o RDL Corporate Services Sdn Bhd, 16th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur (Tel No: 26949999, Fax No: 26927942) not later than **10.00 am on 23 June 2013**.

Corporate Information

BOARD OF DIRECTORS As at December 2012

- En. Abdul Kadir Bin Md. Kassim
- Chairman / Public Interest Director
- Datuk Meriam Binti Hj. Ya'acob
- Public Interest Director
- Datuk Siti Hadzar Binti Mohd Ismail
- Public Interest Director
- Datuk Wira Jahaya Bin Mat
- Public Interest Director
- Dato' Idris Bin Kechot
- Amanah Saham Nasional Bhd
- Dato' Mohamad Ayob Bin Abu Hassan
- Affin Fund Management Bhd
- Dato' Syed Norulzaman Syed Kamarulzaman
- Public Interest Director
- Dato' Steve Ong Chong Gain
- ING Funds Bhd
- Prof. Dr. Saiful Azhar Bin Rosly
- Public Interest Director
- Dr. Sieh Lee Mei Ling
- Public Interest Director
- Mr. Danny Wong Teck Meng
- Areca Capital Sdn Bhd
- Mr. George Yap Koi Ming
- Public Interest Director
- Mr. Ho Seng Yee
- OSK-UOB Investment Management Bhd
- Mr. John Campbell Tupling
- CIMB-Principal Asset Management Bhd
- En. Muhamad Umar Swift
- MAAKL Mutual Bhd
- En. Nor' Azamin Bin Salleh
- Maybank Asset Management Sdn Bhd
- Ms. Vasantha N Punniamoorthy
- Public Interest Director
- Mr. Teng Chee Wai
- Hwang Investment Management Bhd
- Ms. Yeoh Kim Hong
- Public Mutual Bhd

MANAGEMENT CHIEF EXECUTIVE OFFICER

En. Ahmad Zakie Bin Hj. Ahmad Shariff

PAST COUNCIL PRESIDENTS/CHAIRMAN

1993 (Pro Tem Council)

Mr. Steven Soh Teck Toh

1994 – 1995

Dato' Malek Merican

1996 – 1997

Dato' Kamaruddin Mohammed

1998 – 2003

Dato' Seri Abdul Azim Mohd Zabidi

2004 – February 2011

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

February 2011 – Present

En. Abdul Kadir Bin Md. Kassim

REGISTERED OFFICE

RDL Corporate Services Sdn Bhd

16th 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

AUDITORS & TAX CONSULTANT

Morison Anuarul Azizan Chew

18th, Jalan 1/64

Off Jalan Kolam Air/ Jalan Ipoh

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

INTERNAL AUDITORS

BDO Governance Advisory Sdn Bhd

12th Floor, Menara UniAsia

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

Board of Directors Attendance Record

	16 JAN 2012 16 th	21 MAR 2012 17 th	23 MAY 2012 18 th	13 AUG 2012 19 th	12 OCT 2012 20 th	22 NOV 2012 21 st	TOTAL
En. Abdul Kadir Md. Kassim - Chairman							6
Datuk Meriam Binti Hj. Yaacob - PID							6
Datuk Siti Hadzar Binti Mohd Ismail - PID							5
Datuk Wira Jahaya Bin Mat - PID							6
Dato' Idris Bin Kechot - Amanah Saham Nasional Bhd							5
Dato' Mohamad Ayob Bin Abu Hassan - Affin Fund Management Bhd							6
Prof. Dr. Saiful Azhar Bin Rosly - PID							5
Dr. Sieh Lee Mei Ling - PID							6
Mr. Danny Wong Teck Meng - Areca Capital Sdn Bhd							6
Mr. George Yap Koi Ming - PID							0
Mr. Ho Seng Yee - OSK-UOB Investment Management Bhd							5
Mr. John Campbell Tupling - CIMB-Principal Asset Management Bhd							3
En. Muhamad Umar Swift - MAAKL Mutual Bhd [Appointed : 28 May 2012]							3
En. Nor'Azamin Bin Salleh - Maybank Asset Management Sdn Bhd							5
Ms. Vasantha N Punniamoorthy - PID							5
Mr. Teng Chee Wai - Hwang Investment Management Bhd							5
Ms. Yeoh Kim Hong - Public Mutual Bhd							3
Dato' Steve Ong Chong Gain - ING Funds Bhd [Resigned w.e.f 28 Sept 2012]							4
Dato' Syed Norulzaman Syed Kamarulzaman - PID [Resigned w.e.f 3 Aug 2012]							3
En. Ahmad Zakie Bin Hj. Ahmad Shariff - Chief Executive Officer (Appointed 2 Feb 2012)							5

PID - Public Interest Director



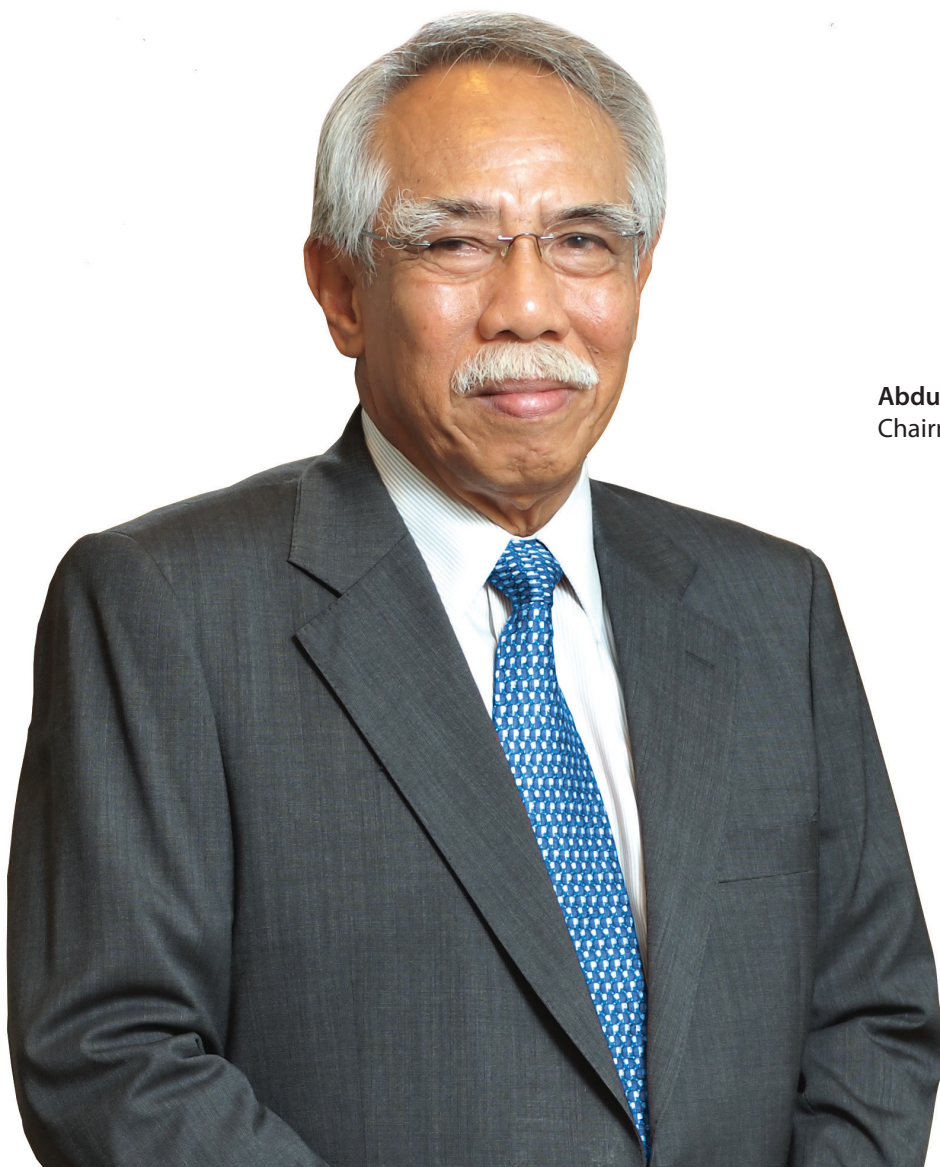
Present



Absent

Chairman's Message

Federation of Investment Managers Malaysia



Abdul Kadir Md. Kassim
Chairman

The last 12 months proved to be an exciting time for us at the Federation of Investment Managers Malaysia (FIMM) as we steered the investment management industry towards sustainable development by providing industry stewardship and fulfilling our mandate as a Self-Regulatory Organisation (SRO).

As a full-fledged SRO, FIMM now has the added responsibility of ensuring the sustainable development of our industry. Our various committees have undertaken quite a number of initiatives in a bid to improve our functioning as an SRO and this annual report contains details of these initiatives. One of the key and fundamental operatives, during the period under review has been investor guidance and protection. Robust regulatory frameworks and enhanced surveillance activities will be in place to enhance investor confidence and market

integrity that will continue to drive sustainable growth of the industry. We take our designation as an SRO seriously, and our activities over the past year should be read as a statement of intent on our future plans.

Indeed, 2012 proved pivotal for us as our role was expanded to oversee the marketing and distribution of Private Retirement Scheme (PRS) products following their launch last year.

The voluntary PRS has boosted Malaysia into the ranks of developed countries with full-fledged private pension systems. The scheme functions as the third pillar supporting retirees in addition to the Employees Provident Fund (EPF) and the government welfare system is poised to become an integral feature of the Malaysian retirement savings.

Malaysia is *en route* to becoming a high income nation, and the PRS aims to complement this development. The new scheme provides Malaysians with an alternative and diversified retirement savings scheme, which has the knock-on effect of improving the liquidity of local investing markets.

Our charter to regulate PRS distributors and marketers is as important, if not more so, than our work with the unit trust industry because retirement planning is an integral part of any savings plan. As such, our responsibility to foster a sense of trust in the scheme through the conduct of our members must become a foremost priority.

As the Chairman of FIMM, I am pleased to report that our work in this area—burgeoning no doubt—is starting to show results, and I hope to see greater innovation undertaken to further raise the level of education and awareness of the investment management industry. The scheme has far-reaching impact for all working-age Malaysians, and one designed specifically with the people in mind.

2012 – Another year of sustainable growth

Despite heightened market volatility and a challenging economic environment on the global front, coupled with higher expectations from the investors, the Net Asset Value (NAV) of the Malaysian unit trust industry grew at a rapid pace of 18.2% in 2012 from the previous year. The market for Islamic funds also showed robust growth, soaring 39.3% from 2011.

As an SRO for the domestic unit trust industry, FIMM continued to hold stakeholder engagement activities throughout 2012, placing emphasis on strengthening our relationship with the Securities Commission and government agencies such as the Employees Provident Fund (EPF). By pursuing this open line of communication with our counterparts, we hope to support the industry in exploring new growth areas and resolving challenges, allowing the Malaysian market to reach greater heights going forward.

Unit Trust Industry Performance

As at 31 December 2012, the NAV of the unit trust industry rose 18.2%, higher from 2011 to RM294.8 billion. The key statistics for the year, in summary, are as follows:

- Net growth in NAV of 17.8% to RM294 billion.
- 4% year-on-year growth in unit trust accountholders to 16.1 million.
- NAV of the unit trust industry represented 20.1% of Bursa Malaysia's market capitalisation in 2012, accounting for a growth of 0.69%.
- 54 new unit trust funds were launch, while 35 funds matured or were terminated. This brought the total number of unit trust funds to 596 as at 31 December 2012, or 32 unit trust funds more than in 2011.

- The total NAV of Islamic unit trust funds surged 39.3% year-on-year to RM44.2 billion.

Conventional funds accounted for 71%, or 420 of the industry's total 589 funds, while Islamic funds amounted to 169 funds (29%).

Review of FIMM's Operations

FIMM reported a net surplus after tax of RM2.87 million in 2012, 25% lower than the surplus of RM3.81 million in 2011. While the Federation recorded a 7% growth in total revenue, this was offset to a 25% increase in staff and administration costs, leading to the lower surplus for the year.

The Federation's total expenditure for the year amounted to RM7.63 million while total income rose 6.53% year-on-year to RM10.9 million in 2012, although gross examination revenue declined 20% to RM2.79 million. This followed from the lower number of Computerised Unit Trust Examination (CUTE) candidates registered during the year, which declined 19% to 15,661. The decline in the number of CUTE candidates registered is attributed to the revision in the eligibility requirements for unit trust consultants (UTC).

As at 31 December 2012, the total number of UTC amounted to 49,530 against 60,394 in 2011. The reduction was mainly due to the fulfillment of the renewal requirements, amongst others the Continuing Professional Development (CPD) compliance requirement for UTC and the Statutory Declaration (SD) for continuous eligibility requirement of UTC.

Meanwhile, 82.6% of the total registered UTC was attached to Members of FIMM, while the remaining 17.4% comprised paid employees of Institutional Unit Trust Advisers (IUTA) and Corporate Unit Trust Advisers (CUTA).

As at the end of 2012, FIMM's total reserve amounted to RM19 million compared to RM16 million a year earlier.

Appreciation

I would like to take this opportunity to express my heartiest appreciation to FIMM's Board of Directors and Council and Committee members for their guidance in helping to growth the industry. I would also like to thank the FIMM Management for their commitment in ensuring the Federation operates efficiently. As Chairman of FIMM, I look forward to witnessing more milestones from the Federation in the years to come, and to continue working with the industry as it reaps further growth.



Abdul Kadir Md. Kassim
Chairman

Chief Executive Officer's Message

Federation of Investment Managers Malaysia



Ahmad Zakie Bin Hj. Ahmad Shariff
Chief Executive Officer

2012 was a busy year for all of us at the Federation of Investment Managers Malaysia (FIMM) as we shifted progressively into our role as a referent Self-Regulatory Organisation (SRO) for the Investment Management Industry. The new designation entailed new responsibilities and our committees were kept busy with new initiatives in the areas of Governance, Operations, Regulations and Industry Development as per our SRO status.

I am pleased to report that we have made significant progress in these areas, and the annual report provides greater details about our accomplishments over the past 12 months. However, we have to bear in mind that we are still in the early days of our organisation's designation as an SRO, as well as the marketing and distribution regulator for the Private Retirement Scheme (PRS).

I am certain that we will face new challenges going forward, and we must prepare ourselves for changes that have yet to come. Nonetheless we have developed a robust blueprint that will help guide our way forward. The blueprint can be divided into three categories:

- Enhancing FIMM's regulatory function
- Improving our internal audit function
- Further developing our unit trust and PRS industries

Enhancing FIMM's regulatory function

It is important that we establish a solid foundation upon which to build our regulatory framework. To do so, we must establish the correct infrastructure including a robust legal and governance framework. These frameworks will work together to ensure that our members observe appropriate conduct at all times.

Meanwhile, FIMM will establish a framework that further protects investors and improving investor education. A draft of these frameworks, if not the final construct, will be completed in 2013.

FIMM also strives to improve its own processes and hence we plan to review some of our core internal processes to further improve our effectiveness and efficiency. This entails improving a set of criteria to ensure that registered members meet our 'fit and proper' test.

We plan to establish an effective supervision framework and surveillance strategy that will help us monitor the conduct of our members, as well as develop clear criteria and processes on enforcement actions so that we can take remedial action if necessary.

Finally, we aim to better formalise our relationship with the Securities Commission by establishing the appropriate engagement protocol when dealing with regulatory matters. The co-operation of the SC is paramount in these matters, and we are cognisant of the need to build an open and collaborative relationship with them.

Improving the Internal Audit Function

We aim to achieve three goals with respect to our own internal audit function: ensure that the function contributes to business performance; that it enables us to meet our business needs; and that we have the right human resource strategy to meet our objectives.

To do so, we will establish our own Internal Audit Charter and Manual, an Enterprise Risk Management Manual and a career development programme that incorporates training and competency development. These will all be undertaken and delivered in 2013.

Further developing our unit trust and PRS industries

As a regulatory steward of the investment management industry, we need to play a leadership role in driving the industry while at the same time providing it with efficient

services. On the most elementary, and important, level, this means providing Malaysians with an efficient investment vehicle and accompanying services.

We have broken down our work in this category into seven sub-divisions:

- 1) Advocacy work to promote the role of the investment management industry in all areas through:
 - a. Proactively advocate industry positions to regulators and other statutory bodies on a broader range of capital markets issues to promote market transparency and liquidity.
 - b. Position FIMM as an active participant in discussions of regulatory approaches, structures and processes.
 - c. Create FIMM policy positions based on research and analysis that educates stakeholders and demonstrates mutuality of interests between the industry and investors.
 - d. Advocate for the creation and adoption of best practices and, where possible, harmonised approaches for investment management products and services.
 - e. Maintain an effective relationship with other regulators and statutory bodies to ensure smooth implementation and operations of investment management products and services.
- 2) Investor guidance and confidence enhancement through:
 - a. The expansion of investor education and financial literacy campaigns.
 - b. The creation of integrated communication platforms that serves to inform and educate, and that will provide access to information at anytime and anywhere. Promote public awareness of the importance of the industry, investing and the role of pooled investments.
 - c. Demystification of the investment process and terms, which may confuse investors.
 - d. Adoption of a proactive approach in the strategic communications blueprint of the industry highlighting synergies and shared opportunities.
- 3) Set standards for investment and advisory practices, and hold consultations with relevant experts to stay in front of changing market issues.
- 4) Become the primary source for permanent and transactional information, and data for the Malaysian investment management industry. We will leverage on information technology (IT) as a key enabler, which can then be used as a base for FIMM to offer customised services and tools.

- 5) Education: We aim to promote professional excellence within our membership to ensure that they are equipped to compete regionally. This will be done through strategic alliances with educational institutions to develop and uphold the industry's highest standards of individual and corporate practices.
- 6) Strengthen the competitiveness of the industry by converging towards international standards and best practices.
- 7) Establish a consultative committee to work together with the SC to increase the quality of disclosure of offer documents, and to streamline approval processes and new product authorisation framework in order to improve time-to-market of new products and services.

It is quite clear to see that we will have a busy year ahead of us even as we strive to meet the goals that we have set before ourselves. Nonetheless, I am confident that our Directors and Committee Members are more than capable to help us accomplish our targets, which will transform our industry into a thriving and robust sector.

I would like to take this opportunity to thank the Directors and Committee Members who have worked hard in 2012 to help us step forward with the right footing, and also to all our Members who continue to form the spine of our industry. It goes without saying that FIMM and the investment management industry can expect to see significant change in the coming months, but I am certain that we are prepared to meet the challenge.



En. Ahmad Zakie Bin Hj. Ahmad Shariff
Chief Executive Officer

Board of Directors / CEO



Chairman

1. En. Abdul Kadir Bin Md. Kassim

Board of Directors

2. Datuk Siti Hadzar Binti Mohd Ismail
3. Datuk Meriam Binti Hj. Ya'acob
4. Datuk Wira Jahaya Bin Mat
5. Dato' Mohamad Ayob Bin Abu Hassan
6. Dato' Idris Bin Kechot
7. Dato' Syed Norulzaman Syen Kamarulzaman (Resigned)
8. Dato' Steve Ong Chong Gain (Resigned)

9. Prof. Dr. Saiful Azhar Rosly
10. Dr. Sieh Lee Mei Ling
11. En. Nor' Azamin Bin Salleh
12. En. Muhamad Umar Swift
13. Mr. John Campbell Tupling
14. Mr. Teng Chee Wai
15. Mr. Danny Wong Teck Meng
16. Mr. Ho Seng Yee
17. Mr. George Yap Koi Ming
18. Ms. Yeoh Kim Hong
19. Ms. Vasantha N Punniamoorthy
20. En. Ahmad Zakie Bin Hj. Ahmad Shariff



En. Abdul Kadir Bin Md. Kassim
Chairman / Public Interest Director

Abdul Kadir Md. Kassim, a Malaysian, aged 72, was appointed to the Board of Federation of Investment Managers Malaysia (FIMM) on 18 February 2011.

