



# **FIMM 2023 Investment Management Survey**

**“Unlocking Insights, Shaping the Future”**

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## PREFACE

The third series of the FIMM 2023 Investment Management Survey has been authored in a qualitative report approach to provide detailed analytics of the topics mentioned in our introductory section as a catalyst from the findings of IMS Year 2021 and 2022. The earlier series sets the stage for FIMM to provide the industry with quantitative analysis as a broad overview of the industry performance, challenges and other aspirations affecting the fund management sector. Our quest for this third series was to provide readers with granular insights into the survey results collected. We hope these takeaways will help you in your business planning.

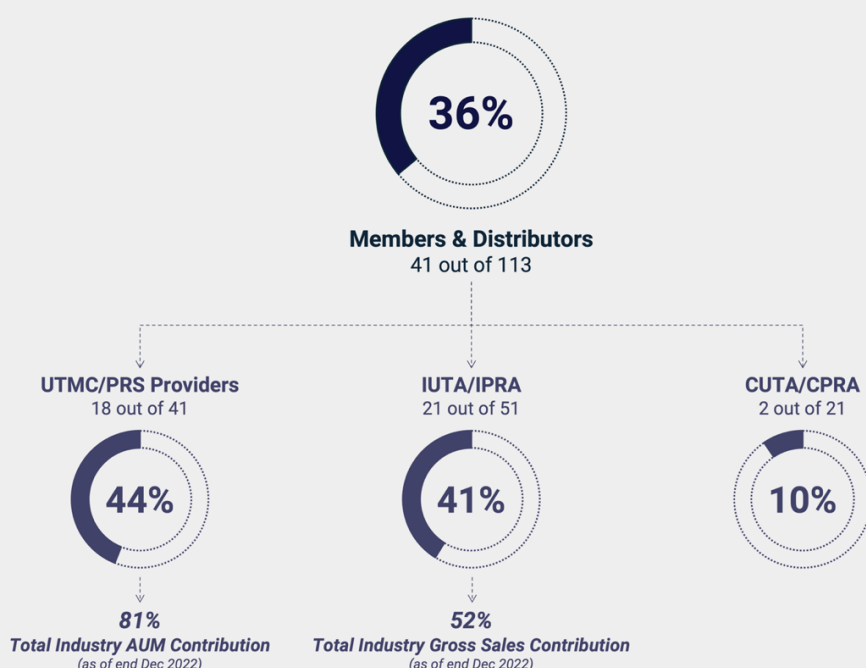
## ABOUT THE FIMM 2023 INVESTMENT MANAGEMENT SURVEY

The FIMM 2023 Investment Management Survey aims to provide valuable insights on various aspects of the UTS and PRS Industry post-pandemic. It is hoped that the source of data collected by FIMM through this survey will be referenced as a benchmark for Industry standards.

The survey also aims to provide a comprehensive understanding of the current state of the Industry, identify areas for improvement, and explore potential opportunities. It is divided into **seven (7) sections**, each focusing on a specific facet of the Industry, namely:

1. Industry Overview
2. Investors Segment
3. Marketing Strategies
4. Product Development
5. Challenges to the Industry
6. Consultant Development
7. Future Outlook

## SURVEY PARTICIPANTS





## DATA COLLECTION LIMITATIONS

- Most of the points in this report can only be elaborated to the extent of information provided by the respondents.
- As such, the data provided in the survey report is on a best effort basis only.
- Information/statistics displayed in this survey represent the aggregate views and data of Members and Distributors that participated in this survey, hence do not depict the UTS, PRS and WSF Industry in its entirety.
- Consequently, some of the statistics shared will not reconcile with information published on our website or the Securities Commission Malaysia's website.

## ABBREVIATIONS

AI	Artificial Intelligence
AML	Anti-Money Laundering
AUM	Assets Under Management
CFT	Combating the Financing of Terrorism
CPRA	Corporate PRS Advisor
CUTA	Corporate Unit Trust Advisor
DeFi	Decentralised Finance
ECF	Equity Crowdfunding
ESG	Environmental, Social, and Governance
ETF	Exchange-Traded Funds
FIMM	Federation of Investment Managers Malaysia
HNWI	High Net Worth Individuals
IMS	Investment Management Standards
IPRA	Institutional PRS Advisor
IUTA	Institutional Unit Trust Advisor
ML	Machine Learning
NLP	Natural Language Processing
P2P	Peer-to-Peer
PRS	Private Retirement Scheme
SRI	Sustainable and Responsible Investing
UTMC	Unit Trust Management Company
UTS	Unit Trust Scheme
WSF	Wholesale Fund

# EXECUTIVE SUMMARY

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## 1. Industry Overview

- **Asset Class Dominance:** Equity appears as the dominant asset class for both UTMC/PRS Providers and IUTA/IPRA, followed by Mixed Asset and Money Market. CUTA/CPRA predominantly markets Money Market followed by Equity.
- **Investor Segment Composition:** Retail Investors contribute a sizeable part of AUM for UTMC/PRS Providers and IUTA/IPRA, followed by High-Net-Worth Individuals (HNWI) and Corporate/Institutional Investors. This is clear that UTS/PRS is the preferred investment vehicle of Retail Investors.
- **Ancillary Services:** IUTA/IPRA and CUTA/CPRA offer a diverse range of ancillary products and services, including insurance, will writing, wealth management and financial planning. Based on the FIMM 2022 IMS report on Distributors AUM contribution, both IUTA/IPRA and CUTA/CPRA channels saw continuous growth for UTS, albeit other ancillary products and services offering.
- **Key Distribution Channels:** For UTMC/PRS Providers, Direct Sales and IUTA/IPRA are considered the most important distribution channels.

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## 2. Investors Segment

- **Services Provided to Various Investor Segments:**
  - **Retail Investors:** Services most offered to Retail Investors include Regular investment plans, Financial literacy education and Investor awareness programmes. Majority of Members/Distributors also provide individualised investment advice, portfolio monitoring, and financial planning/retirement solutions.
  - **HNWIs:** HNWIs are offered exclusive services such as access to unique investment opportunities and invitation-only investment talks. Private banking and wealth management services are also among the services offered to HNWIs.
  - **Institutional Investors:** Advisory services and wholesale fund structures for enhanced yields. Some offer corporate treasury solutions and investment reporting services.
  - **Corporate Investors:** Advisory services and wholesale fund structures for enhanced yields. Some offer corporate treasury solutions and investment reporting services.
- **Growing Investor Segments:** Members have opted to use strategies such as targeted marketing, digital presence, expanding distribution networks, developing products, and financial educational resources and is not relying solely on reducing fees to gain market share to attract new investors.



