

CIRCULAR

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To:	ALL MEMBERS		
Attn:	Chief Executive Officer / Authorised Representative		

Employees Provident Fund Members Investment Scheme (EPF-MIS) EPF-MIS Fund Evaluation 2021

(A) Overview

1. Federation of Investment Managers Malaysia (FIMM) will proceed to collate relevant fund data and information from member Institusi Pengurusan Dana (IPD) for the purpose of conducting EPF Fund Evaluation 2021 as follows:
 - a) Annual evaluation

The evaluation will be carried out for funds within EPF approved fund universe. These include existing EPF-MIS funds and suspended funds.
 - b) Additional Window of Submission (AWS) – December Window

This window of evaluation will cover new funds that have not been submitted for EPF-MIS Fund Evaluation before. These include funds that have recently fulfilled three-year track record by 31 December 2020.
2. The evaluation will be conducted based on criteria that include Consistent Return (CR) in Lipper Fund Table or returns for funds and benchmarks as of end December 2020.
3. The list of funds will then be compiled by FIMM for member IPDs' comments before submission to the EPF for final assessment or endorsement.
4. Once endorsed/approved by the EPF, the EPF will inform member IPDs on the new list of EPF-MIS funds before the effective date. The existing list of EPF-MIS funds will be valid until further notice from the EPF.
5. Please refer to the attached EPF-Members Investment Schemes Fund Evaluation Methodology (version 1.9) for further details.

(B) Role and Action Required from Member IPD

Role of member IPD

6. All information related to EPF-MIS Fund Evaluation 2021, including this circular and its enclosures, are specifically meant for the internal use of UTMCs and member IPDs in fulfilling the requirements for EPF-MIS Fund Evaluation Methodology.
7. FIMM is entrusted by the EPF to conduct the evaluation on the EPF-MIS. As such, member IPDs are required to submit the relevant information to FIMM in the form of data sheet and other relevant hard/soft copy of supporting documents.
8. Member IPDs are required to provide the data accurately. Material inaccuracy, if any, may have an adverse impact on the status of your funds under the EPF-MIS.
9. All pertinent records should be made available for checking and verification for audit purposes.

Data sheets

10. Member IPDs that are interested in submitting funds for evaluation purposes may submit the required information needed for Annual Evaluation and/or AWS-December Window (where applicable) by completing the Reply Slip and MS Excel data sheets as follows:
 - a) Annual Fund Evaluation
 - i. Declaration Form A: EPF-MIS Annual Fund Evaluation; and
 - ii. Sections A1 and A2: EPF-MIS Annual Fund Evaluation Data Sheet (Version 2021).
 - b) AWS-December Window
 - i. Declaration Form B: AWS-December Window; and
 - ii. Sections B1 to B3: AWS-December Window Data Sheet (Version 2021).
11. Kindly email the completed data sheets to FIMM and attention to the following:
 - a) yanying@fimm.com.my; and
 - b) izma.es@fimm.com.my

Submission of hardcopy documents

12. The following printed documents are required to be submitted to FIMM:
- a) Signed Reply Slip;
 - b) A copy of the completed Sections A1 and A2 for EPF-MIS Annual Fund Evaluation Data Sheet (Version 2021);
 - c) A copy of the completed Sections B1 to B3 for AWS-December Window Data Sheet (Version 2021), if applicable;
 - d) Declaration Form A and/or Form B from member IPD duly signed by the Chief Executive Officer and Compliance Officer testifying the information provided is true and accurate; and
 - e) Other additional documents, where applicable, that are required to support the evaluation for funds as mentioned in Appendix 3 of the EPF-MIS Fund Evaluation Methodology.
13. FIMM may request further information and/or documents from member IPDs as and when required to complete the fund evaluation exercise.
14. Member IPDs are reminded to submit complete information and supporting documents by the following due date to avoid funds being excluded from the evaluation.
15. For your ease of reference, we have summarised the types of information as well as actions required from member IPDs in Appendix 3 of the EPF-MIS Fund Evaluation Methodology.
16. The above (soft/hard copy) should be submitted to FIMM by **noon, 11 January 2021 (Monday)**.
17. Meanwhile, should you require further information or clarification, please do not hesitate to contact the undersigned or Ms. Lim Foong Ying / Ms. Yong Yan Ying at limfoongying@fimm.com.my / yanying@fimm.com.my .

Thank you.