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

Kadir sits on the Board of UEM Group Berhad and is Chairman of TimedotCom Berhad, of UEM Builders Berhad and of Cement Industries of Malaysia Berhad.

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. Kadir is a trustee of Datuk Yaw Teck Seng Foundation and also is a trustee of The Renong Group Scholarship Trust Fund.

He has no interest in FIMM. He also has no family relationship with any Director and/or shareholders of FIMM.

He has not been convicted of any offence in the past 10 years.



Datuk Siti Hadzar Binti Mohd Ismail
Public Interest Director

Date of Appointment : 22nd February 2011

Date of last re-election: -

Duration of previous appointment: 2 Years

Present Directorship(s):

- Chairman, Malaysian Technology Development Corporation
- Board Member, Teraju Bumiputera Corporation

Academic / Professional Qualification(s):

- B.Ec. Hons. (Analytical Economics) University of Malaya
- M.A. (Development Economics), Williams College, USA

Present Appointment (s):

- Advisor to Minister, Economic Planning Unit, Prime Minister's Department.

Board of Directors



Datuk Meriam Binti Hj. Ya'acob
Public Interest Director

Date of Appointment : 3rd March 2011

Date of last re-election: -

Duration of previous appointment: 2 Years

Present Directorship(s):

- Director, BOH Plantation Sdn Bhd
- Director, Goodyear Malaysia Berhad
- Director, Goodyear Marketing and Sales Sdn Bhd

Academic/Professional Qualification(s):

- Bachelor Of Commerce and Administration, Victoria University of Wellington, New Zealand
- Certified Financial Planner
- Licensed Company Secretary

Board of Directors



Datuk Wira Jahaya Bin Mat
Public Interest Director

Date of Appointment : 11th March 2011

Date of last re-election: -

Duration of previous appointment: 2 Years

Present Directorship(s):

- Board Member, Federation of Investment Managers Malaysia

Academic/Professional Qualification(s):

- Bachelor of Economics in Rural Development, University Malaya
- Masters in International Business Studies, University of South Carolina

Present Appointment (s):

- Executive Committee, Koperasi Setia (Malaysia) Berhad
- Vice President of Majlis Datuk-Datuk Melaka.
- Executive Committee, Persatuan Alumni Universiti Malaya
- Secretary General, Kelab UMNO Pesara Kanan Kerajaan Malaysia
- Executive Committee, Alumni Perkhidmatan Tadbir Dan Diplomatik



Dato' Mohamad Ayob Bin Abu Hassan
Director

Date of Appointment : 30th August 2010

Date of last re-election: 29th June 2011

Duration of previous appointment: 3 Years

Present Directorship(s):

- Board Member of Affin Fund Management Berhad
- Board Member of Federation of Investment Managers Malaysia (FIMM)

Academic/Professional Qualification(s):

- Bachelor of Economics (Hons) – University Malaya
- Master of Business Administration (Finance) – University of Hull, UK

Present Appointment (s):

- Chief Executive Officer/Director of Affin Fund Management Berhad



Dato' Idris Bin Kechot
Director

Date of Appointment : 14th May 2009

Date of last re-election: 29th June 2011

Duration of previous appointment: 4 Years

Present Directorship(s):

- Director, Universiti Sains Islam Malaysia
- Executive Director, Amanah Saham Nasional
- Deputy President, Permodalan Nasional Berhad
- Director, Pelaburan Hartanah Nasional Berhad
- Director, Amanah Mutu Berhad
- Director, Benua Sakti Sdn Bhd
- Director, SJM Flex (M) Sdn Bhd

Academic/Professional Qualification(s):

- Master of Business Administration (Finance), University Of Stirling, United Kingdom
- Bachelor Of Science (Agribusiness), Universiti Pertanian Malaysia
- Diploma in Agriculture, Universiti Pertanian Malaysia

Present Appointment (s):

- Deputy President, Unit Trust PNB
- Executive Director, ASNB

Board of Directors



Dato' Syed Norulzaman Syed Kamarulzaman (Resigned)
Public Interest Director

Date of Appointment : 24th February 2011
(resigned on 7th August 2012)

Date of last re-election: -

Duration of previous appointment: 1 Year

Present Directorship(s):

- Sierra Peninsula Development Sdn. Bhd.
- Awinn Corporation Sdn. Bhd.
- Ilham Metro Sdn. Bhd.
- Malaysia China Business Council

Academic/Professional Qualification(s):

- Bachelor of Arts (Hons) Degree, University Malaya

Present Appointment (s):

- Adviser, China Business
- Adviser, IJM Corporation Berhad



Dato' Steve Ong Chong Gain (Resigned)
Director

Date of Appointment : 13th May 2009
(resigned on 28th September 2012)

Date of last re-election: -

Duration of previous appointment: 3 Years

Present Directorship(s):

- Director, Perpetual Trustees Berhad
- Director, ING Vysya Life, India

Academic/Professional Qualification(s):

- MBA (with Distinction) from the Malaysian Institute of Management - University of Bath, England
- Bachelor of Science Honors Degree in Accounting and Financial Management, Loughborough University of Technology, England
- Licensed Securities Commission Capital Market Service Representative
- Certified Financial Planner

Present Appointment (s):

- Chief Executive Officer and Director, ING Funds Berhad (ING Funds)



Prof. Dr. Saiful Azhar Bin Rosly
Public Interest Director

Date of Appointment : 10th March 2011

Date of last re-election: -

Duration of previous appointment: 1 Year

Present Directorship(s):

- AGRO Bank Bhd, Shariah Advisory Committee
- TAFHIM, Editorial Board Member
- Prudential-BSN Takaful Bhd, Shariah Board Committee

Academic/Professional Qualification(s):

- Bachelor of Science in Economics, Northern Illinois University, Dekalb, USA
- Master of Economics, Northern Illinois University, Dekalb, USA
- Ph.D. in Economics, National University of Malaysia

Present Appointment (s):

- Head, Consulting & Executive Programme Dept., at International Centre for Education in Islamic Finance (INCEIF) and;
- Professor of Economics at International Centre for Education in Islamic Finance (INCEIF)

Board of Directors



Dr. Sieh Lee Mei Ling
Public Interest Director

Date of Appointment : 22nd February 2011

Date of last re-election: -

Duration of previous appointment: 2 Years

Academic/Professional Qualification(s):

- Graduate in Economics, University of Singapore
- Master's Degree, University of Sheffield, United Kingdom
- Doctorate Degree, University of Sheffield, United Kingdom

Present Appointment (s):

- Senior Research Fellow, Department of Marketing and Information System, Faculty of Business and Accountancy, University Malaya
- Head, Services Research and Innovation Centre, Universiti Malaya
- Honorary Professor of UTAR (Universiti Tunku Abdul Rahman)
- Member of Advisory Panel of CPPS (Centre for Public Policy Studies)
- Economic Advisor, Selangor State Government
- Academic Advisor of Methodist College
- Member of the Distributive Trade Council, (KPDNKK) Ministry of Domestic Trade, Cooperatives and Consumerism
- Advisor to PWC project for MITI on Domestic Regulations of the Services Sector
- Life Member of the Economic Association of Malaysia



En. Nor' Azamin Bin Salleh
Director

Date of Appointment : 18th July 2011

Date of last re-election: -

Duration of previous appointment: 2 Years

Present Directorship(s):

- Managing Director, Maybank Asset Management Sdn Bhd (formerly known as Mayban Investment Management Sdn Bhd)
- Executive Director, Maybank Asset Management Group Berhad (formerly known as Aseamlease Berhad)
- Non-executive Director, Maybank Asset Management Singapore Pte Ltd (formerly known as KE Capital Partners Pte Ltd)
- Non-executive Director, Mayban-GAIC Capital Management Sdn Bhd
- Non-executive Director, Kim Eng Asset Management (Thailand) Co Ltd

Academic/Professional Qualification(s):

- Bachelor of Commerce, Australia National University
- Masters of Business Administration, OU Business School, United Kingdom
- CA (MIA); CPA (Australia); Certified Financial Planner (FPAM); CMSRL Holder (the Securities Commission Malaysia)

Present Appointment (s):

- Chief Executive Officer, Maybank Asset Management Sdn Bhd (formerly known as Mayban Investment Management Sdn Bhd)
- Acting Chief Executive Officer, Maybank Asset Management Group Berhad (formerly known as Aseamlease Berhad)



En. Muhamad Umar Swift
Director

Date of Appointment : 28th May 2012

Date of last re-election: -

Duration of previous appointment: 1 Year

Present Directorship(s):

- Board Member, MAAKL Mutual Berhad
- Board Member, MAA Takaful Berhad
- Board Member, Columbus Capital Pty Ltd
- Board Member, MAA Cards Sdn Bhd
- Member of Board of Trustees, The Budimas Charitable Foundation
- Member of Board of Trustees, MAA-Medicare Kidney Charity Fund

Academic/Professional Qualification(s):

- Bachelor of Arts, University of Western Ontario, Canada

Present Appointment (s):

- Chief Executive Officer and Group Managing Director, MAA Holdings Berhad



Mr. John Campbell Tupling
Director

Date of Appointment : 11th July 2011

Date of last re-election: -

Duration of previous appointment: 2 Years

Present Directorship(s):

- Director and Senior Advisor, CIMB-Principal Asset Management and CIMB Wealth Advisors

Academic/Professional Qualification(s):

- Bachelor of Arts, University of Western Ontario, Canada

Present Appointment (s):

- Chief Executive Officer, CIMB-Principal Asset Management Berhad



Mr. Teng Chee Wai
Director

Date of Appointment : 27th June 2006

Date of last re-election: 29th June 2011

Duration of previous appointment: 7 Years

Present Directorship(s):

- Hwang Investment Management Berhad

Academic/Professional Qualification(s):

- Bachelor of Science graduate from the National University of Singapore
- Post-Graduate Diploma in Actuarial Studies from City University in London

Present Appointment (s):

- CEO/Executive Director of Hwang Investment Management Berhad

Board of Directors



Mr. Danny Wong Teck Meng
Director

Date of Appointment : 30th August 2010

Date of last re-election: 29th June 2011

Duration of previous appointment: 3 Years

Academic/Professional Qualification(s):

- Member of the Association of Chartered Certified Accountants (ACCA) UK
- Member of the Financial Planning Association of Malaysia, Certified Financial Planner (CFP)

Present Appointment (s):

- Executive Director and Chief Executive Officer, Areca Capital Sdn Bhd

Board of Directors



Mr. Ho Seng Yee
Director

- Date of Appointment :** 27th June 2006
Date of last re-election: 29th June 2011
Duration of previous appointment: 7 Years
Present Directorship(s):
- Non-independent Executive Director, OSK-OUB Investment Management Berhad
 - Non-independent non-Executive Director, OSK-OUB Asset Management Sdn. Bhd.
- Academic/Professional Qualification(s):**
- Bachelor of Economics Degree (Honours) in Business Administration, University Malaya.
- Present Appointment (s):**
- Chief Executive Officer, OSK-OUB Investment Management Berhad



Mr. George Yap Koi Ming
Public Interest Director

- Date of Appointment :** 11th March 2011
Date of last re-election: -
Duration of previous appointment: 2 Years
Present Directorship(s):
- Director, Sino Agro Food, Inc
 - Executive Director of Sunrise Consultancy Sdn Bhd
- Academic/Professional Qualification(s):**
- Advanced Diploma in Financial Services (Financial Planning)
 - Diploma in Financial Services (Financial Planning), Australia
 - Practicing member of the Institute of Chartered Accountant of England and Wales
 - Practicing member of the Institute of Chartered Accountant of Australia
 - Member of the Malaysian Institute of Accountants
- Present Appointment (s):**
- Proprietor, K M Yap & Company



Ms. Yeoh Kim Hong
Director

- Date of Appointment :** 24th April 2008
Date of last re-election: 29th June 2011
Duration of previous appointment: 5 Years
Present Directorship(s):
- Executive Director, Public Mutual Berhad
- Academic/Professional Qualification(s):**
- Malaysian Institute of Certified Public Accountants (member since 1987)
 - Malaysian Institute of Accountants (member since 1988)
 - Modules 9 and 10 of Securities Commission Licensing Examination
- Present Appointment (s):**
- Chief Executive Officer, Public Mutual Berhad

Board of Directors/ CEO



Ms. Vasantha N Punniamoorthy
Public Interest Director

Date of Appointment : 1st March 2011

Date of last re-election: -

Duration of previous appointment: 2 Years

Academic/Professional Qualification(s):

- Bachelor of Laws (Hons), University of London
- Certificate in Legal Practice, Malaysian Qualifying Board, Malaysia
- LL.M from the University Kebangsaan Malaysia

Present Appointment (s):

- Certified Adjudicator, KLRCA



En. Ahmad Zakie Hj. Ahmad Shariff
Chief Executive Officer

Date of Appointment : 2nd February 2012

Present Directorship(s):

- Board Member, Private Pension Administrator
- Universiti Malaysia Pahang

Academic/Professional Qualification(s):

- Masters of Accounting Science Degree, University of Illinois, Urbana-Champaign, Illinois, USA
- Economics Degree (Honours), Universiti Kebangsaan Malaysia

Present Appointment (s):

- Investment Committee for the Malaysian Examination Council



FEMMA²

MALAYSIAN UNIT TRUST INDUSTRY REVIEW

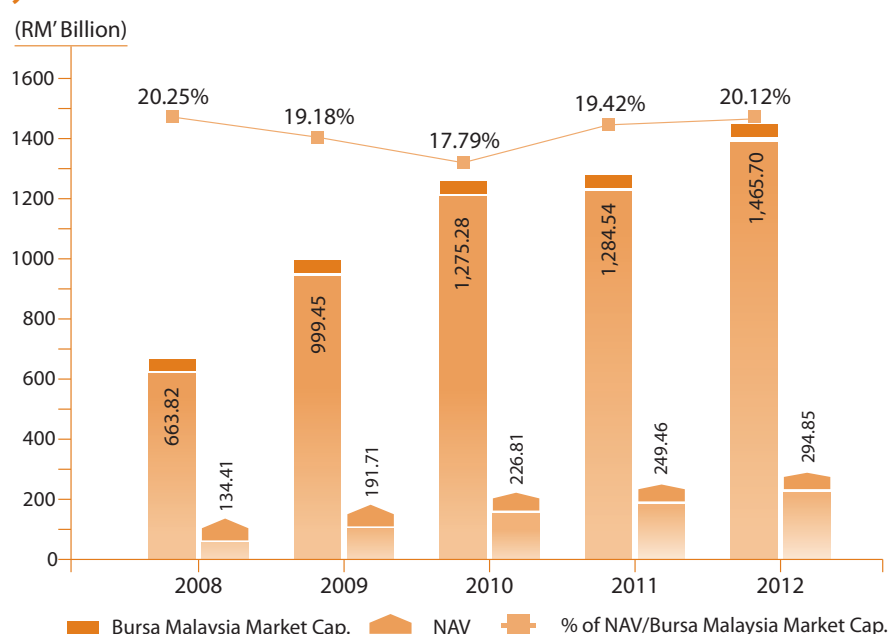
ANALYSIS OF THE NET ASSET VALUE (NAV) OF THE INDUSTRY

Unit Trust Funds

The Malaysian economy recorded a strong growth of 5.6%, driven mainly by higher growth in domestic demand that remained resilient on the back of robust private consumption and investment growth. Bond market grew about 20% in 2012 and local equity market performed well with KLCI increased by 10.3% and closing at an all-time high at the end of the year.

In 2012, the Net Asset Value (NAV) for unit trust funds increased 18.2% to RM294.8 billion as at end of December 2012, representing 20.1% of market capitalisation of Bursa Malaysia (Chart 1).

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



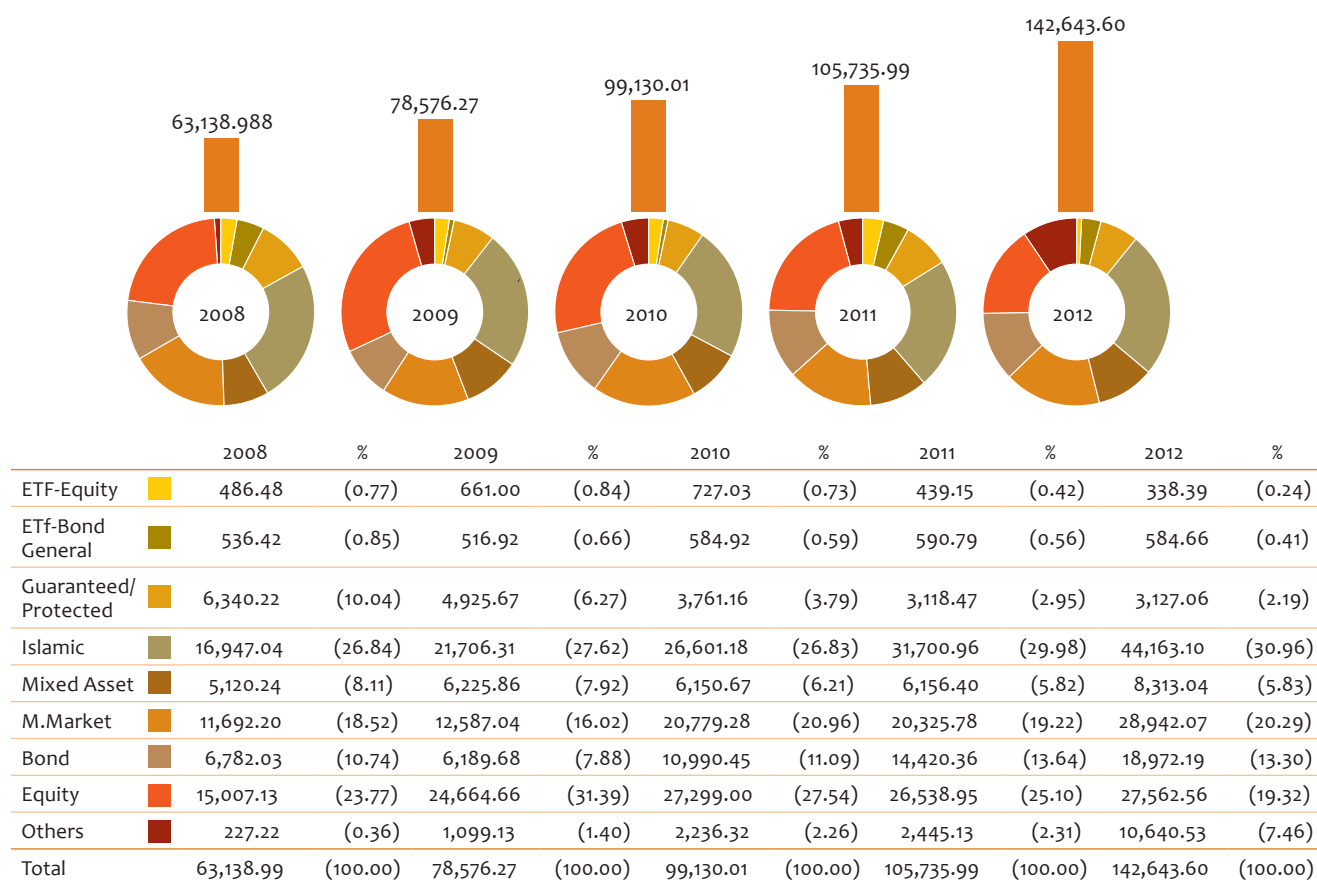
Source: Securities Commission

Private unit trust funds (excluding federal and state funds) saw NAV added a substantial 34.9% over the year and stood at RM142.6 billion as at end of December 2012 (Chart 2). The year marked the sixth consecutive year of firm growth of Islamic funds with total NAV stood at RM44.2 billion as at end of 2012—an increase of 39.3% over the year despite heightened global market volatility and a challenging economic environment.