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### 3. Marketing Strategies

- **Advertising Effectiveness:** Most Members/Distributors find advertising effective in reaching investors, with 51% indicating its positive impact. However, 37% remain neutral and suggested that there is room for improvement.
- **High Impact on Roadshows:** Roadshows and seminars are highly effective, with 59% of Members/Distributors affirming the effectiveness of face-to-face interaction in engaging investors.
- **Social Media effectiveness varies:** Social media is effective for only 46% of Members/Distributors, while 32% provided neutral responses, underlining its varying impact.
- **Mixed Feedback on Referral Programmes:** Referral programmes is not for all, with only 34% of Members/Distributors finding them effective, 37% were neutral, and 24% deeming them inapplicable.
- **Positive View of Online Portals:** Online portals for managing investments are effective for 42% of Members/Distributors, with all finding them effective, thus reflecting a growing trend due to demographic shifts.

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### 4. Product Development

- **Market Research and Assessment:** Results have shown that Members are focusing on developing new products through data analytics such as understanding Investor segments, current product holdings, Industry trends, and competitors.
- **Customisation of Products:** Most Members customise products based on Investor segments.
- **Factors Influencing New Product Launch:** Key factors for new product launches include economic conditions, market outlook, investors' demand, and alignment with business objectives.
- **Key Fund Management Strategies:** Most use in-house fund management expertise, reflecting mature mastery in domestic and Asia-centric fund management.
- **Secondary Fund Management Strategies:** For in-house teams, it is about leveraging internal expertise and control. External managers are sought for specialised strategies. Feeder funds target specific segments, and external advisors provide niche knowledge.

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### 5. Challenges to the Industry

- **Key Challenges Faced by the UTS Industry:** Top challenges include economic uncertainty, market volatility, rising regulatory costs, domestic competition, trust-building and changing preferences.
- **Key Challenges Faced by the PRS Industry:** PRS on the other hand lacks public awareness, competition from bank products, market risks, limited distribution channels and low financial literacy.
- **Alternative Investment Products Perceived as Threats:** Cryptocurrencies, digital assets, robo-advisors and ETFs are seen as threats to traditional schemes.
- **Factors Affecting Industry Growth and Reputation:** Economic instability, cost pressures, fraud concerns and negative media impacting Industry growth and reputation.

- **Concerns About Disruptive Technologies:** Many Industry members are concerned about potential impact of disruptive technologies and adapting technological advancements through collaborations and digital enhancements.

## 6. Consultant Development

- **Strengthening Collaboration:** Most Members plan to boost collaboration with their Consultants by forming dedicated relationship management team and conducting regular training sessions. This signifies a strong commitment to continuous engagement with frontliners.
- **Customised Solutions:** 50% of Members are considering providing tailored investment solutions (i.e. products/services) to meet the specific needs of Consultants for consultative selling and in the pipeline introduction of digital tools for Consultants to better service their investors.
- **Specialised Tools:** Majority of Members are planning to develop specialised solutions for Consultants, i.e. preferred products and tailored reporting tools to highlight the Industry's readiness for technological advancements to attract new talent.
- **Market Insights:** Many Members responded that their prioritisation is to provide timely market insights and research reports for Consultants to update their investors for informed decision making.
- **Consultant Support:** Improving Consultants support through dedicated channels, ongoing training and development of sales kits to enhance Consultants' skills and productivity are most Members responses.

## 7. Future Outlook

- **Future Growth Plans:** In the short-term plan, most Members aim to increase market share and launch new investment products. Medium-term goals that require a longer gestation period includes upskilling Consultants and expanding into new market segments. Members will concentrate on long-term strategies, necessitating significant capital investment, by emphasising digital sales channels and forming partnerships with loyal agency channels.
- **Industry Evolution:** Respondents have shown that there may be continued growth and increased investor participation but also expect greater regulatory scrutiny and compliance requirements, highlighting the need for adaptability.
- **Attracting Talent:** To attract new talent, Members/Distributors plan to offer competitive compensation packages, internships and acknowledge the advantages of fostering a diverse workforce.
- **Innovation and Trends:** The Industry is focusing on sustainable and responsible investing (SRI and ESG), exploring fintech integration and digital wealth management, as well as considering artificial intelligence (AI) and Machine Learning (ML) applications as a need to stay relevant on emerging trends.
- **Meeting Investor Expectations:** Meeting evolving investor expectations include user-friendly digital platforms and personalised investment solutions, showing a shift towards digitalisation and customisation.

# 1. INDUSTRY OVERVIEW

## KEY FINDINGS

- Asset Class Elements: Equity appears as the dominant asset class for both UTMC/PRS Providers and IUTA/IPRA, followed by Mixed Asset and Money Market. CUTA/CPRA predominantly markets Money Market and Equity.
- Investor Segment Composition: Retail Investors investments form a sizable part of AUM for UTMC/PRS Providers and IUTA/IPRA, followed by HNWI and Corporate/Institutional Investors. This is clear that UTS/PRS is the preferred investment vehicle of Retail Investors.
- Ancillary Services: IUTA/IPRA and CUTA/CPRA offer a diverse range of ancillary products and services, including insurance, will writing, wealth management, and financial planning. Based on the FIMM 2022 IMS report of Distributor's AUM contribution, both channels saw continuous growth for UTS albeit other ancillary products and services which these channels have been offering.
- Key Distribution Channels: For UTMC/PRS Providers, the Direct Sales (i.e. Consultants) and IUTA/IPRA are considered the most important distribution channels, while CUTA/CPRA ranks after among the said distribution channels.

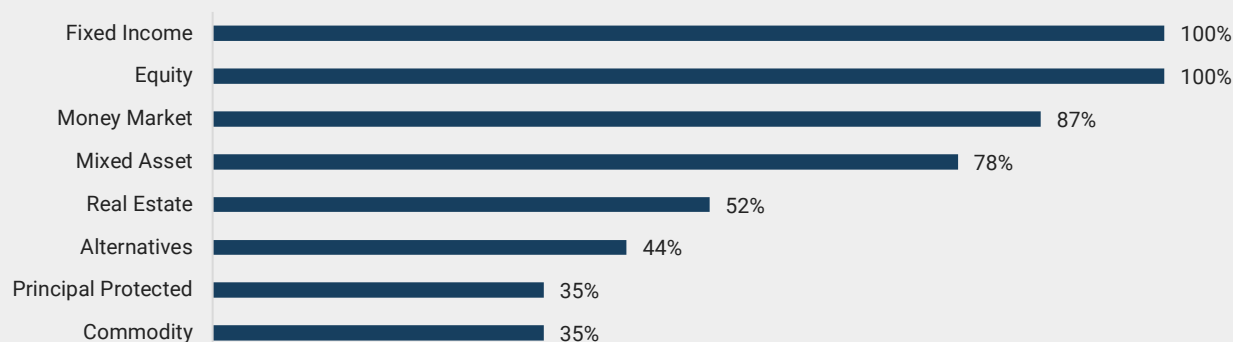
This section aims to provide a comprehensive overview of the UTS/PRS Industry by exploring various aspects of the product and service offerings. The goal is to provide an understanding on specialisation, target market segments, solutions provided, ancillary products or services offered, and key distribution channels.