Yours faithfully



KOH HWEE NGIM

General Manager and Head, Industry Services Division

**EPF MEMBERS INVESTMENT SCHEME (EPF-MIS) FUND
EVALUATION METHODOLOGY**

Version 1.9

Date Updated: 28 December 2020

**Prepared by Research & Analytics Department
Industry Services Division, FIMM**

(A) Background

1. The EPF Members Investment Scheme (“EPF-MIS” or “Scheme”) was introduced at the end of 1996 and eligible EPF members are allowed to withdraw part of their EPF savings and invest in unit trust funds managed by Institusi Pengurusan Dana (IPD) approved by EPF.
2. FIMM and EPF had jointly developed the EPF-MIS Fund Evaluation Methodology which was implemented since 27 May 2010. Details of the EPF-MIS Fund Evaluation Methodology are illustrated in the following sections.

(B) EPF-MIS Fund Evaluation Methodology

Objective

3. As part of the industry’s continuing efforts to improve the level of services and products offered to EPF members, FIMM has been working closely with the EPF to enhance and strengthen further the features and functions available under the EPF-MIS. Hence, the EPF-MIS Fund Evaluation Methodology was introduced to ensure the following:
 - a) Only funds that have performed consistently over the longer term are offered to EPF-MIS investors; and
 - b) Non-performing funds relative to their peers/ benchmarks are suspended, until they are qualified to be reinstated.
4. As such, the EPF-MIS Fund Evaluation Methodology sets out methodology and criteria in determining qualification, suspension and reinstatement of funds under the EPF-MIS.
5. Once suspended, funds are not allowed to receive new investments made under EPF-MIS. Existing investments held by EPF members prior to the suspension are nevertheless allowed to remain in the funds.

Eligibility

6. Funds managed by approved IPD.

To be eligible for assessment under the EPF-MIS Fund Evaluation Methodology, funds must be managed by IPD approved by EPF. Members seeking to be approved as IPD may contact EPF directly for more details.

7. Past performance record

New funds or Non EPF-MIS funds seeking to be approved under the EPF-MIS must have at least three years past performance record. Otherwise, such funds will not be evaluated under the EPF-MIS Fund Evaluation Methodology.

8. Fund category

- a) All equity funds, bond funds and mixed asset funds (including state funds) seeking to be approved under EPF-MIS must go through the evaluation process under EPF-MIS Fund Evaluation Methodology.

- b) However, some variations are granted by the EPF for certain types of funds such as money-market, capital guaranteed/ protected funds as well as funds managed by Amanah Saham Nasional Berhad. More details are illustrated in the following sections.

9. Money Market Funds

- a) Money market funds are not required to have past performance record. However, Money market funds approved under the EPF-MIS will be limited to ONE Islamic and ONE Conventional for each IPD.
- b) Money market funds approved under EPF-MIS are mainly for “temporary parking” purposes in order to facilitate asset allocation or re-allocation processes, where applicable, among EPF members/investors.
- c) Therefore, money market funds shall only be admitted as EPF-MIS approved funds if the funds are accompanied by other category of funds (equity, mixed asset or bond funds) managed by the same IPD that are duly approved under the EPF-MIS.
- d) Given that individual investors’ asset allocation strategies cannot be possibly executed with just money market funds, existing EPF Members that invested in equity, mixed asset and / or bonds funds *that* are managed by the said IPD but were recently suspended from the EPF-MIS may choose to remain invested in the funds. Such investors could proceed to redeem their investments and repatriate the proceeds to EPF if they decided to reduce the risks of their investments made under EPF-MIS.

10. Capital Guaranteed / Protected Funds

- a) As defined under the EPF Guidelines, capital guaranteed / protected funds are funds that will guarantee that investors will get back the capital invested in full within a stipulated timeframe. These funds must fulfil the following requirements:
 - i. A guarantor must be appointed to provide a guarantee to the fund. The appointment of the guarantor must be in writing and the guarantor must provide guarantee to the fund at all times;
 - ii. A guarantor must be an entity established in Malaysia;
 - iii. A guarantor must be a licensed bank or a licensed merchant bank;
 - iv. A guarantor must has a minimum rating of AA2 by RAM or AA by MARC; and
 - v. If the rating of a guarantor falls below the minimum rating stipulated in Clause (iv) above or the guarantor ceases to be rated, the IPD should within six months or sooner, and if the trustee considers it to be in the best interest of unit holders, enter into a new agreement with a new guarantor that satisfies Clauses (ii), (iii) and (iv).
- b) Capital guaranteed / protected funds that fulfilled the above criteria are allowed to submit for evaluation without having to have past performance record.