Money market funds and bond funds maintained upward momentum in the year with accumulated assets touched an all year high of RM28.9 billion and RM19.0 billion respectively. Increased uncertainty in risky assets may have driven investors to seek solace in safe investments, including these fund sectors. As at the end of 2012, money market funds and bond funds each made up 20.9% and 13.3% of the private unit trust funds' total assets. Meanwhile, conventional equity funds and mixed asset funds also accumulated significantly higher total NAV at RM27.6 billion and RM8.3 billion respectively.

As at the end of 2012, the total number of wholesale funds (WSF) managed by FIMM members stood at 79 or 46.2% of total WSF launched in the market. Funds managed by FIMM members saw NAV increased 1.3 times over the year and stood at RM36.8 billion which collectively made up over 70% of the total assets of WSF at end-2012 (RM52.5 billion).

Chart 2: Net Asset Value by Types of Funds as at 31 December (2008-2012) (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 2012.

4. The above include 79 wholesale funds with total NAV of RM36.8 billion that are managed by FIMM members and captured by Lipper.

Exchange Traded Funds (ETFs)

As at December 2012, the number of ETF listed remained at five with a total NAV of RM923.0 million, reduced slightly from RM1.0 billion at end-2012. Bond ETF garnered 63.3% or RM584.7 million of assets with the remaining from equity ETF.

Real Estate Investment Trusts (REIT)

The year 2012 saw the listing of one REIT on the Bursa Malaysia with a market capitalisation of RM4.7 billion. As at end of 2012, there are a total of 16 REIT listed with market capitalisation increased 50.9% to RM24.6 billion.

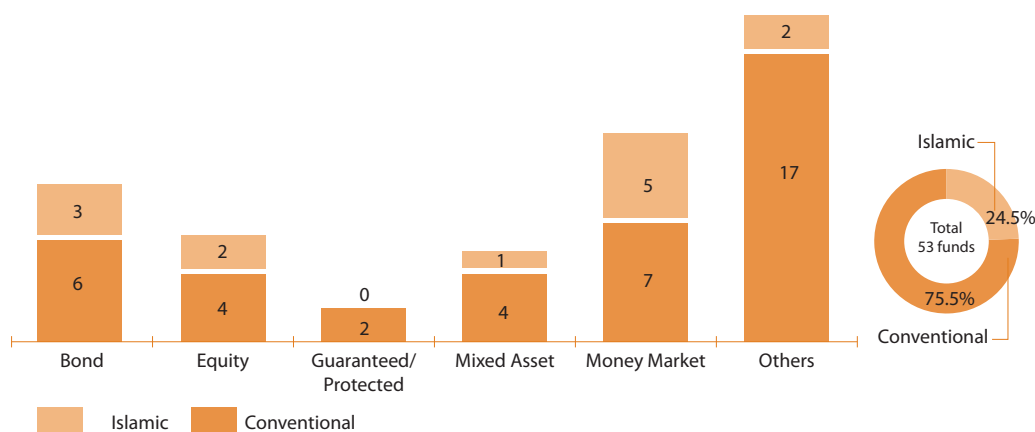
Private Retirement Scheme (PRS)

A total of seven schemes with 26 funds have been launched since November 2012. Majority (22 or 84.6%) of new funds are core funds with asset allocation limits strictly follow the statutory requirements. Multiple classes of units with different fee structures are common among the funds launched.

NEW FUNDS LAUNCHED

A total of 53 funds launched in 2012. Conventional funds populated most part of the list of the new funds launched and target-maturity (others) funds were the largest among new funds launched in 2012—19 or 35.8% of new fund offerings (Chart 3). Meanwhile, money market funds added 12 new funds, in addition to nine for bond funds and six for equity funds.

Chart 3: New Unit Trust Funds Launched in 2012: By Asset Class

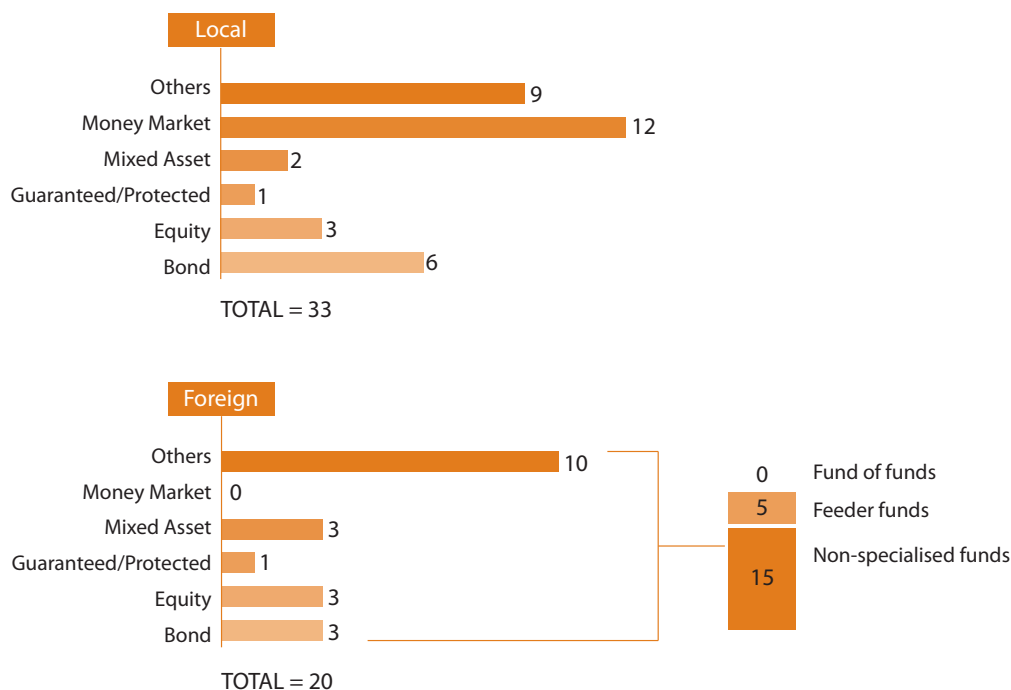


Source: FIMM

Notes: The above excludes REITs and ETFs and includes 21 Wholesale Funds launched by FIMM members. "Others" includes target maturity funds as well as funds yet to be classified.

Among new fund offerings, 33 or 62.3% (Chart 4) are funds with more than 50% of assets mandated to be invested locally; whereas 20 funds or 37.7% are funds investing predominantly in overseas (foreign-focused unit trusts). Other funds, including target maturity funds formed 10 or 50.0% of the foreign-focused funds. Meanwhile, 15 or 75.0% of the foreign-focused funds were packaged as non-specialized unit trust funds and five or 25.0% were offered through feeder fund structure.

Chart 4: New Unit Trust Funds Launched in 2012: By Geographical Spread and Structure



Source: FIMM

Note: The above excludes REITs and ETFs and includes 21 Wholesale Funds launched by FIMM members. "Others" includes target maturity funds as well as funds yet to be classified.

Table 1: New Funds Launched in 2012

No	Funds	Launch date	Unit Trust Management Companies
A. Real-Estate Investment Trusts			
1	IGB Real Estate Investment Trusts	21-Dec-12	IGB REIT Management Sdn Bhd
B Unit Trust Funds			
1	ARECA Flexi Fixed Income	3-Jan-12	Areca Capital Sdn Bhd
2	OSK-UOB Emerging Markets Bond	3-Jan-12	OSK-UOB Investment Management Berhad
3	OSK-UOB Focus Bond	3-Jan-12	OSK-UOB Investment Management Berhad
4	Pacific Elite Global Dividend	5-Jan-12	Pacific Mutual Fund Bhd
5	AmIslamic Fixed Income Conservative	9-Jan-12	AmInvestment Services Berhad
6	AmConstant Flexi	16-Jan-12	AmInvestment Services Berhad
7	HWANG Structured Income V	8-Feb-12	HWANG Investment Management Berhad
8	OSK-UOB Private - Series 5	15-Feb-12	OSK-UOB Investment Management Berhad
9	RHB Income Plus	15-Feb-12	RHB Investment Management Sdn Bhd
10	MAYBANK Shariah Money Market 2	20-Feb-12	Maybank Asset Management Sdn Bhd (formerly known as Mayban Investment Management Sdn Bhd)
11	OSK-UOB Focus Bond – Series 2	22-Feb-12	OSK-UOB Investment Management Berhad
12	RHB Income Plus	1-Mar-12	RHB Investment Management Sdn Bhd
13	OSK-UOB Focus Bond – Series 3	14-Mar-12	OSK-UOB Investment Management Berhad
14	Public Enterprise Bond	20-Mar-12	Public Mutual Berhad
15	Public Strategic SmallCap	20-Mar-12	Public Mutual Berhad
16	OSK-UOB Private - Series 4	21-Mar-12	OSK-UOB Investment Management Berhad

No	Funds	Launch date	Unit Trust Management Companies
17	RHB Income Plus 6	3-Apr-12	RHB Investment Management Sdn Bhd
18	CIMB-Principal Strategic Income Bond 2	9-Apr-12	CIMB- Principal Asset Management Berhad
19	AmAsia Pacific Equity Income	18-Apr-12	AmInvestment Services Berhad
20	CIMB-Principal Wholesale Deposit 2	20-Apr-12	CIMB- Principal Asset Management Berhad
21	AmDynamic Allocator	23-Apr-12	AmInvestment Services Berhad
22	AmDividend Growth-Class A	25-Apr-12	AmInvestment Services Berhad
23	Eastspring Investments Target Income	26-Apr-12	Eastspring Investments Berhad
24	HWANG Structured Income VI	16-May-12	HWANG Investment Management Berhad
25	RHB AUD Structured Income	16-May-12	RHB Investment Management Sdn Bhd
26	OSK-UOB Focus Bond – Series 4	30-May-12	OSK-UOB Investment Management Berhad
27	AmConsumer Select-Capital Protected	5-Jun-12	AmInvestment Services Berhad
28	OSK-UOB Asian Income	5-Jun-12	OSK-UOB Investment Management Berhad
29	Q-CASH	8-Jun-12	Maybank Asset Management Sdn Bhd (formerly known as Mayban Investment Management Sdn Bhd)
30	AmDynamic	12-Jun-12	AmInvestment Services Berhad
31	PB Dynamic Allocation	19-Jun-12	Public Mutual Berhad
32	Kenanga Islamic Income Series -2	29-Jun-12	Kenanga Investors Berhad
33	OSK-UOB Islamic Wholesale-Series 1	13-Jul-12	OSK-UOB Islamic Fund Management Berhad
34	Affin 1-I Wholesale	18-Jul-12	Affin Fund Management Berhad
35	Affin 1 Wholesale	18-Jul-12	Affin Fund Management Berhad
36	AmAdvantage Asia Pacific Ex Japan Dividend	1-Aug-12	AmInvestment Services Berhad
37	CIMB Islamic Al-Azzam Equity	1-Aug-12	CIMB- Principal Asset Management Berhad
38	HWANG SGD Income - RM Class	1-Aug-12	HWANG Investment Management Berhad
	HWANG SGD Income - SGD Class	1-Aug-12	HWANG Investment Management Berhad
39	RHB Income Plus 8	1-Aug-12	RHB Investment Management Sdn Bhd
40	AmGlobal Sukuk	3-Aug-12	AmInvestment Services Berhad
41	CIMB-Principal Structured Investment Wholesale	9-Aug-12	CIMB- Principal Asset Management Berhad
42	OSK-UOB Focus Bond – Enhanced	3-Sep-12	OSK-UOB Investment Management Berhad
43	CIMB Islamic Wholesale Money Market	10-Sep-12	CIMB- Principal Asset Management Berhad
44	BSN Dana Dividen Al-Ifrāh	12-Sep-12	Permodalan BSN Berhad
45	AmIncome Flexi	18-Sep-12	AmInvestment Services Berhad
46	HWANG Fixed Maturity Income V	24-Sep-12	HWANG Investment Management Berhad
47	TA Total Return Fixed Income	1-Oct-12	TA Investment Management Berhad
48	RHB Income Plus 7	3-Oct-12	RHB Investment Management Sdn Bhd
49	MAAKL-HW Shariah Flexi	18-Oct-12	MAAKL Mutual Bhd
50	AmTactical Bond	19-Oct-12	AmInvestment Services Berhad
51	Hong Leong Islamic Institutional Income Management	4-Dec-12	Hong Leong Asset Management Bhd
52	OSK-UOB Multi Asset Regular Income	7-Dec-12	OSK-UOB Investment Management Berhad
53	AmIncome Flexi 2	12-Dec-12	AmInvestment Services Berhad

C. Private Retirement Schemes

1	HWANG AIIAMAN PRS Shariah Growth	2-Nov-12	HWANG Investment Management Berhad
2	HWANG PRS Moderate	2-Nov-12	HWANG Investment Management Berhad
3	HWANG PRS Conservative	2-Nov-12	HWANG Investment Management Berhad
4	HWANG PRS Growth	2-Nov-12	HWANG Investment Management Berhad
5	CIMB Islamic PRS Plus Asia Pacific Ex Japan Equity - Class A	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB Islamic PRS Plus Asia Pacific Ex Japan Equity - Class C	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB Islamic PRS Plus Asia Pacific Ex Japan Equity - Class X	12-Nov-12	CIMB- Principal Asset Management Berhad

No	Funds	Launch date	Unit Trust Management Companies
6	CIMB-Principal PRS Plus Asia Pacific Ex Japan Equity - Class A	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB-Principal PRS Plus Asia Pacific Ex Japan Equity - Class C	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB- Principal PRS Plus Asia Pacific Ex Japan Equity - Class X	12-Nov-12	CIMB- Principal Asset Management Berhad
7	CIMB Islamic PRS Plus Equity - Class A	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB Islamic PRS Plus Equity - Class C	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB Islamic PRS Plus Equity - Class X	12-Nov-12	CIMB- Principal Asset Management Berhad
8	CIMB-Principal PRS Plus Equity - Class A	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB-Principal PRS Plus Equity - Class C	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB-Principal PRS Plus Equity - Class X	12-Nov-12	CIMB- Principal Asset Management Berhad
9	CIMB Islamic PRS Plus Moderate - Class A	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB Islamic PRS Plus Moderate - Class C	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB Islamic PRS Plus Moderate - Class X	12-Nov-12	CIMB- Principal Asset Management Berhad
10	CIMB-Principal PRS Plus Moderate - Class A	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB-Principal PRS Plus Moderate - Class C	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB-Principal PRS Plus Moderate - Class X	12-Nov-12	CIMB- Principal Asset Management Berhad
11	CIMB Islamic PRS Plus Conservative - Class A	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB Islamic PRS Plus Conservative - Class C	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB Islamic PRS Plus Conservative - Class X	12-Nov-12	CIMB- Principal Asset Management Berhad
12	CIMB-Principal PRS Plus Conservative - Class A	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB-Principal PRS Plus Conservative - Class C	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB-Principal PRS Plus Conservative - Class X	12-Nov-12	CIMB- Principal Asset Management Berhad
13	CIMB Islamic PRS Plus Growth - Class A	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB Islamic PRS Plus Growth - Class C	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB Islamic PRS Plus Growth - Class X	12-Nov-12	CIMB- Principal Asset Management Berhad
14	CIMB-Principal PRS Plus Growth - Class A	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB-Principal PRS Plus Growth - Class C	12-Nov-12	CIMB- Principal Asset Management Berhad
	CIMB-Principal PRS Plus Growth - Class X	12-Nov-12	CIMB- Principal Asset Management Berhad
15	Manulife PRS-Moderate - Class A	19-Nov-12	Manulife Asset Management Services Bhd
	Manulife PRS –Moderate - Class B	19-Nov-12	Manulife Asset Management Services Bhd
16	Manulife PRS –Conservative - Class A	19-Nov-12	Manulife Asset Management Services Bhd
	Manulife PRS – Conservative - Class B	19-Nov-12	Manulife Asset Management Services Bhd
17	Manulife PRS –Growth - Class A	19-Nov-12	Manulife Asset Management Services Bhd
	Manulife PRS –Growth - Class B	19-Nov-12	Manulife Asset Management Services Bhd
18	Public Mutual PRS Islamic Moderate	26-Nov-12	Public Mutual Berhad
19	Public Mutual PRS Moderate	26-Nov-12	Public Mutual Berhad
20	Public Mutual PRS Conservative	26-Nov-12	Public Mutual Berhad
21	Public Mutual PRS Islamic Conservative	26-Nov-12	Public Mutual Berhad
22	Public Mutual PRS Growth	26-Nov-12	Public Mutual Berhad
23	Public Mutual PRS Islamic Growth	26-Nov-12	Public Mutual Berhad
24	RHB Retirement Series - Moderate	18-Dec-12	RHB Investment Management Sdn Bhd
25	RHB Retirement Series - Conservative	18-Dec-12	RHB Investment Management Sdn Bhd
26	RHB Retirement Series - Growth	18-Dec-12	RHB Investment Management Sdn Bhd

Source: FIMM

FEM3

OPERATIONAL REVIEW

COMPUTERISED UNIT TRUST EXAMINATION (CUTE)

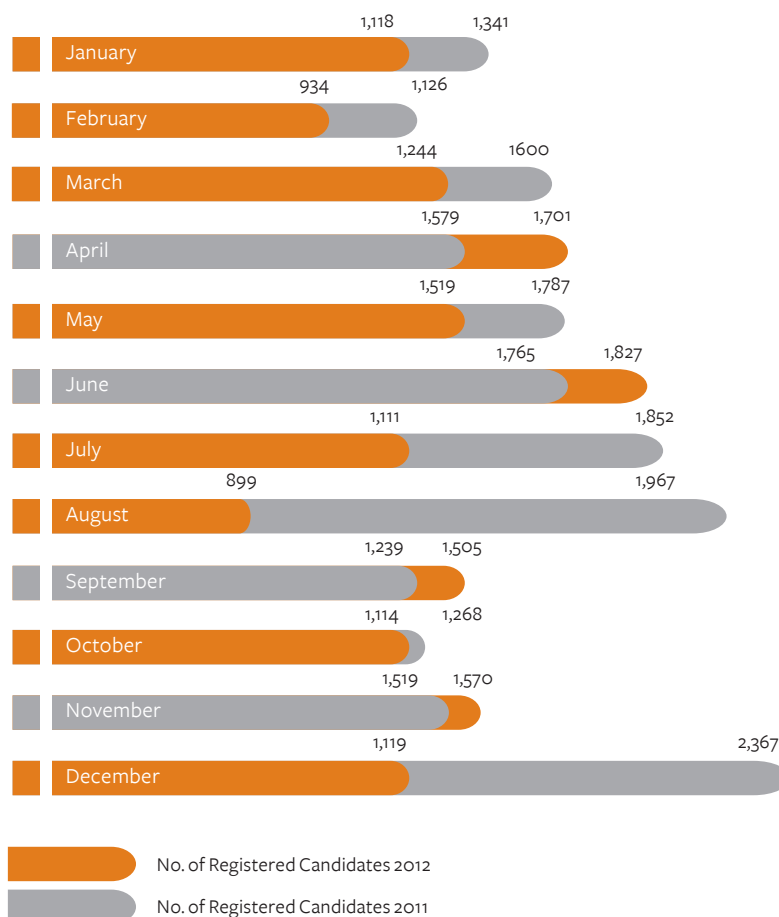
CUTE sessions were conducted in Kuala Lumpur, Petaling Jaya, Penang, Johor Bahru, Ipoh, Kota Kinabalu, Kuantan, Kuching, Alor Setar, Kota Bahru, Kuala Terengganu, Sandakan, Seremban, Melaka, Tawau, Miri and Sibul.

Table 2 shows the number of candidates registered for CUTE in 2012.

The number of candidates registered for CUTE in year 2012 is lower as compared to 2011 due to the revision of the eligibility requirements for Unit Trust Consultants (UTC). Effective from 1 January 2012, the revision for eligibility requirements are as follows:

- The candidates must obtain credits in either Bahasa Malaysia, English or Mandarin and Mathematics for Sijil Pelajaran Malaysia (SPM);
- The passing mark for CUTE was raised from sixty percent (60%) to seventy five percent (75%).