This section also provides an understanding of the Industry landscape, including the types of funds specialised by Distributors, focus of market segments, solutions offered, and distribution channels being engaged.

## a. Distribution Focus

The findings give an overview of the comprehensive distribution approach by IUTA/IPRA and CUTA/CPRA. These channel focuses on Equity and Fixed Income shows that further diversification of asset classes are being recommended to their investors. Additionally, the Money Market and Mixed Asset classes holds significant interest as the purpose of supplying an alternative to their investors risk appetite.

Chart 1: Asset Class – Distribution Focus

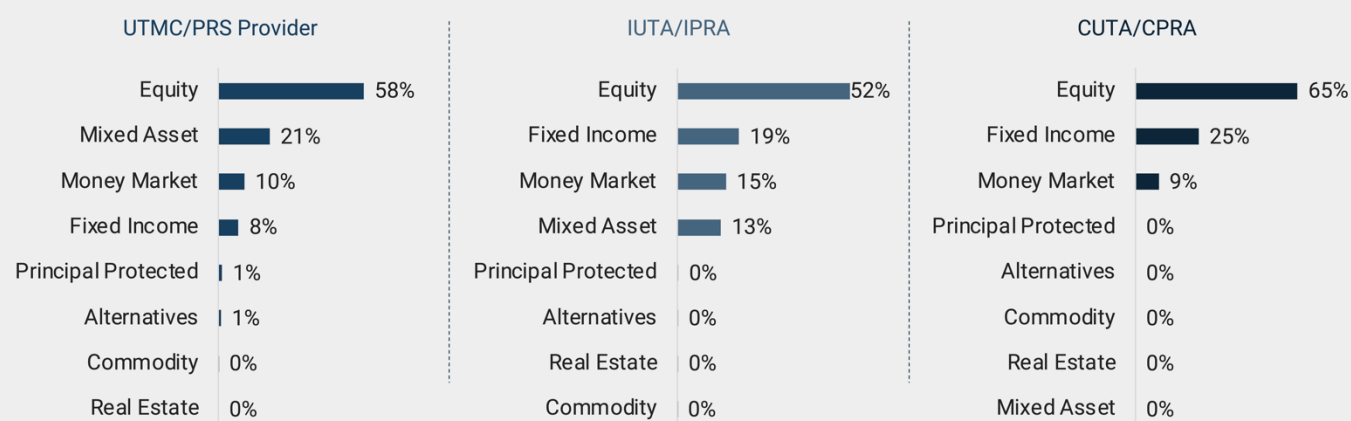


## b. Asset Size

A fundamental aspect of the Industry landscape is the growth of asset size and offerings of various asset classes. The survey findings give a granular insight on the types of asset classes by different distribution channels within the UTS/PRS Industry.

The findings signify that equity funds across all distribution channels are the preferred asset class affirming its dominant position within the UTS/PRS landscape. Additionally, the survey results demonstrated that there is no uniformity amongst the distribution channels reflecting diverse investment and marketing strategies tailored to their specific Company goals and investors. This shows that investors are still predominantly focused on traditional asset classes like equity, fixed income and money market.

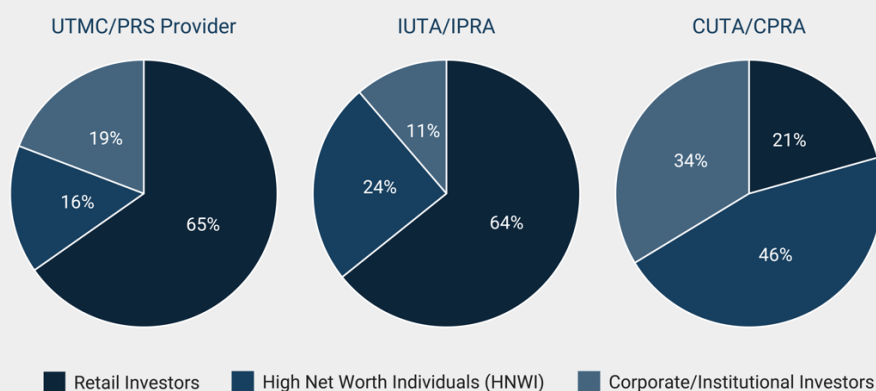
Chart 2: Asset Size



### c. Investor Segment Composition

Retail Investors constitute a sizeable part of AUM followed by HNWI and Corporate/Institutional Investors for UTMC/PRS Provider and IUTA/IPRA. This composition signifies that UTS/PRS are preferred investment vehicles for Retail Investors by these channels. It is notable that the CUTA/CPRA channel have a large segment of HNWI and Corporate/Institutional as their investor base.

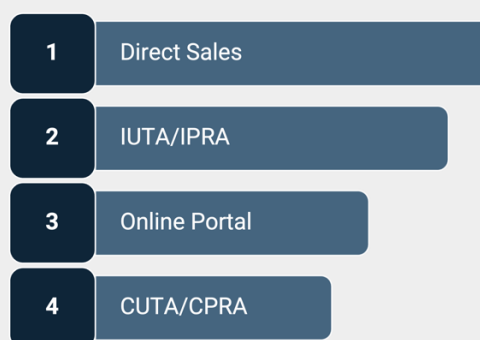
Chart 3: Investor Composition



### d. Distribution Channel Focus and Support by UTMC/PRS Providers

Distribution channels form the backbone of the Industry's outreach efforts. Direct sales (i.e Consultants) and IUTA/IPRA channels are identified as the highest contributor for UTMC/PRS Providers. UTS and PRS Consultants play a pivotal role in extending the Industry's reach, while secondary to the Direct Sales and IUTA/IPRA are online portals that offers convenient digital interface for investors. CUTA/CPRA on the other hand is an up-and-coming channel that contributes financial planning advisory and is positioned fourth among these channels.