11. Funds intend to change overseas exposure limit

In line with the uplifting of overseas exposure limit, IPDs that plan to change overseas exposure limits of existing/potential EPF-MIS funds should take note of the following:

- a) Where material, the changes are disclosed to investors in the disclosure documents;
- b) The changes in the asset allocation are permitted by the deed and consents from unit holders were duly obtained, where applicable; and
- c) The change in overseas exposures may trigger changes in Lipper's fund classification assigned to the fund, which may cause the fund's past year return performance track records no longer be applicable under the new mandate. Such funds will not be eligible for evaluation for the next few years until the funds have accumulated three-year track record under the new mandate.

Note: *Changes in investment objective and/or Lipper's fund classification may result in termination of such from EPF-MIS Universe, subject to EPF's decision. If this happened, all EPF Members will have to redeem their investments and the proceeds will be reinstated to their EPF accounts.*

12. Funds with investments in derivatives

Should the funds' permissible investments include derivatives, structured products, futures and options, please indicate accordingly in the prescribed section of the EPF-MIS Data Sheet.

13. External fund manager

Appointment of external fund manager without Capital Market Services License (CMSL) is restricted to external fund manager that is a wholly-owned subsidiary of the IPD.

14. Additional criteria imposed on new funds to be admitted under EPF-MIS via the Additional Window of Submission (AWS) are as follows:

- a) Minimum fund size is RM 10 million;
- b) IPD to justify how it manages the possible concentration risks arising from very small number of unit holders (i.e. less than 100); and
- c) Feeder fund investing in target fund that uses derivatives for purposes other than hedging for currency will not be qualified under EPF-MIS.

Selection criteria

15. EPF-MIS Fund Evaluation Methodology will evaluate funds based on Simple Average Consistent Return (SACR) or Simple Average Benchmark Rating (SABR), depending on the availability of Lipper Leaders Rating for Consistent Returns (CR) for the funds, to determine whether a fund is qualified to be included in the EPF-MIS. Further details as well as examples on SACR and SABR are enclosed as Appendices 1 and 2.

16. Nevertheless, certain types of funds such as capital guaranteed/protected funds will be subjected to EPF's additional screening process as elaborated in the Appendix 3.

17. Upon the completion of the assessment, funds that have fulfilled the selection criteria will be compiled and submitted to the EPF for endorsement.
18. Further details on eligibility and selection criteria are summarised in Appendix 3.

Evaluation frequency and implementation schedule

19. The evaluation process under the EPF-MIS Fund Evaluation Methodology will be conducted annually at the beginning of each calendar year using the last publicly available CR in Lipper Fund Table of the preceding year. The preliminary evaluation results will be made available to member IPDs for comments before forwarding to EPF for approval/endorsement.
20. The fund evaluation exercise is scheduled to be completed by end of first three months of the current year with a list of funds approved/ endorsed by the EPF published to the public. Member IPDs will be notified on the list of EPF approved funds as soon as the list is finalised by the EPF before the list comes into effect.
21. Once came into effect, the new list will supersede the old one. Suspended funds are not allowed to receive new investments made under EPF-MIS. Existing investments held by EPF members prior to the suspension are nevertheless allowed to be remained with the funds.

Additional Window of Submission (AWS) for evaluation and approval of funds that meet the requirements

22. Funds that have fulfilled the three (3)-year track record can be submitted for evaluation via two (2) AWS:
 - a) **April Window:** Application of new EPF-MIS funds that have fulfilled the three (3)-year track record between 1 Jan and 30 April:
 - i. Deadline for submission to FIMM is 10 May;
 - ii. Evaluation will base on Simple Average Consistent Return (SACR) or Simple Average Benchmark Rating (SABR) as at 30 April;
 - iii. Once endorsed/approved by the EPF, the EPF will inform IPD before the effective date; and
 - iv. The new funds will take effect on 1 July the same year.
 - b) **December Window:** Application of new EPF-MIS funds that have fulfilled the three (3)-year track record between 1 May and 31 December:
 - i. Deadline for submission to FIMM is 10 January the following year;
 - ii. Evaluation will base on Simple Average Consistent Return (SACR) or Simple Average Benchmark Rating (SABR) as at 31 December;
 - iii. Application received will be evaluated concurrently with the EPF Annual Fund Evaluation;