Table 2: Comparison of CUTE Registration for 2011 and 2012



UNIT TRUST CONSULTANTS (UTC)

The total number of UTC (Table 3) stood at 49,530 as at 31 December 2012 compared to 60,394 as at 31 December 2011. Of the total 49,530 registered UTC, 82.6% of them were attached to Members and the balance of 17.4% was paid employee of IUTA and CUTA.

(Note: As of 1 January 2013, the registered number of UTC was 49,530 as a total of 18,059 did not renew their registration for 2013, giving a renewal rate of 60.5%. This is mainly due to the fulfillment of the renewal requirements, amongst others the Continuing Professional Development (CPD) compliance requirement for UTC, Statutory Declaration (SD) for continuous eligibility requirement of UTC).

Table 3: Number of Registered UTC

MEMBERS

No.	COMPANY NAME	31 December 2012	31 December 2011
1	ABERDEEN ISLAMIC ASSET MANAGEMENT SDN BHD	10	-
2	AFFIN FUND MANAGEMENT BERHAD	12	12
3	ALLIANCE INVESTMENT MANAGEMENT BERHAD	87	102
4	AMANAH MUTUAL BERHAD	22	21
5	AMANAH SAHAM KEDAH BERHAD	9	10
6	AMANAH SAHAM NASIONAL BERHAD	464	431
7	AMANAH SAHAM SARAWAK BERHAD	53	53
8	AMANAHRAYA INVESTMENT MANAGEMENT SDN BHD	16	16
9	AMINVESTMENT SERVICES BERHAD	124	95
10	APEX INVESTMENT SERVICES BERHAD	210	341
11	ARECA CAPITAL SDN BHD	11	9
12	ASM INVESTMENT SERVICES BERHAD	138	218
13	BIMB INVESTMENT MANAGEMENT BERHAD	51	77
14	CIMB WEALTH ADVISORS BERHAD	4,467	5,395
15	CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD	34	25
16	EASTSPRING INVESTMENTS BERHAD	2,246	2,346
17	HONG LEONG ASSET MANAGEMENT BERHAD	351	546
18	HWANG INVESTMENT MANAGEMENT BERHAD	264	263
19	ING FUNDS BERHAD	1,078	1,202
20	INTER-PACIFIC ASSET MANAGEMENT SDN BHD	-	-
21	KAF FUND MANAGEMENT SDN BHD	-	-
22	KENANGA INVESTORS BERHAD	104	154
23	KFH ASSET MANAGEMENT SDN BHD	-	-
24	KUMPULAN SENTIASA CEMERLANG SDN BHD	1	1
25	LIBRA INVEST BERHAD	34	44
26	MAAKL MUTUAL BERHAD	1,060	1,305
27	MANULIFE ASSET MANAGEMENT SERVICES BERHAD (formerly known as Manulife Unit Trusts Berhad)	205	181
28	MAYBANK ASSET MANAGEMENT SDN BHD (formerly known as Mayban Investment Management Sdn Bhd)	2	2
29	MIDF AMANAH ASSET MANAGEMENT BERHAD	4	7
30	OSK-UOB INVESTMENT MANAGEMENT BERHAD	382	380
31	OSK-UOB ISLAMIC FUND MANAGEMENT BERHAD	2	1
32	PACIFIC MUTUAL FUND BERHAD	453	583
33	PELABURAN HARTANAH NASIONAL BERHAD	4	4
34	PELABURAN JOHOR BERHAD	7	7
35	PENGURUSAN KUMIPA BERHAD	13	15
36	PERMODALAN BSN BERHAD	5	6
37	PHEIM UNIT TRUSTS BERHAD	8	13
38	PHILLIP MUTUAL BERHAD	313	280
39	PTB UNIT TRUST BERHAD	20	19

No.	COMPANY NAME	31 December 2012	31 December 2011
40	PUBLIC MUTUAL BERHAD	28,179	36,504
41	RHB INVESTMENT MANAGEMENT SDN BHD	128	207
42	SAHAM SABAH BERHAD	26	27
43	TA INVESTMENT MANAGEMENT BERHAD	309	336
	Sub-Total	40,906	51,238

REGISTERED PERSONS

No.	COMPANY NAME	31 December 2012	31 December 2011
1	A.D. FINANCIAL SDN BHD	14	12
2	AFFIN BANK BERHAD	242	244
3	ALLIANCE BANK MALAYSIA BERHAD	397	405
4	AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BERHAD	69	67
5	AM BANK (M) BERHAD	509	536
6	AMINVESTMENT BANK BERHAD	63	59
7	BANK ISLAM MALAYSIA BERHAD	386	350
8	BANK KERJASAMA RAKYAT MALAYSIA BERHAD	40	35
9	BANK SIMPANAN NASIONAL	61	75
10	CIMB BANK BERHAD	938	1,011
11	CIMB INVESTMENT BANK BERHAD	82	72
12	CIMB ISLAMIC BANK BERHAD	-	-
13	CITIBANK BERHAD	141	196
14	CTLA FINANCIAL PLANNERS SDN BHD	-	3
15	ECM LIBRA INVESTMENT BANK BERHAD	-	37
16	FIN FREEDOM SDN BHD	13	11
17	GV WEALTH PLANNERS SDN BHD	3	3
18	HONG LEONG BANK BERHAD	1,117	1,444
19	HONG LEONG ISLAMIC BANK BERHAD	-	-
20	HSBC AMANAH MALAYSIA BERHAD	95	114
21	HSBC BANK MALAYSIA BERHAD	338	491
22	IFAST CAPITAL SDN BHD	40	50
23	INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD	-	-
24	KENANGA INVESTMENT BANK BERHAD	14	8
25	KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD	38	45
26	LEGACY ADVISORY SDN BHD	2	-
27	MALACCA SECURITIES SDN BHD	3	4
28	MALAYAN BANKING BERHAD	1,035	976
29	MAYBANK ISLAMIC BERHAD	14	-
30	OCBC AL-AMIN BANK BERHAD	11	11
31	OCBC BANK (MALAYSIA) BERHAD	333	295
32	OSK INVESTMENT BANK BERHAD	237	255
33	PUBLIC BANK BERHAD	911	927
34	RHB BANK BERHAD	499	503
35	STANDARD CHARTERED BANK MALAYSIA BERHAD	472	434
36	STANDARD CHARTERED SAADIQ BERHAD	41	37
37	STANDARD FINANCIAL PLANNER SDN BHD	79	76
38	UNITED OVERSEAS BANK (MALAYSIA) BERHAD	379	363
39	WHITMAN INDEPENDENT ADVISORS SDN BHD	8	7
	Sub-Total	8,624	9,156
	GRAND TOTAL	49,530	60,394

REGISTRATION OF INSTITUTIONAL UNIT TRUST ADVISERS (IUTA)

Industrial and Commercial Bank of China (Malaysia) Bhd and Manulife Asset Management Services Bhd were registered in 2012 as an IUTA. There were 44 IUTA as at 31 December 2012, comprising banks, investment banks, unit trust management companies, a stock broking company and an on-line financial services provider.

No.	Name of IUTA	Effective Date*
Approved IUTA (in year 2012)		
1.	INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BHD	3 Sep 2012
2.	MANULIFE ASSET MANAGEMENT SERVICES BHD (formerly known as Manulife Unit Trusts Bhd)	21 Sep 2012
Approved IUTA (in previous years)		
1.	CITIBANK BHD	1 May 2000
2.	STANDARD CHARTERED BANK 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 Aug 2001
13.	MALAYAN BANKING BHD	15 Mar 2002
14.	RHB BANK BHD	1 Feb 2003
15.	AFFIN BANK BHD	1 Mar 2003
16.	AMINVESTMENT BANK BHD	1 Sep 2003
17.	HONG LEONG BANK BHD	1 Oct 2004
18.	AMBANK (M) BHD	15 Feb 2005
19.	MALACCA SECURITIES SDN BHD	15 Mar 2005
20.	KENANGA INVESTORS BHD	15 Apr 2005
21.	PHILLIP MUTUAL BHD	1 May 2005
22.	TA INVESTMENT MANAGEMENT BHD	7 Sep 2006
23.	CIMB BANK BHD	8 Sep 2006
24.	ASM INVESTMENT SERVICES BHD	11 Dec 2006
25.	ECM LIBRA INVESTMENT BANK BHD	30 Jan 2007
26.	HONG LEONG ISLAMIC BANK BHD	18 May 2007
27.	AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD	4 Jun 2007
28.	KUWAIT FINANCE HOUSE (M) BHD	27 Aug 2007
29.	CIMB ISLAMIC BANK BHD	29 Aug 2007
30.	ARECA CAPITAL SDN BHD	27 Nov 2007

No.	Name of IUTA	Effective Date*
31.	BANK ISLAM MALAYSIA BHD	3 Mar 2008
32.	RHB INVESTMENT MANAGEMENT SDN BHD	14 May 2008
33.	IFAST CAPITAL SDN BHD	27 Jun 2008
34.	MAAKL MUTUAL BHD	5 Aug 2008
35.	AMANAH SAHAM NASIONAL BHD	25 Sep 2008
36.	HSBC AMANAH MALAYSIA BHD	29 Oct 2008
37.	STANDARD CHARTERED SAADIQ BHD	18 Nov 2008
38.	OCBC AL-AMIN BANK BHD	21 Jan 2009
39.	BANK KERJASAMA RAKYAT MALAYSIA BHD	6 July 2009
40.	BANK SIMPANAN NASIONAL	27 May 2010
41.	KENANGA INVESTMENT BANK BHD	14 Oct 2011
42.	MAYBANK ISLAMIC BHD	23 Dec 2011

* Effective date of approval to market and distribute unit trusts

REGISTRATION OF CORPORATE UNIT TRUST ADVISERS (CUTA)

A total of six CUTA were registered with FIMM as at 31 December 2012.

No.	Name of CUTA	Effective Date*
Approved CUTA (in previous years)		
1.	STANDARD FINANCIAL PLANNER SDN BHD	29 Apr 2008
2.	FIN FREEDOM SDN BHD	5 Aug 2008
3.	WHITMAN INDEPENDENT ADVISORS SDN BHD	17 Feb 2009
4.	A.D. FINANCIAL SDN BHD	2 Oct 2009
5.	GV WEALTH PLANNERS SDN BHD	11 Feb 2010
6.	LEGACY ADVISORY SDN BHD	10 Nov 2011

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

PRIVATE RETIREMENT SCHEME EXAMINATION (PRSE)

PRSE was conducted in Kuala Lumpur, Johor Bahru, and Penang.

Table 4: PRSE Registration for 2012

Examination Session	No. of Registered Candidates 2012
September	56
October	42
November	546
December	214

TOTAL
858

PRIVATE RETIREMENT SCHEME CONSULTANTS

The number of PRS Consultants (Table 5) stood at 6,242 as at 31 December 2012. Of the total 6,242 registered, 80.5% of them were attached to the PRS Providers and the balance of 19.5% were paid employees of Institutional PRS Advisers and Corporate PRS Advisers.

Table 5: Number of Registered PRS Consultants

PRIVATE RETIREMENT SCHEME PROVIDERS (“PRS PROVIDERS”)

Company Name	As at 31st December 2012
CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD	10
HWANG INVESTMENT MANAGEMENT BERHAD	129
ING FUNDS BERHAD	762
MANULIFE ASSET MANAGEMENT SERVICES BERHAD (formerly known as Manulife Unit Trusts Berhad)	155
PUBLIC MUTUAL BERHAD	3,917
RHB INVESTMENT MANAGEMENT SDN BHD	48
AMINVESTMENT MANAGEMENT BERHAD	-

SUB-TOTAL
5,021

INSTITUTIONAL PRIVATE RETIREMENT SCHEME ADVISERS (“INSTITUTIONAL PRS ADVISERS”)

Company Name	As at 31st December 2012
CIMB WEALTH ADVISORS BERHAD	368
IFAST CAPITAL SDN BHD	6
CIMB BANK BERHAD	255
PUBLIC BANK BERHAD	307
RHB BANK BERHAD	238

SUB-TOTAL
1,174

CORPORATE PRIVATE RETIREMENT SCHEME ADVISERS (“CORPORATE PRS ADVISERS”)

Company Name	As at 31st December 2012
STANDARD FINANCIAL PLANNER SDN BHD	14
FIN FREEDOM SDN BHD	9
VKA WEALTH PLANNER SDN BHD	16
WHITMAN INDEPENDENT ADVISORS SDN BHD	8

SUB-TOTAL
47

GRAND TOTAL
6,242

REGISTRATION OF INSTITUTIONAL PRS ADVISERS

PRS was launched on 18 July 2012. There were five (5) Institutional PRS Advisers registered with FIMM as at 31 December 2012, comprising banks, a unit trust management company and an on-line financial service provider.

No.	Name of Institutional PRS Advisers	*Effective Date
1	CIMB BANK BERHAD	01 October 2012
2	CIMB WEALTH ADVISORS BERHAD	16 October 2012
3	IFAST CAPITAL SDN. BHD.	18 October 2012
4	PUBLIC BANK BERHAD	01 October 2012
5	RHB BANK BERHAD	01 November 2012

* Effective date of approval to market and distribute private retirement scheme.

REGISTRATION OF CORPORATE PRS ADVISERS

A total of four (4) Corporate PRS Advisers were registered with FIMM as at 31 December 2012.

No	Name of Corporate PRS Advisers	*Effective Date
1.	FIN FREEDOM SDN. BHD.	01 November 2012
2.	STANDARD FINANCIAL PLANNER SDN. BHD.	16 October 2012
3.	VKA WEALTH MANAGEMENT SDN. BHD.	19 November 2012
4.	WHITMAN INDEPENDENT ADVISORS SDN. BHD.	09 November 2012

* Effective date of approval to market and distribute private retirement scheme.

REPORTS ON INITIATIVES AND ACTIVITIES OF THE COMMITTEES

Appeal Committee

Members

Seven (7) members comprising:

- a. Four (4) Public Interest Directors; and
- b. Three (3) elected Directors.

Disciplinary Committee (“DC”) members shall not be eligible to be Appeal Committee members.

Chairman

Abdul Kadir Bin Md. Kassim

Primary Purpose

Act as the tribunal of last resort within FIMM for Members and Registered Persons to appeal against decisions made by DC in accordance with the By-laws Relating to the Procedure for Disciplinary Proceedings.

Responsibilities

Conduct appeal proceedings for purposes of hearing and deciding on appeals against decisions made by DC on complaints and disciplinary matters via Appeal Sub-Committee.

Authority

To exercise all powers afforded to Appeal Committee and execute such actions as prescribed under the By-laws Relating to the Procedure for Disciplinary Proceedings.

Appeal Proceedings

Frequency

As and when required in accordance with the By-laws Relating to the Procedure for Disciplinary Proceedings.

Quorum

Appeal Committee and Appeal Sub-Committee:

- a. Two (2) Public Interest Directors and one (1) elected Director; and
- b. Appeal proceedings shall be chaired by a Public Interest Director.

Attendance at Committee Meetings

Members of the Appeal Committee / Appeal Sub-Committee	Attendance	Remarks
Abdul Kadir Bin Md. Kassim (Chairman/PID)	1/1	Appointed w.e.f. 13 August 2012
Datuk Siti Hadzar Binti Mohd Ismail (PID)	1/1	Appointed w.e.f. 13 August 2012
Dato’ Idris Bin. Kechot (elected Director)	1/1	-
Dato’ Steve Ong Chong Gain (elected Director)	-	Resigned w.e.f. 28 September 2012
Dato’ Syed Norulzaman Syed Kamarulzaman (PID)	-	Resigned w.e.f. 28 September 2012
Prof. Dr. Saiful Azhar Bin Rosly (PID)	0/1	-
Dr. Sieh Lee Mei Ling (PID)	1/1	-
Nor’ Azamin Bin Salleh (elected Director)	1/1	-
Teng Chee Wai (elected Director)	0/1	-

Activities/Initiatives

- Appeal Committee proposed the removal of appeal review by Appeal Committee (as prescribed in the By-laws Relating to the Procedure for Disciplinary Proceedings). Appeal proceedings will be conducted in respect of all appeals received by FIMM.
- There was one (1) appeal made by a Registered Person on the decision made against her by the DC that was considered by the Appeal Committee in 2012.

Audit Committee

Members

- At least three (3) Directors, three (3) of whom shall be Public Interest Director.
- Audit Committee members shall have recent and relevant financial experience.
- At least one (1) Audit Committee member shall be a member of the Malaysian Institute of Accountants or if he is not a member of the Malaysian Institute of Accountants, he shall have at least three (3) years working experience and shall:
 - have passed the examination specified in Part I of the First (1st) Schedule of the Accountants Act 1967; or
 - be a member of one of the associations of accountants specified in Part II of the Schedule of the Accountants Act 1967; or
 - have fulfilled such other requirements as prescribed or approved by Securities Commission Malaysia.

Chairman

Datuk Siti Hadzar Binti Mohd Ismail

Primary Purpose

Discharge its oversight responsibilities to encourage and safeguard the highest standards of integrity, reliable financial reporting, compliance with regulatory matters and effective internal controls of FIMM.

Responsibilities

a. Internal Reporting

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

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

- Any findings raised in the course of the internal audit operations; and
- Review and appraise the performance of the staff of internal audit function.

b. External Audit

To report to the Board on:

- Recommendations on the appointment of the external auditor;
- The external auditor's fee and any questions of resignation/dismissal/non-reappointment;
- The nature and scope of the external audit (particularly the identified risk areas) and any additional agreed procedures on a regular and timely basis;
- The external audit plan, the external auditors' evaluation of the system of internal controls, discussions of audit results and consider the implications of the external audit findings for the control environment;
- Inquiries of the auditor arising from interim and final audits if there have been any significant disagreement with the Management irrespective of whether they have been resolved (in the absence of the Management, where necessary); and
- The external auditor's management reports and the Management's responses.

c. Internal Audit

i. To review and approve on an annual basis on:

- Internal audit charter and the authority provided to the internal audit charter;
- The authority provided to the internal audit function. The internal audit function should be independent of the activities they audit and should be performed with impartiality, proficiency and due professional care;
- The proposed internal audit plans for the coming year;
- The internal audit function budget and headcount;
- Significant interim changes to the audit plans; and
- Co-ordination of the audit plans with the external auditors.

ii. To review and oversee on:

- The findings arising from internal audit reports or other internal investigations;
- The Management's responsiveness to internal audit's findings and recommendations;
- Discussion with the Management on any disagreements and the appropriateness of corrective action required of the Management;
- Follow up on the implementation of all recommendations made by internal audit function;
- Conduct of separate meetings with the internal auditors on a quarterly basis (apart from those meetings mentioned below), to discuss on the adequacy of resources and management support necessary for it to perform its duties effectively;
- Periodic reports from the Management on the quality of internal controls in key risk areas and control areas; and
- Internal audit function's compliance with the Institute of Internal Auditors (IIA) Standards for the Professional Practice of Internal Auditing through discussions with the Head of Internal Audit and Management.

iii. The Audit Committee has the exclusive authority to determine the budget for the internal audit function; hire/terminate and determine the compensation of the Head of Internal Audit.

d. Others

- i. To review and report to the Board on inspection and examination reports issued by the relevant regulatory authorities in order to ensure appropriate actions are taken in respect of the findings and where necessary, direct actions to be taken by the Management; and
- ii. To report to Securities Commission Malaysia on matter(s) reported by the Audit Committee to the Board that has not been satisfactorily resolved and might have impact on FIMM's functions as an SRO.

Authority

- a. To investigate any activity within its terms of reference;
- b. To have full and unrestricted access to any information it requires from any employees and all employees are directed to co-operate with any request made by the Audit Committee;
- c. To have access to resources required to perform its duties;
- d. To have direct communications channels with the external auditors; and
- e. To direct FIMM's internal audit department in its activities and resources.