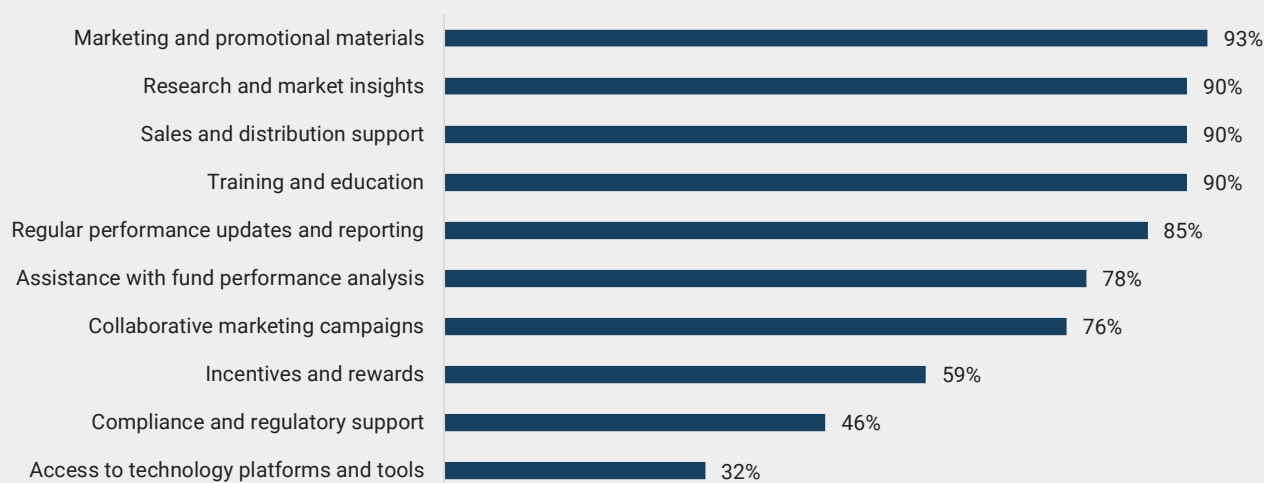
Chart 4: Distribution Channel Focus



Distributors are crucial in recommending investors suitable funds that are based on their risk appetite where UTMC/PRS Providers are supplying extensive support to their frontliners. This support includes marketing materials, training, sales aid, market insights, performance reporting, and fund analysis. As the survey results proven, collaborative marketing campaigns and incentive programmes boost Distributors performance.

Strong compliance and regulatory support by UTMC/PRS Providers to ensure compliance adherence has led to the decline of complaint cases in recent years. Distributors are also utilising technological tools to streamline operations for efficacy. These comprehensive measures empower Distributors to serve investors effectively with confidence.

Chart 5: Distribution Support by UTMC/PRS Providers



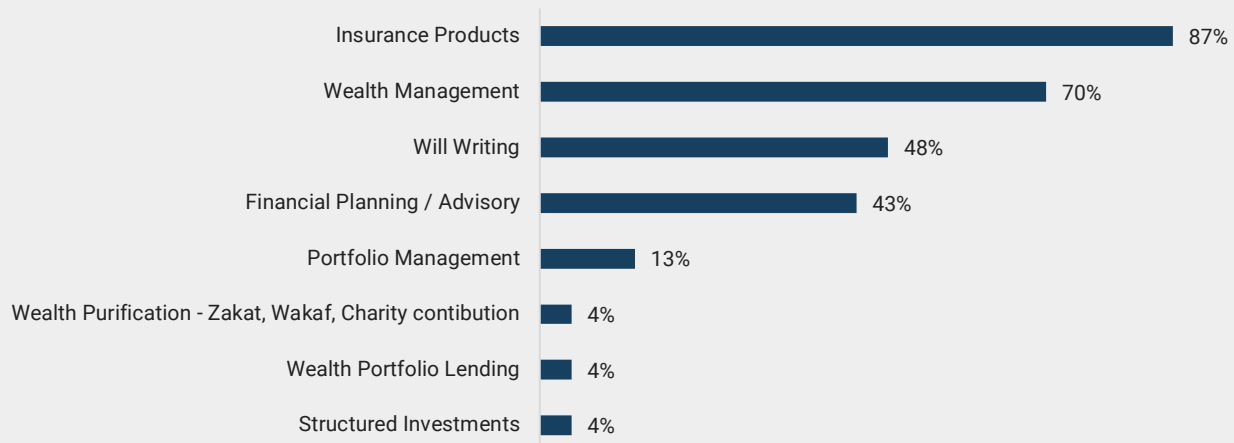
## e. Ancillary Services by IUTA/IPRA and CUTA/CPRA

IUTA/IPRA and CUTA/CPRA embrace a diverse range of ancillary services that extend beyond traditional UTS/PRS sales and advisory. These services include insurance offerings, will writing services, wealth management solutions, and financial planning advisory.

Ancillary services have become an integral part of product offerings, enhancing its appeal to investors seeking comprehensive financial solutions. This diversified approach aligns with the Industry's mission to cater to a broad spectrum of investor needs, ultimately contributing to its sustained growth and relevance.

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Chart 6: Ancillary Services by IUTA/IPRA and CUTA/CPRA





## 2. INVESTORS SEGMENT

### KEY FINDINGS

- Services to Retail Investors: The services **most offered** to Retail Investors include Regular Investment Plans, Education and Investor awareness programmes. Many Members/Distributors also offer individualised investment advice, portfolio monitoring and financial planning/retirement solutions.
- Services to HNWI: HNWIs have exclusive services, such as access to exclusive investment opportunities and invitation to investment talks. Private banking services and wealth management services are also commonly provided to this segment.
- Services to Institutional Investors: Members/Distributors cater to Institutional investors investment mandates to tap into their business. Focus is on providing services such as institutional investment advisory, consulting services and specialised wholesale fund structure to generate enhanced yields that has lower risk exposure. Some Members/Distributors also provide corporate treasury and cash management solutions, investment reporting and performance analysis.
- Services to Corporate Investors: Corporate investors typically seek out products and services such as cash management and treasury solutions, investment advisory and portfolio management services which are similar to Institutional Investors for enhanced yield purposes. Some Members/Distributors also provide customised investment strategies tailored to the Corporate mandates and Islamic investment solutions compliant with Shariah principles as Corporates have larger funds for placements.
- Growing Investor Segments: Members/Distributors employ various strategies to grow investor segments, which include targeted marketing campaigns. It is important for the Industry to enhance its digital presence, as well as expand distribution networks and partnerships for a better reach to a new generation of investors. This has caused the Industry to develop new investment products and the extension of educational resources as part of their concerted efforts to continuously create awareness. The survey has shown robust activities from Industry members who are not looking to compete solely on fees.