- iv. Once endorsed/approved by the EPF, the EPF will inform IPD before the effective date.
 - v. The new funds will take effect on 1 March the following year.
23. The AWS funds should also fulfill the eligibility criteria as prescribed under the EPF-MIS Fund Evaluation Methodology as well as the following requirements, at the point of making the submission:
- a) Annual fund evaluation requirement

Such funds, once evaluated and approved under the additional window of submission must be subjected to the evaluation together with other funds during the next annual fund evaluation exercise that will be conducted at the beginning of each calendar year.
 - b) Exemption from three-year track records

Money Market Funds (MMF) launched after the annual fund evaluation exercise is conducted are allowed to be submitted during this additional window of submission, as long as the total number of MMF approved under EPF-MIS is capped to one Islamic fund and one Conventional fund for each IPD.
 - c) Documents to be submitted

Documents and forms required by FIMM for additional submission window for evaluation and approval are available upon request.

Costs

24. The assessment under EPF-MIS Fund Evaluation Methodology will be conducted free of charge by FIMM with the assistance from members.

(A) Simple Average Rating for Consistent Returns (SACR) (For funds with CR)

1. The Simple Average Rating for Consistent Returns (SACR) is based on the “Lipper Leaders Rating for Consistent Returns” (CR), which reflects historical risk-adjusted returns, adjusted for volatility and relative to peers. CR was introduced in Malaysia by Lipper in mid-2001, shortly after the same was adopted internationally, by major financial markets.
2. Under CR, the Lipper categorises funds into 5 quintiles (i.e. bands of 20% each), based on peer group performance. For example, the top performing 20% of funds, in an asset-class, will receive a score of 5 (five), whilst the worse performing 20%, will receive a score of 1 (one). The other quintiles will receive a CR of 4, 3 and 2 respectively. Details on CR are summarised in Section B.
3. Please note that the CR quintiles are a measure of relative performance amongst peers. It is therefore entirely possible for funds in a CR ranking of 1 (i.e. lowest quintile) to still generate strong profits – it is just that the profits generated are not as high as their peers.
4. The CR is published weekly together with return other performance related statistics in major financial publications, including the Edge.
5. The SACR for respective fund will be calculated as follows:

If a fund has...	Calculation of Simple Average CR (SACR)
a) 3 or more CR ratings	Sum of the CR as of the 3 immediate years divided by 3
b) 2 CR ratings	Sum of the CR as of the 2 immediate years divided by 2
c) only 1 CR rating	The CR for that year

6. Once the Simple Average CR (SACR) has been determined, the test for admission/ suspension/ re-instatement, from the EPF-MIS, is based on the following threshold:

SACR Threshold	
a) Suspend if SACR	< 2.33
b) Qualified to be admitted/ Re-instated if SACR ≥ 2.33	

7. The SACR threshold is currently set at 2.33 and may subject to change in future. As such, existing EPF-MIS funds that failed to meet the above SACR threshold will be suspended. Otherwise, the funds are qualified to be admitted under EPF-MIS. Suspended funds will only be re-instated at the next annual evaluation if the fund’s SACR is 2.33 and above. Similarly, non EPF-MIS funds seeking approval for the first time will be qualified to be admitted under the EPF-MIS, if the SACR is 2.33 and above.

8. Examples:

	CR as of			Calculation of SACR	Evaluation outcome
	Dec 20X0	Dec 20X1	Dec 20X2		
Fund A	--	--	1	$1 \div 1 = 1$	Suspended/ Not qualified to be admitted or re-instated
Fund B	--	--	2	$2 \div 1 = 2$	Suspended/ Not qualified to be admitted or re-instated
Fund C	--	--	3	$3 \div 1 = 3$	Qualified to be admitted/ Re-instated
Fund D	--	1	1	$(1 + 1) \div 2 = 1$	Suspended/ Not qualified to be admitted or re-instated
Fund E	--	2	2	$(2 + 2) \div 2 = 2$	Suspended/ Not qualified to be admitted or re-instated
Fund F	--	2	3	$(2 + 3) \div 2 = 2.50$	Qualified to be admitted/ Re-instated
Fund G	1	1	2	$(1 + 1 + 2) \div 3 = 1.33$	Suspended/ Not qualified to be admitted or re-instated
Fund H	1	2	2	$(1 + 2 + 2) \div 3 = 1.67$	Suspended/ Not qualified to be admitted or re-instated
Fund I	2	2	2	$(2 + 2 + 2) \div 3 = 2.00$	Suspended/ Not qualified to be admitted or re-instated
Fund J	2	2	3	$(2 + 2 + 3) \div 3 = 2.33$	Qualified to be admitted/ Re-instated