Meetings

Frequency

- a. At least four (4) times a year; and
- b. At least two (2) times a year with the external auditors (in the absence of the Management, where necessary) to discuss on nature, scope of audit, audit results, issues and reservations arising from the audit.

Quorum

Three (3) Directors with majority of Public Interest Directors.

Attendance at Committee Meetings

Members of the Audit Committee	Attendance
Datuk Siti Hadzar Binti Mohd Ismail (Chairman/ PID)	4/4
Datuk Wira Jahaya Bin Mat (PID)	4/4
Dato' Mohamad Ayob Bin Abu Hassan (elected Director)	4/4
George Yap Koi Ming (PID)	0/4
Yeoh Kim Hong (elected Director)	4/4

Disciplinary Committee (DC)

Members

Seven (7) members comprising:

- a. Three (3) Public Interest Directors; and
- b. Four (4) elected Directors.

Appeal Committee members shall not be eligible to be Disciplinary Committee (“DC”) members.

Chairman

Datuk Wira Jahaya Bin Mat

Primary Purpose

Act as the tribunal that reviews and resolves complaints and disciplinary matters involving any Member or Registered Person in accordance with the By-laws Relating to the Procedure for Disciplinary Proceedings.

Responsibilities

- a. Review and resolve complaints and disciplinary matters involving Members or Registered Persons in accordance with the By-laws Relating to the Procedure for Disciplinary Proceedings;
- b. Conduct disciplinary proceedings against Members and Registered Persons where necessary via Disciplinary Sub-Committee;
- c. Enforce and ensure compliance by Members and Registered Persons with rules, guidelines, by-laws, codes, directives and standards issued by FIMM and relevant regulations and guidelines issued by Securities Commission Malaysia and take actions against Members and Registered Persons for any breach of FIMM’s rules, guidelines, by-laws, codes, directives and standards;
- c. Provide clarification and advice on proper mechanisms and adequate measures to handle complaints, including (but not limited to) disciplinary procedures; and
- d. Review quarterly reports of FIMM to Securities Commission Malaysia on complaints received by FIMM, including actions taken by FIMM against any Member or Registered Person.

Authority

To exercise all powers afforded to DC and execute such actions as prescribed under the By-laws Relating to the Procedure for Disciplinary Proceedings.

Meetings and Proceedings

Frequency

As and when required in accordance with the By-laws Relating to the Procedure for Disciplinary Proceedings.

Quorum

- a. Disciplinary Committee : Three (3) members inclusive of two (2) Public Interest Directors;
- b. Disciplinary Sub-Committee: Three (3) members; and
- c. Disciplinary meeting and proceedings shall be chaired by a Public Interest Director.

Attendance at Committee Meetings

Members of the Disciplinary Committee	Attendance
Datuk Wira Jahaya Bin Mat (Chairman/PID)	9/9
Datuk Meriam Binti Hj. Ya'acob (PID)	9/9
Vasanthan N Punniamoorthy (PID)	9/9
Dato' Mohamad Ayob Bin Abu Hassan (elected Director)*	7/9
Prof. Dr. Saiful Azhar Bin Rosly (PID)*	2/9
Danny Wong Teck Meng (elected Director)*	5/9
Ho Seng Yee (elected Director)*	2/9
Teng Chee Wai (elected Director)*	1/9
Yeoh Kim Hong (elected Director)*	5/9

*via invitation

Activities/Initiatives

Unit Trust Consultant Registration

- i. Proposed that FIMM disallow the use of statutory declaration by applicants to declare loss of Sijil Pelajaran Malaysia (SPM).

Complaints Handling

- i. Decided that FIMM assume the role of the complainant in the event the complaint is withdrawn for purposes of pursuing the disciplinary matter arising from the complaint; and
- ii. Approved the trend analysis template for purposes of identifying recurring issues in the investment management industry and any tendency towards any particular type of misconduct or non-compliance.

Industry Development Committee (IDC)

Members

A minimum of seven (7) members with at least:

- a. Four (4) representatives of Members or Registered Persons (who may be chosen from amongst the elected Directors); or
 - b. Two (2) representatives of Members or Registered Persons (who may be chosen from amongst the elected Directors) and two (2) Subject Matter Experts (SME);
- and any of the following:
- i. Three (3) PID; or
 - ii. Two (2) PID and one (1) Independent Member; or
 - iii. One (1) PID and two (2) Independent Members.

Chairman

Prof. Dr. Saiful Azhar Bin Rosly

Primary Purpose

Pursue the orderly growth and development of the Investment Management Industry through various initiatives, such as introducing best practices and strengthening industry partnerships to stimulating innovations, and greater acceptance of Funds among investors in Malaysia and abroad.

Responsibilities

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

- i. Seek tax incentives and minimises negative tax impacts (where applicable) for the Investment Management Industry, investment products and investors, both direct and indirect, to encourage the public to invest; and
- j. Commission and oversee collection of periodical industry statistics submitted by Members and Registered Persons to facilitate industry development efforts.

Authority

- a. To approve matters related to the EPF Members Investment Scheme;
- b. To approve the industry standards, policies and rules that govern fund management, fund operations as well as marketing and distribution of products and services; and
- c. To decide on such other matters which fall within the responsibilities of the IDC.

Meetings

Quorum

Two (2) representatives of Members or Registered Persons and one (1) Public Interest Director.

Attendance at Committee Meetings

Members of the Industry Development Committee	Attendance
Prof. Dr. Saiful Azhar Bin Rosly (Chairman/PID)	7/8
Datuk Meriam Binti Hj. Ya'acob (PID)	8/8
Dato' Idris Bin Kechot (elected Director)	3/8
Dr. Sieh Lee Mei Ling (PID)	6/8
Nor' Azamin Bin Salleh (elected Director)	6/8
Teng Chee Wai (elected Director)	5/8
Danny Wong Teck Meng (elected Director)	8/8

Activities/Initiatives

1. Private Retirement Schemes

FIMM worked closely with the Securities Commission Malaysia (SC) to put in place a strong regulatory and supervisory framework for Private Retirement Schemes (PRS) that forms an integral feature of the private pension industry with the objective of helping individuals to accumulate savings for retirement. It complements the mandatory contributions made to the Employees Provident Fund.

During the period under review, FIMM provided industry feedback to the SC on areas related to tax incentives needed to make PRS a viable proposition to the investing public; eligibility and licensing requirements for PRS providers and distributors; the scheme structure and features, investment universe, disclosures requirements and other operational aspects of the scheme such as dealing, valuation and pricing.

2. Framework on Marketing and Distribution of PRS

The SC had entrusted FIMM with the responsibility of registering the distributors and consultants of PRS. To this end, a framework on marketing and distribution of PRS was developed to provide a regulatory environment that protects the interests of the investing public. It establishes, among other things, the eligibility criteria and registration requirements for PRS distributors and consultants who conduct the regulated activity of dealing in PRS in Malaysia. In line with the framework and under the guidance of the Rules Committee, the Guidelines on Private Retirement Scheme Distributors and Consultants were developed and issued by FIMM in June 2012, and FIMM's SRO mandate was extended to include the marketing and distribution of PRS.

3. Private Retirement Scheme Examination

FIMM worked closely with the SC in developing the Private Retirement Scheme Examination (PRE). As the qualifying examination, PRE ensures that all persons involved in marketing and distribution of PRS must possess a minimum level of knowledge and skills that are in line with the expected minimum quality of advisory, marketing, distribution and related support services for the PRS industry.

Both study guide and questions were completed in third quarter of 2012, in time for FIMM to roll out the examination in September 2012. A total of 802 candidates sat for the PRE in 2012. The examination recorded a passing rate of 51.74% with 386 out of 746 candidates passed the examination and 56 of them were absent.

PRE will be computerised in 2013 and compilation of user requirements is expected to commence in the first quarter of 2013.

4. Private Retirement Scheme Familiarisation Programme

As part of the efforts to ensure that investors have sufficient access to PRS as well as quality advice, qualified individuals with relevant experience and professional qualifications are exempted from taking the PRE provided that they have attended PRS Familiarisation Programme (PFP) conducted by trainers certified by Securities Industry Development Corporation (SIDC).

To this end, FIMM issued the Administrative and Procedural Requirements (Administrative and Procedural Requirements) for Conducting PFP in August 2012 that prescribed, among other things, responsibilities of PRS distributors in conducting the PFP, key learning objectives and structure of the programme, certification of trainers, as well as control and reporting requirements. Participants with full attendance to the programme will be issued a Certificate of Attendance. A certified true copy of the Certificate of Attendance is required for the purpose of registration with FIMM as PRS Consultants.

As of 31 November 2012, there are a total of 164 trainers certified by SIDC (source: SIDC). The trainers have collectively conducted 177 sessions of PFP. A total of 9,905 participants registered for the PFP, out of which 91.45% or 9,058 participants attended.

5. Continuing Professional Development for Unit Trust Consultants

- Continuing Professional Development (CPD) requirements were made mandatory this year as an additional criteria for renewal of Unit Trust Consultants (UTC) registration. Depending on the year UTC joined the industry, a minimum CPD points ranging from 24 to 16 points must be accumulated before a UTC's registration can be renewed at the end of 2012. For UTC registered with FIMM for 12 months or less, the required CPD points will be prorated.

Additional CPD requirements were introduced for UTC that have left the industry for up to three years and seeking re-registration with FIMM. Such UTC must acquire eight CPD points prior to submitting the application for re-registration. UTC that left the industry for more than three years must take Computerised Unit Trust Examination again before re-registration is allowed.

- FIMM also introduced CPD waiver policy whereby a temporary exemption for one year only will be granted to UTC that suffered prolong illness and disability that are in line with 39 critical illness definitions adopted by Life Insurance Association of Malaysia.

6. Lipper Malaysia Fund Classification

Lipper Malaysia Fund Classification (LMC) was introduced in December 2012. LMC is a classification scheme dedicated for Malaysian funds that built upon global fund classification standard with flexibility to cater for local attributes that are unique to Malaysian funds, which are in line with changes in market developments and regulatory requirements. LMC mirrors closely that of Lipper Global Classification with the exception of the maximum overseas exposure for a country specific fund to be set at 30% and not 25%.

Except the Lipper Fund Award, LMC will be the fund classification standard applicable for all performance related activities pertaining to funds registered for sales in Malaysia. Fund sector will be updated in 2013 upon assessment on the funds' asset holdings is completed. Funds that have been holding assets that are not conform to the LMC for at least 12 months consecutively will be subjected to re-classification.

7. Breakfast Talks Series

FIMM introduced the Breakfast Talks Series in 2012 with an objective to encourage an exchange of views and perspectives on subjects that are of common interests to the investment management fraternity. This is important in developing products and services as well as addressing issues that are becoming more global in nature. FIMM conducted three sessions of the breakfast talks series in 2012.

8. Investor Education and Stakeholder Engagement Initiatives

- Investor education and stakeholder engagement are pivotal in enhancing investors' protection and in maintaining the integrity of the industry. On this note, FIMM has continued its efforts to inform the investing public and industry stakeholders on crucial policy matters as well as to create awareness on the investment management industry namely unit trust and PRS through media events and promotional campaigns.
- The series of initiatives and activities identified were executed through media channels such as radio advertisement campaigns and publications. Industry engagement programmes were conducted nationwide through a series of dialogues and UTC educational seminars. FIMM strives to ensure that through its expanded investor education programmes and financial literacy campaigns, market integrity and investor confidence will be enhanced, which will contribute towards the betterment of the unit trust and PRS industry.

Details of the activities and initiatives carried out for the year 2012 are as listed in the table below:

PROGRAMMES/ ACTIVITIES	DURATION	DESCRIPTION	AUDIENCE
PRINT PUBLICATIONS			
Advertorial Articles Published in three languages: 1) The Star 2) Harian Metro 3) Sin Chew Daily	December 2012	Advertorial articles with following titles: 1) FIMM as an SRO (Self-Regulatory Organisation) -Part 1 2) Invest for your future 3) Education: Key to an Informed and Smart Investor 4) Investing in Unit Trust for Sustainable Growth 5) FIMM as an SRO-Part 2	Investors, UTC and members of the public
Display advertisement	September & October 2012	One page infomercial to educate investors	Subscribers
Advertorial Coverage	November 2012	Smart Investor Magazine	Members and Public have access to event video at www.fimm.com.my

PROGRAMMES/ ACTIVITIES	DURATION	DESCRIPTION	AUDIENCE
DIGITAL PUBLICATION - e-UT TODAY			

1. e-UT Today (1st Edition)	July 2012	Bi- Annual Publication - Themed "Growing with Confidence"	Industry stakeholders & public
2. e-UT Today (2nd Edition)	12 November 2012	Bi - Annual Publication - Themed "Private Retirement Scheme"	Industry stakeholders & public

RADIO AD CAMPAIGNS			
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1. Sinar.fm	10 September to 02 December 2012	Radio ads were run in 3 main languages with the following messages: 1) Long Term Investment - Education, Investment and Retirement 2) Risk Tolerance 3) Approved Funds and Suitability	4.71 mil listeners, majority 27-37 yrs old
2. MY FM	10 September to 25 November 2012		2.53 mil listeners, majority 17-39 years old
3. Hitz.fm	10 September to 02 December 2012		1.98 mil listeners, majority 17-29 years old
4. Mix.fm	10 September to 14 October 2012		523,000 affluent listeners, majority 25-39 years old

BROADCASTED EVENTS- INTERVIEW WITH CEO			
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Capital TV - Out of Pocket	Pre- recorded programme which was aired - 15 minutes	PRS the benefits & FIMM's role and responsibilities	Public and Investors/Industry Stakeholders
Morning Bell Show	Live on Capital TV	Unit Trust and PRS- Overall Investment Management Industry and FIMM's role as a Self-Regulatory Organisation (SRO)	Public and Investors/Industry Stakeholders

AD HOC BRIEFINGS AND BREAKFAST TALKS			
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Breakfast Talks – Series 1	8 May 2012, Le Meridien Hotel, Kuala Lumpur	Undertaking Collective Investments and Lessons Learned from the Australian Superannuation Industry	35 CEO's and Senior Management of Member Companies
Breakfast Talks – Series 2	11 May 2012, Bukit Kiara	Statement of Monetary and non-monetary incentives payment to an agent , dealer and Distributor (FORMCP58)	50 Members
Breakfast Talks – Series 3	8 August 2012, Bukit Kiara	PRS Manual Registration Briefing	50 Members
PRS Roadshows and Seminar - MFPC & FPAM	6 September 2012	FIMM's Role in Regulating the PRS Distributors & Consultants	UTC, stakeholders and public
UTC Annual Convention	9 October 2012 Sime Darby Convention Centre, Kuala Lumpur.	12 th Annual Convention of Unit Trust Consultants: Theme: "Growing Confidently With Change"	532 delegates (inclusive of stakeholders and Members)

PROGRAMMES/ ACTIVITIES	DURATION	DESCRIPTION	AUDIENCE
PRS Roadshows and Seminars	October and November	“FIMM in the PRS Equation” KL(5 th Oct), Penang (12 th Oct), Sibul (19 th Oct), Kota Kinabalu (25 th Oct) & Johor Bahru (2 nd Nov)	Target audience at each event is about 120 pax. (UTCs and members of the public) Total outreach = 600 pax
UTC Seminars	From March to July 2012	16 seminars nationwide	Total attendance - 1208 Consultants
MFPC Financial Planning Talk and Seminar	6 November 2012, Bukit Kiara	FIMM’s Role in Regulating the PRS Distributors & Consultants	200 delegates
Women and Money Asia Conference	5 & 6 May 2012	The Importance of Financial Education for Women	350 delegates

FIMM PROFILING INITIATIVES

Smart Investor	12 May 2012	Feature story of FIMM CEO and the Investment Management Industry	Public, investors /UTCs/ industry stakeholders
China Daily - under the Busy Weekly	3 September 2012, The Busy Weekly issue no.189	PRS the benefits & FIMM’s role and responsibilities	Public, investors /UTCs/ industry stakeholders
Money Compass	Bi-monthly publication - October 2012 (dual languages - English and Chinese	PRS the benefits & FIMM’s role and responsibilities	Public, investors /UTCs/ industry stakeholders

Nomination and Remuneration Committee (NRC)

Members

A minimum of three (3) members including at least two (2) Public Interest Directors.

Chairman

Datuk Meriam Binti Hj. Ya'acob

Primary Purpose

Review FIMM's human capital policies and strategies and make recommendations to the Board relating there to.

Responsibilities

- a. Recommend to the Board the appointment, promotion as well as remuneration and compensation policies of the senior Management personnel (CEO and its direct report) having regard to prevailing market rates for similar roles;
- b. Review annually and recommend to the Board the remuneration and/or compensation framework (including performance-based remuneration) as necessary;
- c. Review and approve leadership and talent development framework;
- d. Review Management performance framework;
- e. Review and approve succession planning framework and performance evaluation system for all employees including the CEO;
- f. Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- g. Develop and review the annual evaluation process for the Board and Committees, and evaluate the performance of the Board based on the assessment made by Directors and recommending action plan to improve competencies;
- h. Recommend to the Board on nomination of Directors either to fill casual vacancies in the Board or as additional Directors in accordance with the Articles;
- i. Recommend to the Board on nomination of Directors to serve as Committee members and, in consultation with the chairman of the Board, chairpersons of Committees;
- j. Develop job descriptions for Directors and provide Directors with appropriate and timely training, both in the form of an induction programme for new Directors and on an on-going basis for all Directors;
- k. Recommend to the Board and Members a framework for remuneration of Directors and Committee members, including fees, allowances and benefits-in-kind; and
- l. Review and recommend to the Board professional indemnity and liability insurance for Directors and its officers.

Authority

To approve and make decision on employee performance management framework, succession planning framework, leadership and talent, development framework and staff insurance matters.

Meetings

Frequency

As and when required.

Quorum

Three (3) members inclusive of at least one (1) Public Interest Director.

Attendance at Committee Meetings

Members of the Nomination & Remuneration Committee	Attendance	Remarks
Abdul Kadir Bin Md. Kassim (Chairman/PID)	3/3	Abdul Kadir Md. Kassim was initially the Chairman of NRC and step down after the 3rd meeting of NRC
Datuk Meriam Binti Hj. Ya'acob (PID)	3/4	Appointed Chairman of NRC w.e.f 12 Decembers 2012
Dato' Steve Ong Chong Gain (elected Director)	3/3	Resigned w.e.f. 28 September 2012
Dato' Syed Norulzaman Syed Kamarulzaman (PID)	2/2	Resigned w.e.f 7 August 2012
Muhamad Umar Swift (elected Director)	1/4	Appointed w.e.f 13 August 2012
Vasanthan N Punniamoorthy (PID)	1/4	Appointed w.e.f 13 August 2012
John Campbell Tupling (elected Director)	4/4	-

Initiatives and Activities

- Reviewed the Employee Handbook and recommended to the Board for approval.
- Reviewed the proposed staff remuneration system/employee benefits and recommended to the Board for approval.
- Reviewed the proposed Performance Management System and Career Development framework and recommended to the Board for approval.
- Discussed and reviewed the proposals and quotations of the Association Liability Insurance (Directors and Officers Insurance).
- Reviewed and endorsed the proposed Staff Insurance (GTL and GHS) schemes for Year 2012/2013 for renewal.
- Discussion on the PRS contribution scheme made by employer for the employee as one of the retention strategies.
- Discussed and reviewed the proposed recruitment policy and recommended to the Board for approval.

Rules Committee (RC)

Members

Nine (9) members comprising:

- a. Five (5) Public Interest Directors; and
- b. Four (4) elected Directors.

Chairman

Dato' Syed Norulzaman Syed Kamarulzaman (Resigned w.e.f. 7 August 2012)

Vasantha N Punniamoorthy (Appointed w.e.f. 13 August 2012)

Primary Purpose

Ensure effective rules, guidelines, by-laws, codes, directives and standards are in place for proper regulation of Members and funds providers as well as Fund distributors registered with FIMM.