This section focuses on insights into the services offered to different investor segments, including retail investors, HNWIs, and institutional investors. It is also to have an insight to understanding any added or specialised offerings provided to specific investor segments, as well as the strategies employed to grow and expand these segments.

Additionally, this section will explore measures taken to encourage investors with zero balance accounts to invest again and strategies to re-engage investors who have closed their investment accounts as these investors have some form of investment knowledge and experience.

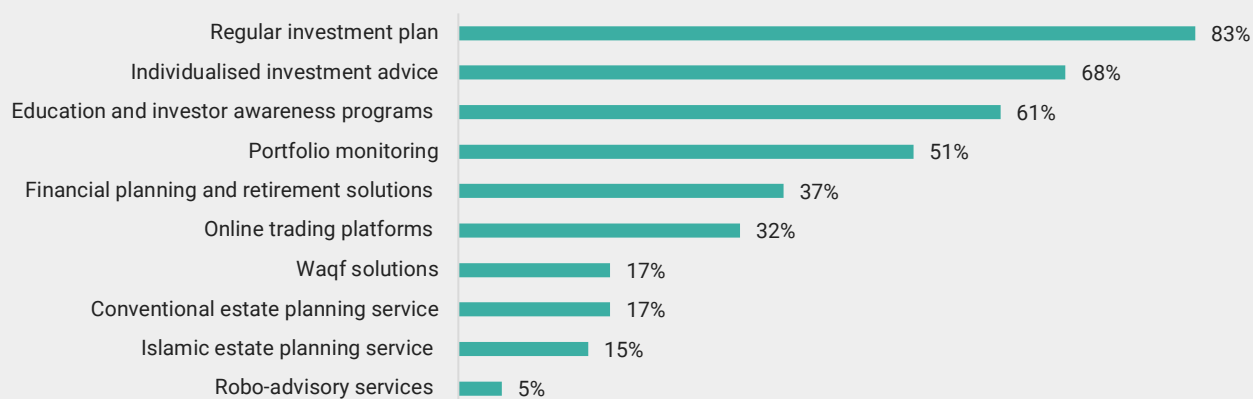
The aim of this section is to gain a comprehensive understanding of the services, offerings and strategies employed by Members/Distributors to cater to different investor segments. This survey result provides an avenue to find trends, best practices, and areas for improvement in serving investors effectively.

### a. Services offered to Retail Investors

Industry members offer a wide range of services to cater to Retail Investors' diverse needs. Among these services, regular investment plans and individualised investment advice are commonly provided with 83% and 68% of respondents offering the said services, respectively. Additionally, portfolio monitoring (51%), financial planning and retirement solutions (37%) are offered to investors, thus emphasising the Industry's commitment to easing investors in managing their finances effectively.

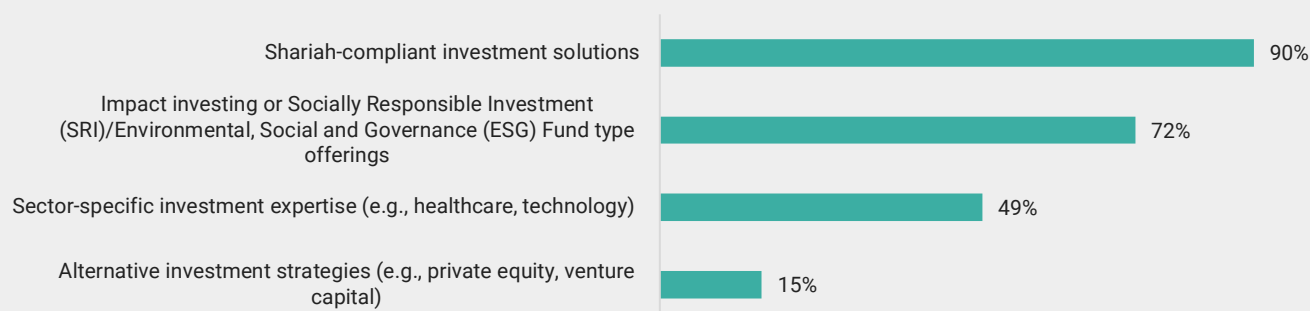
Education and investor awareness programmes are actively promoted by 61% of respondents, underlining the Industry's dedication to enhancing financial literacy among investors.

Chart 7: Services offered to Retail Investors



To adapt to changing preferences, 72% of respondents provide Impact Investing or SRI/ESG fund options, while 90% offer Shariah-compliant investment solutions, aligning with ethical and Islamic finance principles. This comprehensive suite of services reflects the Industry's commitment to addressing Retail Investors' evolving needs.

Chart 8: Specialised Services offered to Retail Investors

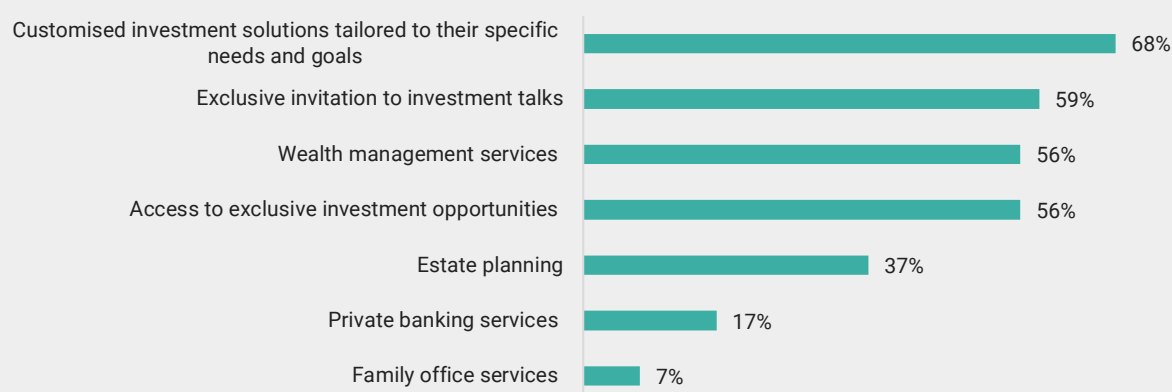


## b. Services offered to High-Net-Worth Individuals (HNWI)

Members/Distributors offers a suite of specialised services tailored to the unique financial needs and aspirations of HNWIs. Customised investment solutions are of top priority, with 68% of respondents offering personalised plans to align with specific financial goals of the HNWI. Access to exclusive investment opportunities (56%) and wealth management services (56%) are also prominently featured, underlining the Industry's commitment toward added services for the optimisation of HNWIs funds.