(B) Leaders Rating for Consistent Returns (CR)

9. Lipper Leaders Rating for Consistent Returns (CR) reflects historical risk-adjusted returns, adjusted for volatility and relative to peers. CR was introduced in Malaysia by Lipper in mid-2001, shortly after the same was adopted internationally by major financial markets.
10. Since 1998, Lipper has been providing performance statistics on Malaysian unit trust funds in collaboration with local media partners. The CR, together with other performance statistics from the Lipper Fund Table are published periodically in major financial publications, including the Edge.
11. CR rates funds' consistency and risk-adjusted returns when compared to a group of similar funds (peer group). CR is computed for all Lipper Malaysia Classifications with five or more distinct portfolios and span across different categories of funds, including equity, bonds and mixed asset.
12. The ratings are subject to change every month and are calculated for the following time periods: 3-year, 5-year, 10-year, and overall. The highest 20% of funds in each classification are assigned the highest score of 5. The next 20% receive a rating of 4; the middle 20% are rated 3; the next 20% are rated 3, and the lowest 20% are rated 1. For the purpose of EPF-MIS Fund Evaluation Methodology, 3-year CR will be used to be in congruent with the prescribed eligibility criteria.

(A) Simple Average Rating for Benchmark Returns (SABR) (For funds without CR)

1. Funds that do not have CR assigned by Lipper due to insufficient peers within similar fund classes will be evaluated based on Benchmark Rating (BR).
2. BR essentially compares individual fund's performance against its stipulated benchmark by assigning a rating to a fund based on over-performance or under-performance of its returns compared to its benchmark. BR for the respective funds will be calculated based on the returns as disclosed in the funds' annual reports. Details on BR are summarised in Section B.
3. The SABR for respective fund will be calculated as follows:

If a fund has...	Calculation of Simple Average BR (SABR)
a) 3 or more BR ratings	Sum of the BR for the 3 immediate years divided by 3
b) 2 BR ratings	Sum of the BR for the 2 immediate years divided by 2
c) only 1 BR rating	The BR for that year

4. Once the Simple Average BR (SABR) has been determined, the test for admission/suspension/ re-instatement, from the EPF-MIS, is based on the following threshold:

SABR Threshold	
a) Suspend if SABR	< 2.33
b) Qualified to be admitted/ Re-instated if SABR	≥ 2.33

5. The SABR threshold is currently set at 2.33 and may subject to change in future. Under EPF-MIS Fund Evaluation Methodology, existing EPF-MIS funds failed to meet the above threshold will be suspended. Otherwise, the funds are qualified to be admitted under EPF-MIS. Suspended funds will only be re-instated at the next annual evaluation if the fund's SABR 2.33 and above. Similarly, non EPF-MIS funds seeking approval for the first time will be qualified to be admitted under the EPF-MIS, if the SABR is 2.33 and above.

6. Examples:

	Annual Return (%)			Calculation of SABR	Evaluation outcome
	FY 20X0	FY 20X1	FY 20X2		
a) Fund AA					Suspended/ Not qualified to be admitted/ Re-instated
Fund	-20.0	8.0	9.2	--	
Benchmark	-10.0	10.0	10.0	--	
%OPUP	-100.0	-20.0	-8.0	--	
BR	1	1	2	$(1 + 1 + 2) \div 3 = 1.33$	
b) Fund BB					Suspended/ Not qualified to be admitted/ Re-instated
Fund	-20.0	9.2	9.2	--	
Benchmark	-10.0	10.0	10.0	--	
%OPUP	-100.0	-8.0	-8.0	--	
BR	1	2	2	$(1 + 2 + 2) \div 3 = 1.67$	
c) Fund CC					Suspended/ Not qualified to be admitted/ Re-instated
Fund	9.5	9.2	9.2	--	
Benchmark	10.0	10.0	10.0	--	
%OPUP	-5.0	-8.0	-8.0	--	
BR	2	2	2	$(2 + 2 + 2) \div 3 = 2.00$	
d) Fund DD					Qualified to be admitted/ Re-instated
Fund	9.5	9.2	11.0	--	
Benchmark	10.0	10.0	10.0	--	
%OPUP	-5.0	-8.0	10.0	--	
BR	2	2	3	$(2 + 2 + 3) \div 3 = 2.33$	