Responsibilities

- a. Establish appropriate rules, guidelines, by-laws, codes, directives and standards applicable to Members, Fund managers and providers and Fund Distributors registered with FIMM and continuously review such rules, guidelines, by-laws, codes, directives and standards to ensure effectiveness and proper regulation;
- b. Establish eligibility requirements and continuously review such requirements to enhance the professionalism;
- c. Establish monitoring and surveillance mechanisms and continuously review such mechanisms for necessary enhancement;
- d. Establish sanctions and penalties in respect of any breach of FIMM rules, guidelines, by-laws, codes, directives or standards and continuously review such sanction and penalties for effectiveness;
- e. Establish procedures for enforcement of sanctions and penalties and continuously review such procedures for effectiveness;
- f. Work closely with Securities Commission Malaysia and other relevant regulatory authorities to provide a robust framework for investor protection;
- g. Establish parameters for FIMM to conduct inspection, investigation and surveillance and continuously review the adequacy and observance of such parameters *vis-a-vis* FIMM's enforcement power; and
- h. Ensure FIMM has the necessary purview and enforcement power to regulate Members and Fund managers and providers registered with FIMM.

Authority

- a. To examine FIMM's policy and rule making process and advise on ways to achieve greater transparency *vis-a-vis* FIMM's rule and decision making process;
- b. To resolve issues and matters pertaining to or arising from the application and/or enforcement of FIMM rules, guidelines, by-laws, codes, directives and standards as referred by the Board or other Committees;
- c. To delegate responsibilities to the Management; and
- d. To review and resolve such other issues and matters falling within its purview.

Meetings

Quorum

Five (5) members comprising:

- three (3) Public Interest Directors; and
- two (2) elected Directors.

Attendance at Committee Meetings

Members of the Rules Committee	Attendance	Remarks
Vasanthan N Punniamoorthy (Chairman/PID)	13/14	Appointed as Chairman of Rules Committee on 13 August 2012
Datuk Meriam Binti Hj. Ya'acob (PID)	14/14	-
Datuk Wira Jahaya Bin Mat (PID)	1/1	Appointed as Member of Rules Committee on 12 October 2012
Dato' Mohamad Ayob Bin Abu Hassan (elected Director)	11/14	-
Dato' Syed Norulzaman Syed Kamarulzaman (PID)	10/10	Resigned w.e.f. 7 August 2012
Dr. Sieh Lee Mei Ling (PID)	12/14	-
George Yap Koi Ming (PID)	0/14	-
Ho Seng Yee (elected Director)	8/14	-
John Campbell Tupling (elected Director)	13/14	-
Yeoh Kim Hong (elected Director)	13/14	-
Dato Idris Bin Kechot (elected Director)*	1	
Prof. Dr. Saiful Azhar Bin Rosly (PID)*	1	
Teng Chee Wai (elected Director)*	1	
Danny Wong Teck Meng (elected Director)*	2	

*via invitation

Activities/Initiatives

Unit Trust Consultant Registration

- Allowed first time applicants who have passed Module 4 (Investment Planning) of the Chartered Financial Planning (CFP) certification programme not more than 3 years as at the application date, to be exempted from the Computerised Unit Trust Examination (CUTE).
- Imposed the requirement that applicants have credit in one language (English, Bahasa Malaysia or Mandarin) and credit in Mathematics, in addition to having passed the Sijil Pelajaran Malaysia (SPM).

Private Retirement Schemes

- Approved the draft Guidelines on Registration of Private Retirement Scheme Distributors and Consultants ("Draft Guidelines"). The Draft Guidelines came into effect on 29 June 2012 after obtaining approval of the Securities Commission Malaysia.
- Approved the familiarisation programme intended to facilitate the initial registration of private retirement scheme consultants from among unit trust consultants.

Revision of FIMM's Rules

- In the midst of reviewing FIMM's rules for endorsement by FIMM's Board before submitting to the Securities Commission Malaysia for approval. The revision is intended to ensure consistency with applicable securities laws and prevailing industry practices.

Audit

- Marketing and Distribution Compliance Audit for Unit Trusts ("the Compliance Audit")

The proposed Compliance Audit framework and checklists were submitted to the Securities Commission for approval in September 2011. In 2012, the Rules Committee deliberated and addressed the Securities Commission's comments on the audit framework and checklists in several committee meetings. Consequently, the audit framework and checklists were revised based on the feedback given by the Securities Commission and Rules Committee and re-submitted to the Securities Commission in November 2012.

The Compliance Audit is targeted to be implemented in the first half of 2013, subject to the Securities Commission's approval.

ii. Risk-based Audit Framework for Private Retirement Scheme ("PRS")

Following the launch of PRS by the Securities Commission in July 2012, a risk-based audit framework for PRS was presented to the Rules Committee in October and November 2012 for approval. The proposed audit framework was subjected to further refinement based on the feedback given by the Rules Committee.

iii. Revision of Unit Trust Operational Audit Checklist for CUTA

In 2010, the Securities Commission requested FIMM to revise the Operational Audit Checklist for CUTA following its meeting with some of the CUTA which commented that the audit checklist is too onerous and some sections are not applicable to CUTA.

In response to the Securities Commission's request, FIMM had revised the Operational Audit Checklist for CUTA to align the checklist with the business structure and operational processes of CUTA. The revised audit checklist was deliberated by the Rules Committee before it was submitted to the Securities Commission in October 2012 for approval. The audit checklist was approved by the Securities Commission in December 2012.

iv. FIMM's Audit Plan

In November 2012, the Rules Committee reviewed the proposed audit plan for unit trusts and PRS. The proposed audit plan sets out FIMM's intention to conduct on-site engagements for PRS by using its own resources instead of relying on external auditors appointed by the PRS Distributors.

The Rules Committee suggested that FIMM seek Securities Commission's clarification on the audit scope and to collaborate with the Securities Commission in performing the audit to avoid duplication of the audit activities.

The Rules Committee approved the proposed audit plan in principle subject to the provision of further details which incorporate the Rules Committee's comments with regard to the audit plan.

Systems and Methods Committee (SAM)

Members

At least six (6) members comprising one (1) elected Director or representative of Members, three (3) Subject Matter Experts (SME) and either of the following:

- a. Two (2) Public Interest Directors; or
- b. One (1) Public Interest Director and one (1) Independent Member.

Chairman

Dr. Sieh Lee Mei Ling

Primary Purpose

Oversee and advise on all matters relating to information technology to ensure continuous improvement, reliability and sustainability of FIMM's information technology infrastructure.

Responsibilities

- a. Review business processes, technology and operational processes, system and infrastructure of FIMM to ensure the system and processes are robust;
- b. Develop a strategic framework to enhance processes and information technology infrastructure;
- c. Revamp or establish the information technology infrastructure and policies;
- d. Formulate and implement information technology standards for FIMM to better serve the Investment Management Industry and investors;
- e. Prioritise information technology projects and the resources that serve on it;
- f. Recommend appropriate internal information system infrastructure;
- g. Address information technology issues and practices that have broad implications to the Investment Management Industry, including data processing applications, information security, technology risk management, telecommunications, data center operations and internet activities;
- h. Identify the technology implications of proposing or amending FIMM's rules, guidelines, by-laws, codes, directives and standards;
- i. Review information technology plans; and
- j. Review third party service providers for information technology projects.

Authority

- a. To recommend or approve information technology plans;
- b. To approve third party service providers for information technology projects;
- c. To approve re-allocation of resources within FIMM's Information Technology Department to facilitate meeting priorities and business needs;
- d. To approve implementation plans; and
- e. To decide on such other matters which fall within the responsibilities of SAM.

Meetings

Quorum

Three (3) members comprising at least one (1) Public Interest Director; and one (1) SME.

Attendance at Committee Meetings

Members of the Systems and Methods Committee	Attendance
Dr. Sieh Lee Mei Ling (Chairman/PID)	3/3
Datuk Siti Hadzar Binti Mohd Ismail (PID)	3/3
Muhamad Umar Swift (elected Directors)	2/3
Chan Foong Sin (SME)	3/3
Cheow Kok Lan (SME)	2/3
Richard Tan Koon Eam (SME)	1/3

Activities/Initiatives

1. After due deliberation and having considered all factors, the Committee unanimously endorsed TESS as the qualified vendor to develop the system to register PRS distributors and consultants.

EXECUTIVE COMMITTEE (EXCO)

Members

Five (5) members comprising;

- a. The Chairman of FIMM shall be the Chairman of the EXCO;
- b. The members of the EXCO may, at its absolute discretion invite any members of the Board of FIMM, management and such other external party to attend EXCO meetings, as it may deem fit and proper.

Chairman

Abdul Kadir Bin Md. Kassim

Primary Purpose

The EXCO is an ad'hoc committee formed to discuss matters relating to the strategic direction of FIMM as a Self-Regulatory Organisation (SRO) and to ensure smooth operations of FIMM and to guide the newly appointed Chief Executive Officer. The EXCO was disbanded with effect from 31st August 2012.

Responsibilities

1. The EXCO shall generally be responsible for matters relating to the strategic direction of FIMM as an SRO and the smooth operations of the Secretariat.
2. The powers and responsibilities of the EXCO shall further include the following:
 - a. Develop a strategic framework, initiatives and implementation timeline for FIMM's transformation to be an effective SRO. FIMM's strategic direction includes but not limited to the proposal in relation to:
 - i. Review, update and revamp FIMM's 10-year Masterplan;
 - ii. Organisation set up for FIMM which includes high level assessment on manpower, process and information technology infrastructure;
 - iii. Revenue structure for FIMM and proposal to increase revenue in order to ensure financial sustainability;
 - iv. Value proposition for the industry;
 - v. Identification of vital issues on areas that FIMM needs to look into in order to achieve the SRO objective;
 - vi. Membership structure of FIMM; and
 - vii. Strategies to support the continued growth and integration of Malaysian unit trust funds industry in the region and globally.
 - b. Establish and review the internal governance structure, policies and procedures of the Secretariat.
 - c. Revamp or establish the following:
 - i. Effective staff evaluation and performance appraisal framework to align staff performance to FIMM's goals;
 - ii. Succession planning framework;
 - iii. Retention policy;
 - iv. Remuneration and compensation package to ensure alignment with market practice, in order to attract job applicants with the requisite skills and experience; and

- v. Internal information technology infrastructure and policy.
- d. Develop a solid brand identity and strategy for FIMM to increase awareness of FIMM as an SRO, which includes:
 - i. Establishing the public relations strategies with the media;
 - ii. Formulating FIMM policy on involvement in local and international organisations and campaigns; and
 - iii. Developing campaigns and advertisements strategies.
- e. Review and determine salary increment, performance bonus and other incentives on an annual basis.
- f. Review of budget and financial statement of the FIMM.
- g. Conduct a rationalisation exercise on the roles of SC and the roles of FIMM.
- h. Review reports from relevant committees in charge of the tasks to implement the strategies.
- i. Monitor and advise the Board on the progress of implementing the strategies.
- j. Managing public affairs and acting as a spokesperson for the FIMM on matters relating to FIMM as SRO and public policies affecting the same.

Meetings

Quorum

- a. The quorum for the EXCO meeting shall comprise of three (3) members inclusive of at least one (1) public interest director.

Attendance at Committee Meetings

Members Of Executive Committee	Attendance
Abdul Kadir Bin Md. Kassim (Chairman/PID)	4/4
Datuk Siti Hadzar Binti Mohd Ismail (PID)	4/4
Dato' Idris Bin Kechot (elected Director)	2/4
Dato' Mohamad Ayob Bin Abu Hassan (elected Director)	4/4
Yeoh Kim Hong (elected Director)	4/4

Activities/Initiatives

1. Reviewed the revised Employee Handbook.
2. Reviewed the Staff Salary Band.
3. Reviewed the proposed amendments made to the Memorandum and Articles of Association.
4. Revised the Limits of Authority.
5. Reviewed and amended the high level initiatives to be undertaken by FIMM towards becoming an effective SRO and amended the committees structure of FIMM.

The following Committees were established in 2012, but there have not been any scheduled activities/initiatives during the period under review

Education and Examination Committee (EEC)

Members

A minimum of five (5) members comprising at least:

- a. Two (2) elected Directors or representatives of Members or Registered Persons;
- b. Two (2) Subject Matter Experts; and
- c. One (1) Public Interest Director.

Chairman

Dr. Sieh Lee Mei Ling

Primary Purpose

Review the educational and examination framework and syllabus and where necessary, enhance it to improve the knowledge of Consultants.

Finance Committee (FC)

Members

A minimum of five (5) members comprising at least three (3) elected Directors or Public Interest Directors and two (2) Subject Matter Experts.

Chairman

Elected Director only

Primary Purpose

Review FIMM's financial aspects and propose measures to improve FIMM's financial standing.

Governance Committee (GC)

Members

A minimum of five (5) members comprising at least three (3) elected Directors or individuals with working experience in corporate governance, regulatory or legal services and any of the following:

- a. Two (2) Public Interest Directors; or
- b. One (1) Public interest Director and one (1) Independent Member.

Chairman

Datuk Meriam Binti Hj. Ya'acob

Primary Purpose

- a. Ensure FIMM's structure is consistent with the structure of SRO expected by the International Organisation of Securities Commissions (IOSCO) and Securities Commission Malaysia;
- b. Ensure corporate governance trend is monitored and FIMM's corporate governance principles and policies are evaluated; and
- c. Ensure effectiveness of each of FIMM's committees.

REGULATION

FIMM's regulatory duty is to ensure that the interest of the public is protected whilst maintaining the orderly growth of the unit trust and private retirement schemes industries. FIMM is recognised as a Self-Regulatory Organisation for the unit trust industry and to register the distributors of PRS.

The following are some of the significant initiatives undertaken by FIMM in 2012 to fulfill its regulatory mandates:

1. In conjunction with the extension of FIMM's SRO mandate to include registration of the distributors and consultants of PRS, FIMM issued the Guidelines on Registration of Private Retirement Scheme Distributors and Consultants on 29 June 2012. The Guidelines set out the requirements relating to the registration of PRS distributors and consultants for marketing and distribution of PRS.
2. To improve the conduct of distributors and consultants of unit trust schemes and ensure greater protection to investors, the Code of Ethics and Rules of Professional Conduct for the unit trust industry was reviewed and revised.
3. Improving FIMM's governance framework by amending the Memorandum and Articles of Association of FIMM and revising the by-laws on the appointment and functions of committees that were drafted prior to FIMM's recognition as SRO.
4. Market Survey for Investors 2011/2012 ("the survey")

In November 2011, FIMM issued a circular to the Unit Trust Management Companies (UTMC), Institutional Unit Trust Advisers (IUTA) and Corporate Unit Trust Advisers (CUTA) to implement the survey. The survey aimed to obtain investors' feedback whether the UTC were adopting best practices in marketing when dealing with their clients and to ascertain whether certain mechanism and processes should be adopted to enhance the protection of investors.

Results of the survey from the UTMC, IUTA and CUTA were submitted to FIMM in March 2012. The industry wide survey results were submitted to the Rules Committee and the Securities Commission Malaysia in May 2012. FIMM also shared the outcome of the survey with the industry.

Main observations from the survey results are as follows:

- i. Most of the unit trust investors are from the older age group and married with children. This could be an indication that unit trusts are conservative type of investment products.
- ii. Quite a large number of investors agreed to pre-sign the transaction form although they know the consequences of pre-signing the form. In addition, some of them do not understand the pre-investment form which they have signed as part of the documents required for first time investments in unit trusts.
- iii. Some investors are not aware of their rights and responsibilities as an investor, such as their cooling-off rights and the right to make a complaint to the relevant authorities.
- iv. However, unit trust investors are generally keen to participate in investor awareness/ education programmes that improve their understanding in unit trusts as well as their rights as an investor.

Incorporating some of the findings from the survey, FIMM had carried out a series of activities via mainstream media i.e. print and radio campaigns, industry engagement dialogues and as well as educational seminars were organised nationwide to improve both the investors and consultant's knowledge and understanding in unit trust investment.

5. Revision of the Unit Trust Operational Audit Checklist for CUTA to align the audit scope with the business structure and operational processes of CUTA. The revised checklist was approved by Securities Commission Malaysia in December 2012.
7. The Marketing and Distribution Compliance Audit Framework was finalised and will be implemented in the first half of 2013 subject to Securities Commission Malaysia's approval. The Marketing and Distribution Compliance Audit is one of FIMM's surveillance initiatives to monitor compliance with regulatory requirements in respect of the distributors' marketing and distribution activities.

Enforcement Activities

FIMM carried out enforcement proceedings and actions for breaches of FIMM's rules. Private reprimands were issued for less serious breaches. For serious breaches, FIMM publicly reprimanded and barred the errant parties from registration with FIMM. The errant parties were consequently prohibited from marketing and distributing UT and PRS.

Details of the enforcement actions taken in 2012 are set out below:

Type of Actions Taken	UTMC	IUTA	CUTA	UTC	Total
Private Reprimand	0	0	0	4	4
Public Reprimand	0	0	0	2	2
Barring from registration	0	0	0	3	3
Public Reprimand and Barring from registration	0	0	0	0	0
Total	0	0	0	9	9

In 2012, FIMM received 12 complaints which included referral of complaints by Securities Commission Malaysia and 4 recommendations to deregister the UTC. The complaints are mostly related to alleged misappropriation of clients' money, unsatisfactory service, unauthorised investment and redemption, lack of internal control and procedures to prevent unauthorised investment and redemption.

A summary of the status of complaints received from January 2012 to December 2012 as set out below:

No.	Nature of Complaints	Status of complaints								
		2011				2012				
		Actions taken	Pending	Dismissed	Total	Actions taken	Pending	Dismissed	Total	
1	Misappropriation of client's money	4	-	3	7	1	1	-	2	
2	Unsatisfactory client services	2	-	3	5	-	4	1	5	
3	Unauthorised investment and redemption	1	-	1	2	-	1	-	1	
4	Unethical marketing and distribution of funds	-	-	4	4	-	1	-	1	
5	Dealings with unapproved funds	1	1	3	5	-	-	-	-	
6	Others *	-	-	6	6	-	-	1	1	
7	Outside FIMM's purview	-	-	4	4	-	-	2	2	
		No. of cases 2011				33	No. of cases 2012			12

* Other complaints include cases related to promotional materials, unauthorised activity by UTC and operational issues.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility of the Board

The Board is ultimately responsible for the Company's system of internal control, which includes the establishment of an appropriate control environment and framework, as well as reviewing its adequacy and integrity.

The Board has established an ongoing process for identifying, evaluating and managing significant risks faced by FIMM. Whilst the Board maintains ultimate responsibility over risk and control issues, it has delegated to the Executive Management the implementation of a system of risk management and internal control within an established framework.

In view of inherent limitations in any system of internal control, the Company's internal control system is designed to manage, rather than eliminate, the risk of failure in achieving corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Framework

The Management has been entrusted by the Board to manage risk and also, to develop, operate and monitor a system of internal control and providing assurance to the Board that it has done so in accordance with policies adopted by the Board.

1. Structure

FIMM adopts a centralised approach to risk management, whereby all employees take ownership and accountability for risks at their respective levels through facilitation with the Internal Audit Department ("IAD"). The process of risk management and treatment is overseen by the IAD.

A working group, the Risk Working Committee ("RWC"), provides risk management support to Management as a whole. The role of RWC includes periodic reporting of the status of risk mitigation actions, new risks identification and risks that have changed characteristics together with corresponding controls. The RWC comprising key persons from all departments and divisions submits its reports to the Audit Committee on a regular basis. The Audit Committee reports to the Board on any significant changes in the business and external environment which affect key risks.

The revised Risk Management Framework was approved on 18 October 2012 upon new establishment of Internal Audit Department.