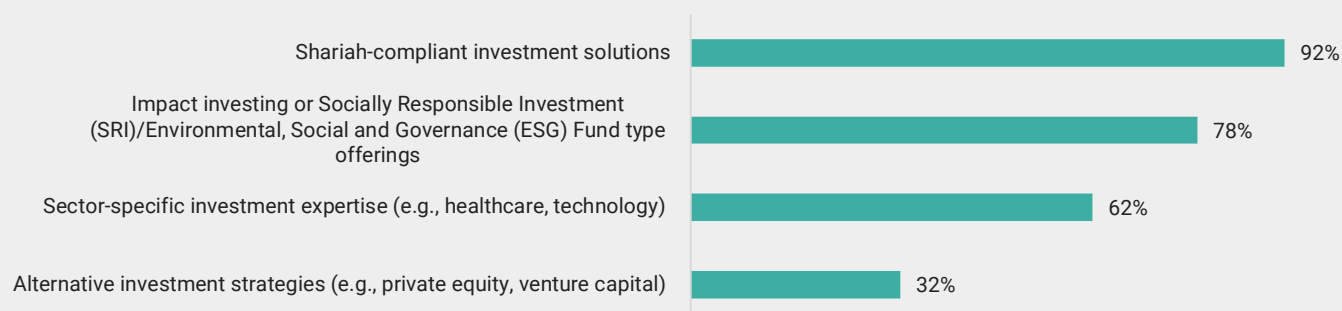
HNWIs also receive services such as comprehensive estate planning services (37%) addressing their complex financial legacies. Moreover, they are privy to private insights through exclusive invitations to investment talks (59% of respondents) conducted by Industry experts.

Chart 9: Services offered to HNWIs



A significant 92% of respondents offer Shariah-compliant investment solutions, catering to HNWIs with ethical or Islamic finance preferences. Additionally, 78% provide Impact Investing or SRI/ESG fund options, displaying the Industry's commitment to aligning investments with sustainability goals. Overall, the Industry places a strong emphasis on tailoring services to HNWIs' financial goals as this segment tends to demand such services due to their unique financial needs.

Chart 10: Specialised Services offered to HNWIs

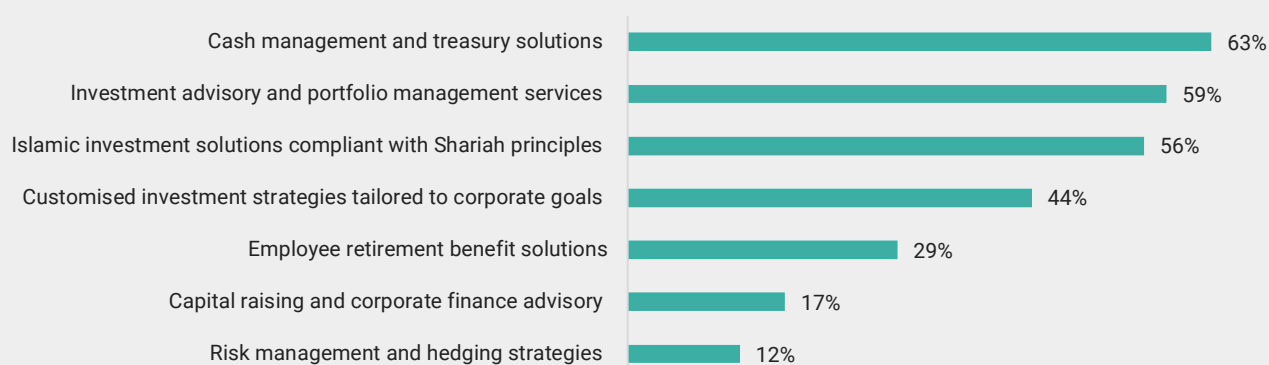


### c. Services offered to Corporate and Institutional Investors

The investment needs of Institutional Investors differ from Individual Investors as they are guided by investment mandates by their Board. The UTS/PRS Industry are poised to offer a range of services which is catered to optimise their investment strategies. These include institutional investment advisory and consulting services (42%) leading to expert advisory and ultimately initial offerings to exclusive investment asset classes.

Institutional Investors look for services aimed at enhancing their financial goals and strategies in a controlled mandate. Investment advisory and portfolio management services (59%) offered by the Members/Distributors to Corporate Investors are to manage their investment portfolios for best returns. Customised investment strategies tailored to corporate goals (44%) show that the Industry is committed to align investments with a corporation's specific objectives. Additionally, 63% offer cash management and treasury solutions, which are crucial to managing corporate funds efficiently.

Chart 11: Services offered to Institutional Investors



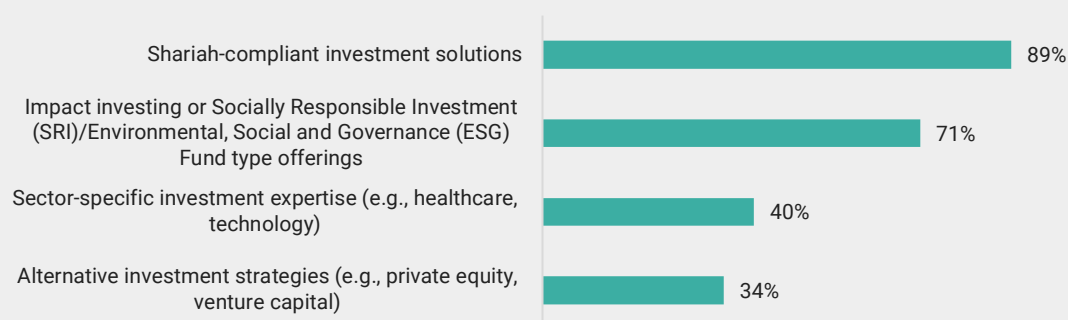
Additionally, 46% of respondents offer specialised wholesale fund structures, catering to Corporate Investors' need for cost efficient and large-scale investment funds as this segment is price sensitive. Investment reporting and performance analysis (39%) is important to equip Corporate Investors with the tools to track and evaluate their investments effectively for board reporting. Corporate treasury and cash management solutions (46%) are preferred due to cornerstone treasury notes or corporate bonds that supplies enhanced returns and flexibility to redeem whenever funds are needed.

Chart 12: Services offered to Corporate Investors



Both Corporate and Institutional Investors have access to ethical and sustainable investment options, with 89% of respondents offering Shariah-compliant investment solutions and 71% offering Impact Investing or SRI/ESG fund choices. This clearly reflects the Industry's responsiveness to the evolving investment landscape and growing interest in ethical and sustainable investment practices.

Chart 13: Specialised Services offered to Corporate and Institutional Investors



#### d. Growing and Expanding Investor Segments

Targeted marketing campaigns and advertising (83%) play a pivotal role in raising awareness and attracting new investors to the UTS/PRS Industry.