(B) Benchmark Rating (BR)

- BR compares individual fund's performance against its stipulated benchmark as disclosed in the prospectus by assigning a rating to a fund based on over-performance or under-performance of its returns compared to its benchmark.
- BR for a fund is calculated for every financial year of the respective funds, based on the returns as disclosed in the funds' annual reports. Funds that outperformed more than 20% relative to the benchmark are assigned the highest score of 5. The other relative outperformance/ under performance of funds will receive a BR of 4, 3 and 2 respectively as follows:

% of out-performance/ underperformance from benchmark (% OPUP)	Benchmark Rating (BR)
20% < %OPUP	5
10% < %OPUP ≤ 20%	4
0% < %OPUP ≤ 10%	3
-10% < %OPUP ≤ 0%	2
%OPUP ≤ -10%	1

Whereby:

$$\%OPUP = \left| \frac{\text{Fund returns} - \text{Benchmark returns}}{\text{Benchmark returns}} \right| \times 100\%$$

%OPUP for funds that underperformed the benchmark will be deemed negative.

9. Examples on how %OPUP is calculated and BR is assigned to different funds for a specific financial year:

Fund	Benchmark Returns (%)	Fund Returns (%)	%OPUP	BR
DEF High Growth	0.3	1.0	233%	5
ABC Bond	4.3	5.4	26%	5
BBB Balance	-18.6	-13.0	30% ⁽¹⁾	5
XYZ Equity	25.0	13.0	-48%	1

Note 1: The 30% is calculated as follows:

$$\begin{aligned} & \left| \frac{-13.0 - (-18.6)}{-18.6} \right| \times 100\% \\ &= \left| \frac{5.6}{-18.6} \right| \times 100\% \\ &= \left| -0.3 \right| \times 100\% \\ &= 30\% \end{aligned}$$

10. Unlike the CR calculated by Lipper, BR uses individual funds' performance against its respective benchmark and hence peer comparison is not applicable.
11. BR will be based on annual returns calculated for the immediate preceding financial years that disclosed in the fund's annual reports that are distributed to all unit holders. Hence, the period used for performance calculation for BR are subjected to respective fund's financial year end and there will not be a common cut-off point for evaluation for such funds.

Summary on Key Features of EPF-MIS Fund Evaluation Methodology and Additional Notes

Subject	Key Features of EPF-MIS Fund Evaluation Methodology and Additional Notes
1. EPF-MIS and Non-EPF-MIS funds (Equity, Mixed Asset and Bond Funds) with Lipper Leaders Rating for Consistent Returns (CR) (i.e. with at least 3 year performance)	Eligible for evaluation under EPF-MIS Fund Evaluation Methodology, based on Simple Average of the Lipper Leaders Rating for Consistent Returns (SACR).
2. EPF-MIS and Non-EPF-MIS funds (Equity, Mixed Assets and Bond Funds) without CR with at least 3 year performance	<p>a) <u>For EPF-MIS funds that have 3 year or more track record but no CR:</u></p> <p>To be subjected to the evaluation criteria, based on Simple Average Benchmark Rating (SABR). Further details on SABR and Benchmark Return can be found in Appendix 2.</p> <p>b) <u>For Non EPF-MIS funds that have less than 3 year track record:</u></p> <p>i. Such funds will not be considered until they have at least 3 year track record.</p> <p>ii. Once such funds have accumulated 3 year track record, they will subject to (1) if CR is assigned or (2) if it is not.</p>
3. Selected funds managed by PNB/ Amanah Saham Nasional Bhd/ Maybank Asset Management Sdn Bhd	ASN2, ASN3, ASW2020, Amanah Saham Didik, Amanah Saham 1 Malaysia, ASB2, three sub-funds under Amanah Saham Gemilang and Amanah Hartanah Bumiputera will be exempted from the evaluation process, as proposed by the EPF.
4. Money Market Funds (MMF)	<p>a) MMF will be exempted from the evaluation process.</p> <p>b) However, MMF will be capped to <u>One</u> Islamic and <u>One</u> Conventional per IPD.</p> <p><u>Notes for member IPD:</u></p> <p>i. IPD managing more than one Islamic MMF and one conventional MMF, please make sure you have indicated in the EPF-MIS Fund Evaluation Data Sheet/AWS Data Sheet which MMF intended to be included under EPF.</p> <p>ii. Money market funds shall only be admitted as EPF-MIS approved funds if the funds are accompanied by other category of funds (equity, mixed asset or bond funds) managed by the same IPD that are duly approved under the EPF-MIS.</p>
5. State funds	All state funds are subjected to be evaluated under the EPF-MIS Fund Evaluation Methodology.
6. Funds intend to change overseas exposure limit	In line with the uplifting of oversea exposure limit, IPDs that plan to change overseas exposure limits of existing/potential EPF-MIS funds should take note of the following:

Subject	Key Features of EPF-MIS Fund Evaluation Methodology and Additional Notes
	<ul style="list-style-type: none"> a) Where material, the changes are disclosed to investors in the disclosure documents; b) The changes in the asset allocation are permitted by the deed and consents from unit holders were duly obtained, where applicable; and c) The change in overseas exposures may trigger changes in Lipper's fund classification assigned to the fund, which may cause the fund's past year return performance track records no longer be applicable under the new mandate. Such funds will not be eligible for evaluation for the next few years until the funds have accumulated three-year track record under the new mandate. <p>Notes for member IPD:</p> <ul style="list-style-type: none"> i. Kindly take note that local content limit for fund classification going forward may subject to change from time to time, in line with FIMM Lipper Malaysia Classification Standard. ii. Changes in investment objective and/or Lipper's fund classification may result in termination of such from EPF-MIS Universe, subject to EPF's decision. If this happened, all EPF Members will have to redeem their investments and the proceeds will be reinstated to their EPF accounts.
7. External Fund Manager	Appointment of external fund manager without Capital Market Services License (CMSL) is restricted to external fund manager that is a wholly-owned subsidiary of the IPD.
8. Requirements imposed on new funds to be admitted under EPF-MIS via the Additional Window of Submission (AWS)	<ul style="list-style-type: none"> a) Minimum fund size is RM 10 million; b) IPD to justify how it manages the possible concentration risks arising from very small number of unit holders (i.e. less than 100); and c) Feeder fund investing in target fund that uses derivatives for purposes other than hedging for currency will not be qualified as EPF-approved funds.
9. Capital Guaranteed/ Protected Funds (CG/P)	<ul style="list-style-type: none"> a) As defined under the EPF Guidelines, capital guaranteed / protected funds are funds that guarantee investors will get back in full, the capital invested in full within a stipulated timeframe. These funds must fulfilled the following requirements: <ul style="list-style-type: none"> i. A guarantor must be appointed to provide a guarantee to the fund. The appointment of the guarantor must be in writing and the guarantor must provide a guarantee to the fund at all times; ii. A guarantor must be an entity established in Malaysia;

Subject	Key Features of EPF-MIS Fund Evaluation Methodology and Additional Notes
	<ul style="list-style-type: none">iii. A guarantor must be a licensed bank or a licensed merchant bank;iv. A guarantor must has a minimum rating of AA2 by RAM or AA by MARC; andv. If the rating of a guarantor falls below the minimum rating stipulated in Clause (iv) above or the guarantor ceases to be rated, the IPD should within six months or sooner, and if the trustee considers it to be in the best interest of unit holders, enter into a new agreement with a new guarantor that satisfies Clauses (ii), (iii) and (iv). <p>b) Capital guaranteed / protected funds that fulfilled the above criteria are allowed to submit for evaluation without having possessing past performance record.</p> <p><u>Notes for member IPD:</u></p> <p>CG/P is required to provide FIMM details on guarantor and how the guarantee is secured in the relevant section of EPF-MIS Fund Evaluation Methodology Data Sheet.</p>
10. Others	<ul style="list-style-type: none">a) The qualification threshold/ criteria for Simple Average CR (SACR) and Simple Average BR (SABR) are set at 2.33.b) EPF has indicated that going forward, it is their intention to increase the threshold progressively but in an orderly manner.c) Funds that turned three years after the annual fund evaluation exercise is conducted are allowed to submit to FIMM for separate evaluation under AWS.