2. Risk Assessment

FIMM maintains a database of key risks together with their corresponding controls, which are categorised as follows:

- Strategic, which are risks that affect the overall direction of the business;
- Operational, which are risks that impact the delivery of FIMM's services;
- Financial, which are risks associated with financial processes and reporting;
- Technology, which are risks associated with robustness in information technology in meeting business needs; and

- Compliance, which are risks that impact the compliance with legislations, regulations, policies and procedures.

The following key elements of a Risk Management Framework have been put in place as part and parcel of embedding a sound system of internal control within the Company:

- Establishment and yearly review of formalised Risk Management Policy and Procedure on risks;
- Audit Committee shall assist the Board of Directors (BOD) in discharging its statutory duties and responsibilities relating to the Risk Management Policy;
- Establishment and review of risk management structure, which outlines the reporting framework and responsibility of the Board, Audit Committee, Risk Working Committee, Internal Audit Department, management and risk owners;
- Reviewing and, where appropriate, revising the risk parameters (qualitative and quantitative) for FIMM and at the individual department to strengthen effectiveness of the risk management process;
- On-going formal and informal risk management education and training at management and staff levels;
- Continuous review and refinement of existing risk management framework model to enhance risk awareness within FIMM and facilitate re-affirmation of risk prioritisation and aggregation exercises with various departments;
- Implementation by Management of a company-wide risk assessment process, which includes the identification of key risks facing each department, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans to manage those risks to the desired level; and
- Development of FIMM Risk Profile.

Internal Audit Function

The newly established Internal Audit Department on 18 July 2012, provides the Board with the assurance it requires regarding the adequacy and integrity of internal controls. Internal audit independently reviews the internal control processes in the key activities of the Company's businesses by adopting a risk-based approach and reports directly to the Audit Committee on a quarterly basis or as appropriate. Internal audit also test the effectiveness of the internal controls on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee for approval. Reports on internal audit findings, together with recommendations for Management actions, are reviewed by the Audit Committee and reported to the Board by the Audit Committee on a quarterly basis or as appropriate.

An Internal Audit Manual was established and approved by the Audit Committee on 18 October 2012. The purpose of this manual is to provide guidance for FIMM's internal auditors. It contains policies and procedures for planning, preparation, performing, and reporting on audit activity and results. This manual summarizes the operations of the internal audit function and delineates the policies, standards and procedures which will generally govern the internal audit function.

However, prior to FIMM's recognition as a Self-Regulatory Organisation ("SRO") on 31st January 2011, BDO Governance Advisory Sdn Bhd ("BDOGA") was appointed to render internal audit services on 3 September 2010 for tenure of two (2) years.

Internal Control System

During the tenure of BDOGA, the scope of audit function is broad and includes those systems of internal controls that are in place to achieve the following objectives:

1. Compliance with legislations, regulations, policies and procedures;
2. Economy and efficiency of operations;
3. Safeguarding of assets;
4. Reliability and integrity of financial and operational information; and
5. Achievement of operational objectives.

The internal audit function reports directly to the Audit Committee of FIMM. In order for the function to carry out its responsibilities, it has full access to all records, properties and personnel of the Company.

Other Risk and Control Processes

Apart from risk management and internal audit, other key elements of the Company's internal controls system are as described below:

1. Management and the Board are provided with regular and comprehensive financial information, which includes a review of the Company's financial performance and position;
2. Detailed and systematic budgetary process in which the respective heads of department and division prepare budgets for the forthcoming financial year and subsequent financial quarters; continuous monitoring of results against planned activities and variances are followed up and actions taken, where necessary; and
3. The Chief Executive Officer reports to the Board on significant changes in the business and the external environment.

Review of Effectiveness

Regulatory Audit conducted by Securities Commission ("SC") for the year 2012 verified the essential frameworks and relevant controls in place for FIMM to discharge its functions efficiently and effectively as a Self-Regulatory Organisation ("SRO").

SC is of the view that FIMM has broadly demonstrated adequacy in its governance framework, complaints handling procedures and compliance to the terms and conditions imposed upon its recognition as a Self-Regulatory Organisation ("SRO"). The assessment takes into consideration the transition period of FIMM being a mere industry association into a Self-Regulatory Organisation ("SRO") as well as notable initiative currently in progress to address the shortcomings and operational gaps.

In addition, the Board is of the view that the existing system of the internal control is adequate. There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Nevertheless, Management continues to take measures to strengthen the control environment.

AUDIT COMMITTEE REPORT

Introduction

The Committee will, on behalf of the Board of Directors (Board), discharge its oversight responsibilities to encourage and safeguard the highest standards of integrity, reliable financial reporting, compliance with regulatory matters and effective internal controls of FIMM.

Primary Purpose

The Committee reports directly to the Board and as such, the Committee has no executive responsibilities, but it is responsible for performing its duties in accordance with the Audit Committee Charter and in this regard, makes recommendations to the Board on the adequacy of external audit, internal audit, risk management and compliance procedures.

Terms of Reference

The objectives of the Committee are as follows:

1. Assisting 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;
2. Improving the effectiveness of the internal and external audit functions and the effective communication between the Board and the auditors (both external and internal);
3. Reviewing key risk profiles, the mitigation plan and controls in place to manage these significant risks and the overall effectiveness of the risk management process;
4. Determine and set the scope of annual audit plan for the internal and external audit; and
5. Ensure the adequacy of the resources of the internal audit department to carry out its function effectively.

Audit Committee Charter

The Audit Committee was established with the aim of enhancing confidence in the integrity of an organisation's processes and procedures relating to internal control and corporate reporting including financial reporting. Audit Committee provides an 'independent' reassurance to the Board through its oversight and monitoring role. Among many responsibilities, the Board entrust the Audit Committee with the transparency and accuracy of the financial reporting and disclosures, effectiveness of external and internal audit function and robustness of the systems of internal audit and internal controls. Audit Committee also plays a significant role in the oversight of the company's risk management policies and programmes.

Meetings and Attendance of the Committee

Number of Audit Committee meetings in 2012	4	
Date of Audit Committee meetings in 2012	4Q FY2011 (4 th ACM)	24 Feb 2012
	1Q FY2012 (5 th ACM)	11 May 2012
	2Q FY2012 (6 th ACM)	18 July 2012
	3Q FY2012 (7 th ACM)	18 Oct 2012

Attendance at Committee Meetings

Members of the Audit Committee	Attendance
Datuk Siti Hadzar Binti Mohd Ismail (Chairman/PID)	4/4
Datuk Wira Jahaya Bin Mat (PID)	4/4
Dato' Mohamad Ayob Bin Abu Hassan (elected Director)	4/4
George Yap Koi Ming (PID)	0/4
Yeoh Kim Hong (elected Director)	4/4

Activities/Initiatives

1. Ensuring that financial statements are understandable, transparent, and reliable.
2. Ensuring the risk management process is comprehensive and ongoing, rather than partial and periodic.
3. Helping achieve an organisation-wide commitment to strong and effective controls, emanating from the tone at the top.
4. Reviewing corporate policies relating to compliance with laws and regulations, ethics and conflicts of interest.
5. Continually communicating with senior management regarding status, progress, and new developments, as well as problematic areas.
6. Ensuring internal audit access to the audit committee, to encourage communication beyond scheduled committee meetings.
7. Reviewing internal audit plans, reports, and significant findings.
8. Establishing a direct reporting relationship with the external auditors.

Internal Audit Primary Purpose

During the engagement of internal audit services with BDOGA, eight (8) internal control reviews were carried out as per Audit Plan. Internal Audit Plan for years 2010 till 2012 was proposed and approved by the Audit Committee on 8 October 2010 with a total of eight (8) internal control reviews.

The primary objective of the internal audit function is to provide an assessment independent of operations, on the adequacy and integrity of the system of internal controls of FIMM. The internal audit function plays an important role in supporting departmental operations. It provides assurance on key aspects of the risk management, control and governance processes. Where control deficiencies exist and where the achievement of objectives is at risk, internal audit plays a role in providing constructive insight and recommendations for strengthening of these controls. In this way, internal audit contributes to enhance accountability and performance in the organisation.



F M 4

FINANCIAL REPORTS

FEDERATION OF INVESTMENT MANAGERS MALAYSIA

(Incorporated in Malaysia) DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Federation for the financial year ended 31 December 2012.

Principal Activities

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

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

Financial Results

Operating surplus for the financial year RM2,871,373

Reserves and Provisions

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

Directors

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

	<u>Appointed date</u>	<u>Resigned date</u>
<u>Public Interest Directors:-</u>		
Abdul Kadir Bin Md. Kassim		
Datuk Wira Jahaya Bin Mat		
Dr. Sieh Lee Mei Ling		
Datuk Meriam Binti Hj. Ya'acob		
Vasanth N Punniamoorthy		
Prof. Dr. Saiful Azhar Bin Rosly		
Datuk Siti Hadzar Binti Mohd Ismail		
Dato' Syed Norulzaman Syed Kamarulzaman		7.8.2012
George Yap Koi Ming		
Muhamad Umar Swift	28.5.2012	

Directors (cont'd)

	<u>Appointed date</u>	<u>Resigned date</u>
<u>Non-Public Interest Directors:-</u>		
Ho Seng Yee		
Teng Chee Wai		
Yeoh Kim Hong		
Dato' Ong Chong Gain		28.9.2012
Dato' Idris Bin Kechot		
Dato' Mohamad Ayob Bin Abu Hassan		
Danny Wong Teck Meng		
John Campbell Tupling		
Nor' Azamin Bin Salleh		

Directors' Benefits

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

There were no agreements 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 corporate body.

Other Statutory Information

- a. Before the statement of comprehensive income and statement of financial position of the Federation were made out, the Directors took reasonable steps:-
 - i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- b. At the date of this report, the Directors are not aware of any circumstances which would render:-
 - i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Federation inadequate to any substantial extent; or
 - ii) the values attributed to the current assets in the financial statements of the Federation misleading; or
 - iii) adherence to the existing method of valuation of assets of liabilities of the Federation misleading or inappropriate; or

Other Statutory Information (cont'd)

- iv) any amount stated in the financial statements of the Federation misleading.
- c. No contingent or other liabilities of the Federation have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Federation to meet its obligations as and when they fall due.
- d. At the date of this report, there does not exist:-
 - i) any charge on the assets of the Federation which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - ii) any contingent liability in respect of the Federation which has arisen since the end of the financial year.
- e. In the opinion of the Directors:-
 - i) the results of the operations of the Federation for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Federation for the financial year in which this report is made.


Auditors

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

Signed in accordance with a resolution of the Directors.



ABDUL KADIR BIN MD. KASSIM



DATUK SITI HADZAR BINTI MOHD ISMAIL

KUALA LUMPUR

27 MAR 2013

FEDERATION OF INVESTMENT MANAGERS MALAYSIA

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

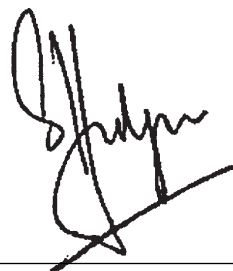
Pursuant to Section 169(15) of the Companies Act, 1965

We, ABDUL KADIR BIN MD. KASSIM and DATUK SITI HADZAR BINTI MOHD ISMAIL, being the Directors of FEDERATION OF INVESTMENT MANAGERS MALAYSIA, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 64 to 93 are drawn up in accordance with Malaysian Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Federation as at 31 December 2012 and of the results of its operations and the cash flow of the Federation for the financial year ended on the date.

Signed in accordance with a resolution of the Directors.



ABDUL KADIR BIN MD. KASSIM



DATUK SITI HADZAR BINTI ISMAIL

KUALA LUMPUR

27 MAR 2013

FEDERATION OF INVESTMENT MANAGERS MALAYSIA

(Incorporated in Malaysia)

STATUTORY DECLARATION

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

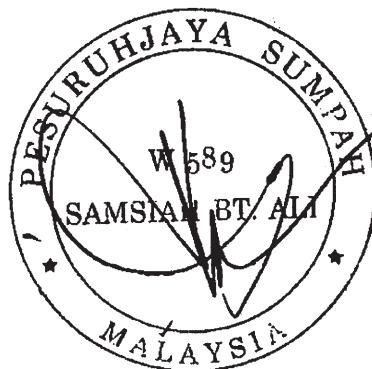
I, AHMAD ZAKIE BIN AHMAD SHARIFF, being the Officer primarily responsible for the financial management of FEDERATION OF INVESTMENT MANAGERS MALAYSIA, do solemnly and sincerely declare that the financial statements set out on pages 64 to 93 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed AHMAD ZAKIE BIN)
AHMAD SHARIFF at KUALA LUMPUR)
in the Federal Territory this 27 MAR 2013)



AHMAD ZAKIE BIN AHMAD SHARIFF

Before me,



SAMSI AH BINTI ALI (No. W 589)
PESURUHJAYA SUMPAH
NO. 14213, TKT, BAWAH,
BGN. UMNO SELANGOR
JALAN IPOH 51200
KUALA LUMPUR W.P.

COMMISSIONER FOR OATHS

MORISON ANUARUL AZIZAN CHEW

CHARTERED ACCOUNTANTS

18 Jalan 1/64, Off Jalan Kolam Air/Jalan Ipoh, 51200 Kuala Lumpur.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEDERATION OF INVESTMENT MANAGERS MALAYSIA

(Company No: 272577-P)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the accompanying financial statements of Federation of Investment Managers Malaysia, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in accumulated fund and statement of cash flow for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 64 to 93.

Directors' Responsibility for the Financial Statements

The Directors of the Federation are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards in Malaysia and the Companies Act, 1965 and for such internal control as the 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. These standards require that we comply with ethical requirements and plan perform the audit to obtain reasonable assurance whether the financial statements are free of 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 the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to 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 involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

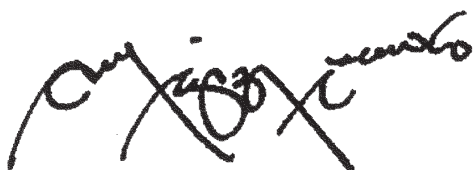
In our opinion, the financial statements are properly drawn up in accordance with Malaysian Financial Reporting Standards in Malaysia and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Federation as at 31 December 2012 and of its financial performance and cash flow for the financial year then ended.

Report on Other Legal and Regulatory Requirements

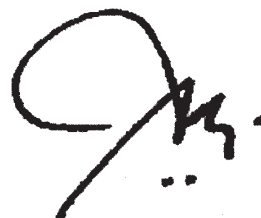
In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report in our opinion that the accounting and other records and the registers required by the Act to be kept by the Federation have been properly kept in accordance with the provisions of the Act.

Other Matters

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



MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants



SATHIEA SEELEAN A/L MANICKAM
Approved Number: 1729/05/14 (J/PH)
Partner of Firm

KUALA LUMPUR

27 MAR 2013

FEDERATION OF INVESTMENT MANAGERS MALAYSIA
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	2012 RM	2011 RM
Non-Current Asset			
Property, plant and equipment	3	439,062	400,454
Current Assets			
Other receivables	4	413,872	394,618
Fixed deposits with a financial institution	5	19,502,867	15,084,395
Cash and bank balances		757,946	1,631,577
		<u>20,674,685</u>	<u>17,110,590</u>
Current Liabilities			
Other payables	6	1,969,009	1,179,499
Provision for taxation		105,962	154,249
		<u>2,074,971</u>	<u>1,333,748</u>
Net current assets		<u>18,599,714</u>	<u>15,776,842</u>
		<u>19,038,776</u>	<u>16,177,296</u>
Financed By:-			
Accumulated fund	7	7,130,507	4,822,534
SRO requirement reserve	8	11,831,400	11,268,000
		<u>18,961,907</u>	<u>16,090,534</u>
Non-Current Liability			
Deferred tax liability	9	76,869	86,762
		<u>19,038,776</u>	<u>16,177,296</u>

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

FEDERATION OF INVESTMENT MANAGERS MALAYSIA
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Note	RM	RM
Revenue	10	10,159,713	9,878,403
Other income	11	766,741	378,273
Administration expenses	12	(4,184,679)	(3,626,589)
Staff costs	13	(3,448,250)	(2,450,592)
Excess of revenue over expenditure		3,293,525	4,179,495
Taxation	14	(422,152)	(370,163)
Operating surplus and total comprehensive income for the financial year		2,871,373	3,809,332

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

FEDERATION OF INVESTMENT MANAGERS MALAYSIA
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Non-Distributable		
		Accumulated fund RM	SRO requirement reserve RM	Total RM
At 1 January 2012		4,822,534	11,268,000	16,090,534
Transfer to SRO requirement reserve	8	(563,400)	563,400	-
Total comprehensive income for the financial year		2,871,373	-	2,871,373
At 31 December 2012		<u>7,130,507</u>	<u>11,831,400</u>	<u>18,961,907</u>
At 1 January 2011		12,281,202	-	12,281,202
Transfer to SRO requirement reserve	8	(11,268,000)	11,268,000	-
Total comprehensive income for the financial year		3,809,332	-	3,809,332
At 31 December 2011		<u>4,822,534</u>	<u>11,268,000</u>	<u>16,090,534</u>

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

FEDERATION OF INVESTMENT MANAGERS MALAYSIA
(Incorporated in Malaysia)

STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	2012	2011
	RM	RM
Cash Flows From Operating Activities		
Excess of revenue over expenditure	3,293,525	4,179,495
Adjustment for:-		
Depreciation of property, plant and equipment	182,720	175,040
Gain on disposal of property, plant and equipment	(51,000)	(835)
Interest income	(601,273)	(355,562)
Excess of operating revenue over expenditure before working capital changes	2,823,972	3,998,138
Decrease/(Increase) in working capital		
Other receivables	(19,254)	(93,797)
Other payables	789,510	10,328
	770,256	(83,469)
Cash generated from operations	3,594,288	3,914,669
Tax paid	(480,332)	(232,423)
Net cash from operating activities	3,113,896	3,682,246
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(221,328)	(85,470)
Proceeds from disposal of property, plant and equipment	51,000	835
Interest received	601,273	355,562
Net cash from investing activities	430,945	270,927
Net increase in cash and cash equivalents	3,544,841	3,953,173
Cash and cash equivalents at beginning of the financial year	16,715,972	12,762,799
Cash and cash equivalents at end of the financial year	20,260,813	16,715,972
Cash and cash equivalents at end of the financial year comprises:-		
Fixed deposits with a financial institution	19,502,867	15,084,395
Cash and bank balances	757,946	1,631,577
	20,260,813	16,715,972

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

FEDERATION OF INVESTMENT MANAGERS MALAYSIA

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activities of the Federation are to conduct its affairs in the best interest 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.

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

The registered office of the Federation is located at 18th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur.

The principal place of business is located at 19-07-3, 7th Floor, PNB Damansara, 19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.

2. Significant Accounting Policies

a) Basis of accounting

The financial statements of the Federation have been prepared under the historical cost convention unless otherwise stated in the accounting policies below and in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and the provision of the Companies Act, 1965 in Malaysia.

During the financial year, the Federation has adopted MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) on 19 November 2011, which are mandatory for annual financial periods beginning on or after 1 January 2012. As these are the Federation’s first financial statements prepared in accordance with MFRSs, the requirements of MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards have been applied.

In the previous financial years, the financial statements of the Federation was prepared in accordance with Financial Reporting Standards (“FRSs”). The Directors of the Federation are of the opinion that the transition to MFRSs did not have any material financial and disclosure impacts to the financial statements.

On the adoption of MFRSs, the following new standards became applicable during the financial year:

	Effective date for financial periods beginning on or after
MFRS 124: Related Party Disclosures	1 January 2012
MFRS 7 <i>Disclosures – Transfers of Financial Assets</i>	1 January 2012

The Directors of the Federation are of the opinion that the abovementioned new MFRSs did not have any material financial and disclosures impacts to the financial statements during the financial year.