Innovative product development is especially important, with 78% of respondents focusing on developing new investment products or solutions tailored to specific investor segments. This approach caters to the diverse needs of investors and aligns with Industry efforts to remain competitive and relevant.

The Industry is also embracing the digital age with 68% indicating enhanced digital presence and online marketing as their strategy to grow new investor segments, such as Gen-Z<sup>1</sup>. This shift to digital channels to reach investors is inevitable as the Industry will not want to be a laggard in this new revolutionary change. Furthermore, expanding distribution networks and partnerships (73%) allows for broader outreach and accessibility making it easier for investors to access UTS/PRS products and services.

<sup>1</sup> Comprises people born between 1996 and 2010. This generation's identity has been shaped by the digital age, climate anxiety, a shifting financial landscape, and COVID-19 (Source: McKinsey & Company, 20 March 2023 – What is Gen Z? [What is Gen Z? | McKinsey](#))

Expanding investor segments is a key strategic focus for the UTS/PRS Industry. Respondents use a variety of approaches to achieve this goal. These approaches include conducting market research and analysis to find untapped investor segments (51%) to gauge the unique needs and preferences of potential investors. Additionally, another approach is to provide educational resources and workshops to increase investor awareness (61%) as the Industry's commitment to empower investors and non-investors with knowledge.

Chart 14: Growing and Expanding Investor Segments



## e. Investor Engagement

### *New Investors/Investors with Limited Financial Knowledge*

Attracting new investors, particularly those with limited financial knowledge, is a critical focus for the UTS/PRS Industry. Respondents are adopting several strategies to make investing more accessible and appealing to this untapped segment.

Providing guidance and support is the response from 63%, offering dedicated onboarding support and personalised guidance for new investors. This approach ensures that individuals new to investing receive the necessary help and enhanced trust to navigate the complexities of financial markets confidently.

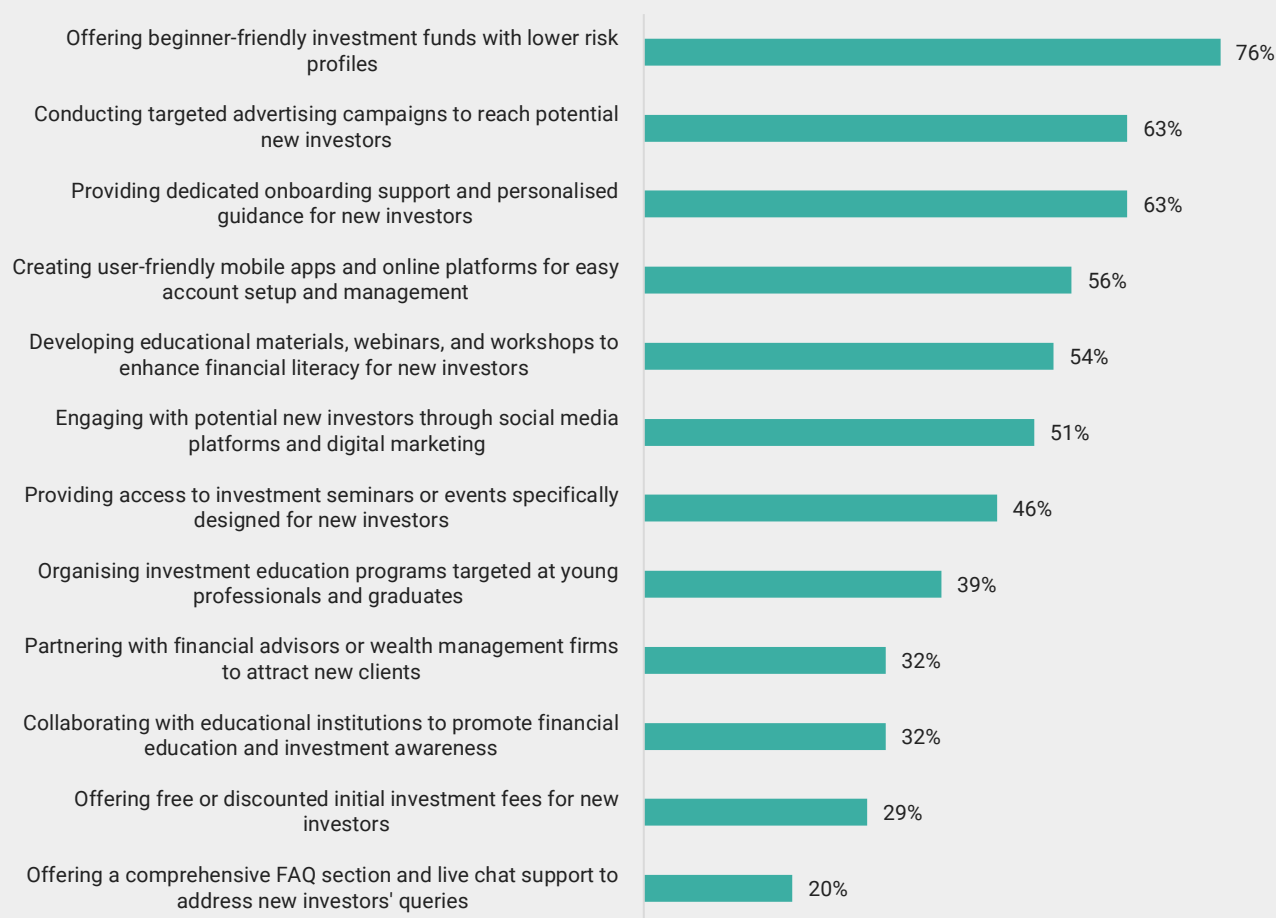
Additionally, creating user-friendly mobile apps and online platforms for easy account setup and management (56%) caters to the digital-savvy preferences of younger investors. These platforms simplify the investment process making it more accessible and convenient.

To enhance financial literacy amongst new investors, 54% of respondents are developing educational materials, webinars and workshops. This commitment to education helps demystify the difficulty in investing and empowers individuals to make informed decisions.

Furthermore, offering beginner-friendly investment funds with lower risk profiles (76%) reflects a recognition of the need to provide investment options that align with the risk tolerance of new investors. Lower-risk funds serve as an entry point for those looking to start their investment journey cautiously.

Overall, the UTS/PRS Industry is dedicated to breaking down barriers and fostering a welcoming environment for new investors, ultimately expanding participation in the market.

Chart 15: Investor Engagement: New Investors/Investors with Limited Financial Knowledge



### Young Investors

Engaging young investors is a top priority for the UTS/PRS Industry, and most respondents are implementing diverse strategies to connect with this demographic.