The Federation has not applied the following accounting standards that have been issued by MASB but are not yet effective for the Federation:-

MFRSs effective on 1 July 2012	
Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income
MFRSs effective on 1 January 2013	
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard (“IAS”) 9 as amended by IASB in June 2011)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the production Phase of a Surface Mine
Amendment to MFRS 1	Government Loans
Amendment to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendment to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendment to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendment to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendment to MFRS	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendment to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
MFRSs effective on 1 January 2014	
MFRS 141	Agriculture
IC Int 15	Agreements for the Construction of Real Estate
MFRSs effective on 1 January 2015	
Amendment to MFRS 132	Offsetting Financial Assets and Financial Liabilities
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
Amendments to MFRS 7 and MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures

The Federation plans to adopt the abovementioned MFRSs, IC Interpretations and amendments to MFRSs which are relevant to the Federation's operations when they become effective.

The Directors of the Federation anticipate that the application of the above MFRSs, IC Interpretations and amendments to MFRSs will have no material impact on the financial statements of the Federation.

b) Significant accounting estimates and judgements

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

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

i) Income taxes

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

ii) Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment as stated in Note 2(d). These are common life expectancies applied in the industries.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

iii) Provisions for liabilities

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

iv) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow method. The inputs to these valuation models are taken from observable markets where possible. However, when this is considered unfeasible, a degree of judgement is made in establishing fair values. The judgements made include having considered a host of factors including liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

c) Functional and presentation currency

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

d) Property, plant and equipment

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

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

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

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

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

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in statement of comprehensive income.

(e) Impairment of non-financial assets

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

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

(f) Financial assets

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

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

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

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

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

(g) Impairment of financial assets

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

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

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

All impairment losses are recognised in statement of comprehensive income.

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

(h) Financial liabilities

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

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

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

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

(i) Cash and cash equivalents

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

(j) Provisions for liabilities

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

(k) Income tax

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

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

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

(l) Revenue recognition

i) Subscriptions

Annual subscriptions receivable from members are accounted for under the accruals method of accounting.

ii) Advance billings

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

iii) Application and examination fees

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

iv) Interest income

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

(m) Employee benefits

i) Short term employee benefits

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

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

ii) Statutory contribution plans

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

iii) Private Retirement Scheme ("PRS")

Contributions made by the Federation to registered PRS for eligible employees are recognised as an expense in the statement of comprehensive income as incurred.

3. Property, Plant and Equipment

	Office equipment RM	Furniture and fittings RM	Office renovations RM	Motor vehicles RM	Total RM
Cost					
At 1.1.2012	1,835,421	237,873	324,205	155,811	2,553,310
Additions	59,672	-	-	161,656	221,328
Disposal	-	-	-	(148,244)	(148,244)
At 31.12.2012	1,895,093	237,873	324,205	169,223	2,626,394
Accumulated depreciation					
At 1.1.2012	1,563,905	149,893	288,923	150,135	2,152,856
Charge for the financial year	120,699	17,536	26,806	17,679	182,720
Disposal	-	-	-	(148,244)	(148,244)
At 31.12.2012	1,684,604	167,429	315,729	19,570	2,187,332
Carrying amount					
At 31.12.2012	210,489	70,444	8,476	149,653	439,062

NOTES TO THE FINANCIAL STATEMENTS (Con't)

3. Property, Plant and Equipment (Cont'd)

	Office equipment RM	Furniture and fittings RM	Office renovations RM	Motor vehicles RM	Total RM
Cost					
At 1.1.2011	1,774,886	234,825	302,414	160,504	2,472,629
Additions	60,631	3,048	21,791	-	85,470
Disposal	(96)	-	-	(4,693)	(4,789)
At 31.12.2011	1,835,421	237,873	324,205	155,811	2,553,310
Accumulated depreciation					
At 1.1.2011	1,435,922	132,139	261,229	153,315	1,982,605
Charge for the financial year	128,079	17,754	27,694	1,513	175,040
Disposals	(96)	-	-	(4,693)	(4,789)
At 31.12.2011	1,563,905	149,893	288,923	150,135	2,152,856
Carrying amount					
At 31.12.2011	271,516	87,980	35,282	5,676	400,454

4. Other Receivables

	2012	2011
	RM	RM
Other receivables	96,101	55,098
Deposits	188,590	186,869
Prepayments	129,181	152,651
	413,872	394,618

5. Fixed Deposits with a Financial Institution

The fixed deposits interest range from 3.00% to 3.25% (2011:2.55% to 3.25%) per annum.

6. Other Payables

	2012	2011
	RM	RM
Other payables	363,190	372
Accruals		
- Staff bonus and benefit	568,700	229,780
- Directors' attendance fees	497,500	362,000
- Others	231,323	254,821
Advance billings	308,296	332,526
	1,969,009	1,179,499

7. Accumulated Fund

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

8. SRO Requirement Reserve

	2012	2011
	RM	RM
At 1 January	11,268,000	-
Transfer from accumulated fund	563,400	11,268,000
At 31 December	11,831,400	11,268,000

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

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

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

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

9. Deferred Tax Liability

	2012	2011
	RM	RM
Accelerated capital allowances:-		
At 1 January	86,762	103,133
Under provision in prior year	5,253	6,479
Recognised in statement of comprehensive income	(15,146)	(22,850)
At 31 December	76,869	86,762

10. Revenue

Revenue represents:-

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

11. Other Income

	2012	2011
	RM	RM
Conference fees received	111,550	19,300
Gain on disposal of property, plant and equipment	51,000	835
Interest income	601,273	355,562
Sundry income	2,918	2,576
	766,741	378,273

12. Administration Expenses

Administration expenses consist of:-

		2012	2011
	Note	RM	RM
Auditors' remuneration			
- external audit		18,000	18,000
- Internal audit		54,000	54,000
Depreciation of property, plant and equipment		182,720	175,040
Key management personnel compensation	15	801,672	654,200
Other project expenses		31,826	25,982
Rental of premises		343,560	328,097
UTC seminar expenses		292,269	397,817
Unit trust examination expenses		1,331,654	1,535,424

13. Staff Costs

	2012	2011
	RM	RM
Staff costs (excluding Directors)	3,448,250	2,450,592

Included in staff costs (excluding Directors) are:-

- contributions made to the Employees Provident Fund under a statutory contribution plan for the Federation amounting to RM351,386 (2011:RM243,944).
- contributions made to registered Private Retirement Scheme for eligible employees of the Federation amounting to RM6,786 (2011:RMNil).

14. Taxation

	2012	2011
	RM	RM
Estimated income tax payable		
- Current financial year	425,072	399,380
- Under/(Over) provision in prior year	6,973	(12,846)
	432,045	386,534
Deferred Tax:-		
- Relating to origination and reversal of temporary difference	(15,146)	(22,850)
- Under provision in prior year	5,253	6,479
	(9,893)	(16,371)
Tax expense for the financial year	422,152	370,163

Income tax is calculated at the statutory tax rate of 26% (2011:26%) of the estimated assessable operating surplus and total comprehensive income for the financial year.

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

	2012	2011
	RM	RM
Excess of revenue over expenditure	3,293,525	4,179,495
Tax at applicable tax rate of 26% (2011:26%)*	856,317	1,086,669
Expenses not deductible for tax purposes	171,337	67,278
Tax exempt income	(606,053)	(765,742)
Under/(Over) provision of current taxation in prior year	6,973	(12,846)
Under provision of deferred taxation in prior year	5,253	6,479
Effect of differential tax rates	(11,675)	(11,675)
Tax expense for the financial year	422,152	370,163

* The Federation is treated as a 'Trade Association' under Section 53(3) of the Income Tax Act 1967, under which its income is taxed at scale rates. The effect of differential tax rates above is a result of the disparity between statutory tax rate of 26% (2011:26%) and the scale rates applicable to the Federation.

15.Key Management Personnel Compensation

	2012	2011
	RM	RM
Directors		
- Attendance fees	538,500	362,000
Other key management personnel		
- Short term employee benefits	263,172	292,200
	801,672	654,200

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

The estimated monetary value of Directors' benefits-in-kind is RMNil (2011:RM4,300).

16.Financial Instruments

(a) Financial risk management objectives and policies

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

(b) Interest rate risk

The Federation's income and operating cash flows are substantially independent of changes in market interest rates. Excess funds which are placed in short term fixed deposits based on the prevailing rates are not significantly exposed to interest rate risk at they are stated at amortised costs.

Exposed to interest rate risk

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:-

	2012	2011
	RM	RM
Fixed rate instruments		
Financial assets:-		
Fixed deposits with a financial institution	19,502,867	15,084,395

(c) Credit risk

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

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

(d) Liquidity and cash flow risk

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

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

Maturity analysis

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

	2012	2011
	RM	RM
Financial liability:-		
Other payables	1,969,009	1,969,009

(e) Fair Values

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

17. Capital Management

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

18. Date of Authorisation for Issue

The financial statements of the Federation for the financial year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 27 March 2013.

FEDERATION OF INVESTMENT MANAGERS MALAYSIA

(Incorporated in Malaysia)

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	2012	2011
	RM	RM
Revenue		
Members' subscription	6,223,666	5,488,921
Members' application fees	10,000	-
Examination fees	2,789,603	3,498,268
Re-registration fees	607,944	-
Institutional Unit Trust Advisers (IUTAs)		
- application fees	2,500	3,750
- annual fees	500,000	878,505
Income from Corporate Unit Trust Advisers (CUTAs)	3,500	8,959
Private Retirement Scheme (PRSs)		
- members' application fees	12,000	-
- members' subscription	10,000	-
- annual fees	500	-
	10,159,713	9,878,403
Other income		
Interest income	601,273	355,562
Books/Materials sales	18	67
Conference income	111,550	19,300
Sundry income	2,900	2,509
Gain on disposal of property, plant and equipment	51,000	835
	766,741	378,273

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

FEDERATION OF INVESTMENT MANAGERS MALAYSIA

(Incorporated in Malaysia)

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	2012	2011
	RM	RM
Less: Administration expenses		
Advertisement	(11,651)	(12,152)
AGM expenses	(31,816)	(40,008)
Attendance fees	(538,500)	(362,000)
Auditors' remuneration		
- external audit	(18,000)	(18,000)
- internal audit	(54,000)	(54,000)
Bank charges	(3,473)	(2,852)
Bankruptcy search on UTCs	(5,123)	(10,743)
Board and committee expenses	(6,472)	(9,392)
Computer program	(181,911)	(158,079)
Courier and postage	(3,866)	(3,147)
Depreciation	(182,720)	(175,040)
Entertainment	(435)	(2,248)
Examination Expenses	(1,331,654)	(1,535,424)

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

FEDERATION OF INVESTMENT MANAGERS MALAYSIA

(Incorporated in Malaysia)

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	2012	2011
	RM	RM
Filing and stamping fees	(47)	(3,800)
Fund expenses	(23,531)	(22,624)
Handphone claims	(9,518)	(7,341)
Insurance	(4,802)	(4,325)
Library books	(892)	(1,146)
Literacy programme (EPF)	-	(521)
Magazines and periodicals	(6,854)	(9,372)
Other project expenses	(31,826)	(25,982)
Printing and stationery	(41,924)	(32,342)
Professional fees	(57,781)	(20,475)
Promotion - Billboard/Media advertisements	(561,077)	(37,650)
PRCs expenses	(13,190)	-
Rental	(343,560)	(328,097)
Secretarial fees	(1,200)	(1,200)
Service tax	(45,311)	(13,217)
Study tour/conference	(94,597)	(52,663)
Sundry expenses	(8,730)	(9,601)
Telephone and faxes	(57,039)	(57,620)
Travelling and accommodation	(78,388)	(44,823)
UTCs expenses	(91,083)	(123,695)
UTCs seminar expenses	(292,269)	(397,817)
Upkeep of office	(17,801)	(16,457)
Upkeep of office equipment	(2,059)	(1,759)
Water and electricity	(31,579)	(30,977)
	(4,184,679)	(3,626,589)
Staff costs	(3,448,250)	(2,450,592)
Excess of revenue over expenditure	3,293,525	4,179,495
Taxation	(422,152)	(370,163)
Operating surplus and total comprehensive income for the year	2,871,373	3,809,332

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

2012 CALENDAR OF EVENTS

11 JANUARY 6 th Rules Committee Meeting	13 JANUARY 10 th Industry Development Committee Meeting	16 JANUARY 16 th Board of Directors Meeting	18 JANUARY 7 th Rules Committee	23 FEBRUARY 11 th Industry Development Committee Meeting
24 FEBRUARY 4 th Audit Committee Meeting	27 FEBRUARY 8 th Rules Committee Meeting	1 MARCH 1 st Executive Committee Meeting	13 MARCH 9 th Rules Committee Meeting	21 MARCH 17 th Board of Directors Meeting
27 MARCH UTC Seminar, Kuala Lumpur		29 MARCH UTC Seminar, Kuala Lumpur	3 APRIL UTC Seminar, Kuching	5 APRIL UTC Seminar, Kota Kinabalu 10 th Rules Committee Meeting
16 APRIL 2 nd Executive Committee Meeting	17 APRIL UTC Seminar, Johor Bahru	25 APRIL UTC Seminar, Ipoh		28 APRIL 12 th Industry Development Committee Meeting
3 MAY UTC Seminar, Kuantan		7 MAY 13 th Industry Development Committee Meeting	9 MAY UTC Seminar, Kuala Lumpur	
11 MAY 5 th Audit Committee Meeting 3 rd Executive Committee Meeting	15 MAY UTC Seminar, Johor Bahru	18 MAY 11 th Rules Committee Meeting	22 MAY UTC Seminar, Melaka	
23 MAY 18 th Board of Directors Meeting	24 MAY UTC Seminar, Penang		12 JUNE UTC Seminar, Kuala Lumpur 14 th Industry Development Committee Meeting	14 JUNE 12 th Rules Committee Meeting

2012 CALENDAR OF EVENTS

21 JUNE

Annual General Meeting
13th Rules Committee Meeting

26 JUNE

UTC Seminar, Kuching



28 JUNE

UTC Seminar, Kota Kinabalu



1 JULY

Annual Golf Tournament



5 JULY

UTC Seminar, Penang

10 JULY

UTC Seminar, Kuala Lumpur
14th Rules Committee Meeting

11 JULY

15th Industry Development Committee Meeting



16 JULY

UTC Seminar, Kuala Lumpur

18 JULY

6th Audit Committee Meeting

25 JULY

15th Rules Committee Meeting

13 AUGUST

19th Board of Directors Meeting

15 AUGUST

16th Industry Development Committee Meeting

29 AUGUST

4th Executive Committee Meeting

26 SEPTEMBER

Joint Industry Development Committee and Rules Committee Meeting

5 OCTOBER

16th Rules Committee Meeting

9 OCTOBER

FIMM Annual Convention



11 OCTOBER

1st System and Method Committee Meeting

21 OCTOBER

20th Board of Directors Meeting

31 OCTOBER

17th Industry Development Committee Meeting

6 NOVEMBER

2nd System and Method Committee Meeting

7 NOVEMBER

2nd Appeal Committee Meeting

20 NOVEMBER

17th Rules Committee Meeting

21 NOVEMBER

21st Board of Directors Meeting
3rd System and Method Committee Meeting

27 NOVEMBER

18th Rules Committee Meeting

29 NOVEMBER

15th Disciplinary Committee Meeting

30 NOVEMBER

4th Nomination and Remuneration Committee Meeting

12 DECEMBER

5th Nomination and Remuneration Committee Meeting
Industry Development Committee Discussion

17 DECEMBER

19th Rules Committee Meeting

28 DECEMBER

16th Disciplinary Committee Meeting

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FEDERATION OF INVESTMENT MANAGERS MALAYSIA
(Incorporated in Malaysia)
(272577-P)

PROXY FORM

I, _____
(FULL NAME IN BLOCK LETTERS)

of, _____ (being
the Authorised Representative of the Member [being a member of Federation of Investment Managers
Malaysia ("FIMM")]) HEREBY APPOINT the ***Chairman of the Meeting** or _____
_____ of _____
_____ (being a person entitled to vote at a general meeting of FIMM
in accordance with and subject to the Articles of Association of FIMM) as my proxy to vote for me on
my behalf at the 19th Annual General Meeting of FIMM to be held on Tuesday, 25th day of June 2013
at 10.00 a.m. and at any adjournment of that meeting.

Resolutions	For	Against
Ordinary Resolution 1 To receive the audited financial statements and the reports of the Board of FIMM for the financial year ended 31 December 2012.		
Ordinary Resolution 2 To approve the re-appointment of En. Abdul Kadir Bin Md. Kassim who retires as a Director of FIMM in accordance with Section 129(2) of the Companies Act 1965.		

Resolutions				For	Against
Ordinary Resolution 3 To elect a maximum of 2 nominees for each Constituency from the list of nominees approved by the Securities Commission in Table A below as members of the Board of Directors of FIMM, to hold office until the end of the Annual General Meeting of 2015 in accordance with Article 46 of the Articles of Association of FIMM: Table A: List of persons nominated for election as members of the Board and their respective constituencies					
No.	Name of Members	Name of Nominee	Constituency		
1	Amanah Saham Nasional Berhad	En. Mohammad Bin Hussin	A		
2	CIMB Wealth Advisors Berhad	Pn. Munirah Binti Khairuddin	A		
3	Public Mutual Berhad	Ms. Yeoh Kim Hong	A		
4	CIMB-Principal Asset Management Berhad	Mr. Pedro Esteban Borda	B		
5	Hwang Investment Management Berhad	Mr. Teng Chee Wai	B		
6	OSK-UOB Investment Management Berhad	Mr. Ho Seng Yee	B		
7	AmInvestment Services Berhad	Mr. Harinder Pal Singh	C		
8	ING Funds Berhad	Mr. Ismitz Matthew De Alwis	C		
9	MAAKL Mutual Berhad	En. Muhamad Umar Swift	C		
10	Affin Fund Management Berhad	Dato' Mohamad Ayob Bin Abu Hassan	D		
11	Areca Capital Sdn. Bhd.	Mr. Wong Teck Meng	D		
12	Maybank Asset Management Sdn. Bhd.	En. Nor' Azamin Bin Salleh	D		
13	Permodalan BSN Berhad	En. Kamarul Izam Bin Idrus	D		
Ordinary Resolution 4 To re-appoint Messrs. Morison Anuarul Azizan Chew as Auditors of FIMM to hold office until the conclusion of the next Annual General Meeting of FIMM and to authorise the Directors to fix their remuneration.					
Ordinary Resolution 5 5. a) To note the total attendance fee of RM501,000.00 paid to members of the Board and committees for meeting attendances in the year 2012 and the total attendance fee of RM1,500.00 paid to non-members of the Board for committees meeting attendances in the year 2012. b) To note the total annual allowance of RM36,000.00 paid to the Chairman for the year 2012.					

Signed this _____ day of _____ 2013.

Signature

***Notes:**

1. A member of FIMM entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead.
2. A proxy appointed to attend and vote at the Annual General Meeting of FIMM shall be either: (a) Chairman of the Meeting or (b) any other person who may but need not be a member of FIMM.
3. If you wish to appoint any person other than the Chairman of the Meeting as proxy, please insert the full name of the proxy (in block letters) in the space provided and delete the words "the Chairman of the Meeting".
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney and the Directors may, but shall not be bound to, require evidence of the authority of the appointer or his attorney.
5. The instrument appointing a proxy may specify the manner in which the vote is to be cast in respect of each resolution and if the instrument does not provide so, the proxy will vote or abstain from voting at his discretion.
6. Please indicate with an "x" in the spaces provided, how you wish your vote to be cast. Any alteration to the instrument appointing a proxy must be initialised.
7. The Proxy Form must be deposited at the Registered Office of FIMM c/o RDL Corporate Services Sdn Bhd, 16th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur (Tel No: 26949999 Fax No: 26927942) not later than **10.00 am on 23 June 2013.**

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STAMP

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