Emphasising the advantages of long-term investment strategies and benefits of starting early (90%) shows that the Industry players are in unison working towards educating the younger generation on the importance of early financial planning and setting up a foundation for future financial security.

To cater to the tech-savvy nature of young investors, 66% of respondents are offering thematic investment funds aligned with tech, sustainability or emerging trends. This approach not only aligns with young investors' interests, but also displays the Industry's adaptability to changing market dynamics.

Collaborating with influencers and using social media campaigns (29%) is another method for reaching and attracting young investors. By engaging with popular figures and using social media platforms, the Industry can connect with this digitally native audience.

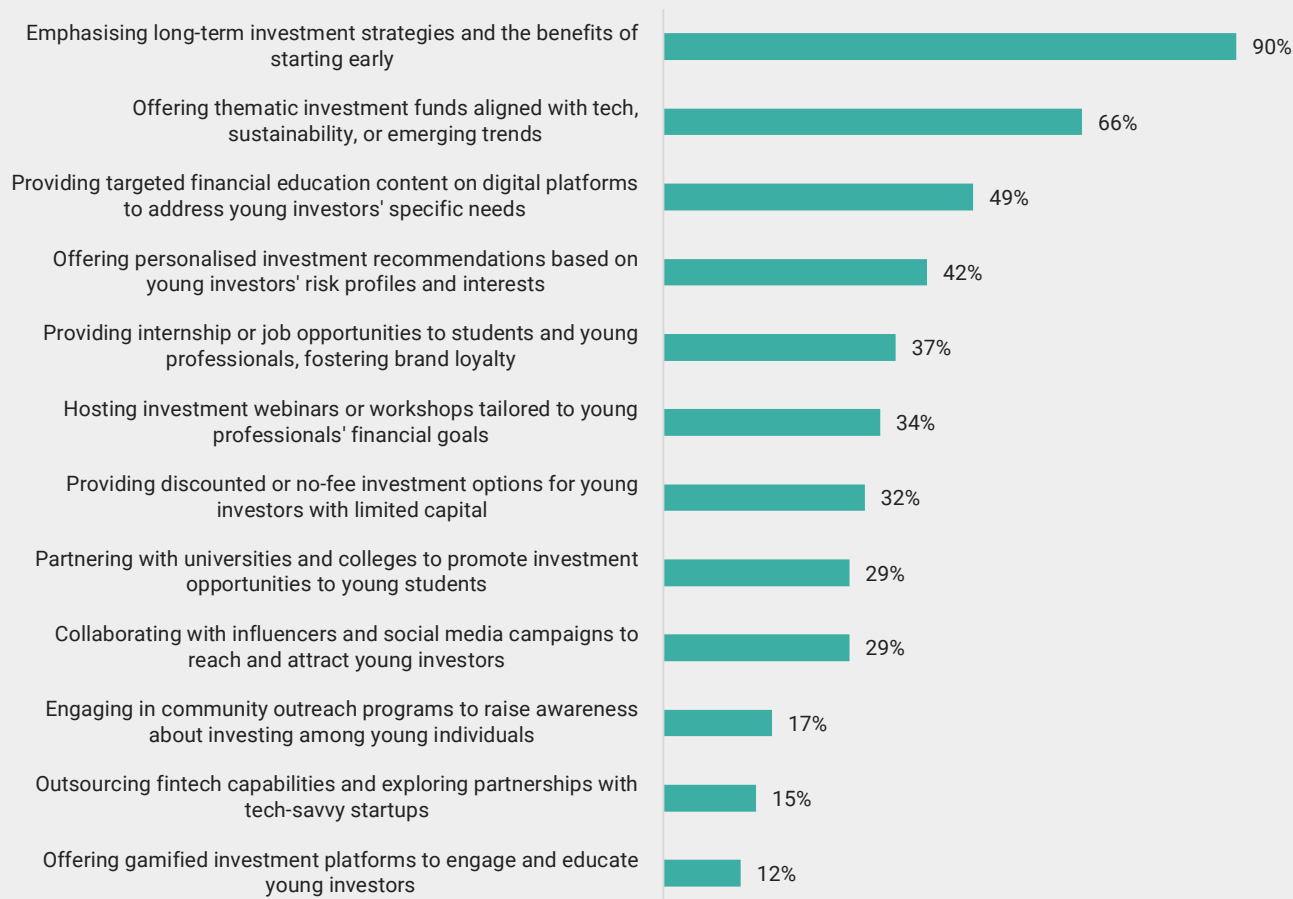
Furthermore, offering personalised investment recommendations based on young investors' risk profiles and interests (42%) proves that the Industry players are cognisant of the younger generation's needs, making investing a more private, personalised and engaging experience.

In addition, 37% of respondents are providing internship or job opportunities to students and young professionals. This not only contributes to brand loyalty, but also helps young individuals gain practical experience in the financial Industry.



Overall, the UTS/PRS Industry is actively working to engage and educate young investors, recognising their potential as the future of investment.

Chart 16: Investor Engagement: Young Investors



### Working Professionals

Another important segment to the Industry is the full time employed investors with limited time for active management and monitoring of their investments, where respondents have outlined various strategies to accommodate their needs.

Offering investment products with low minimum investment requirements for accessibility (73%) ensures that working investors can start investing with modest amounts for the longer term, making wealth accumulation workable for a broader demographic.

To make investment education and insights easily accessible, 66% of respondents are conducting investment seminars or webinars during non-working hours, acknowledging the time constraints of working professionals.

Providing easy access to customer support and financial advice through multiple channels (56%) indicates that the Industry is aiding working investors with their inquiries and concerns regardless of their preferred communication method.

Additionally, offering investment products with different liquidity options to match these investors' cash flow needs (56%) aligns with the Industry's goal of supplying flexible solutions that accommodate changing financial circumstances of this segment that is erratic.

Furthermore, some respondents are already providing regular market updates and investment insights via email or mobile alerts (49%) ensuring that these investors stay informed about market developments without having to actively monitor their investments.

Overall, the UTS/PRS Industry is dedicated to simplifying the investment process and providing easily accessible information for working individuals making it easier for them to build financial security alongside their professional careers.

Chart 17: Investor Engagement: Working Professionals



### Ageing Investors

The UTS/PRS Industry recognises the unique needs of ageing investors and has outlined strategies to cater to their requirements effectively as this segment would be deemed as vulnerable investors.

Offering diversified retirement-focused investment funds, such as target-date or income funds (78%) is crucial as it is the best choice of funds that provides income with a lower risk exposure to ensure the preservation of funds for the future essential expenditure of this segment. These fund types are designed to align with this segment income needs that have distinctive feature.

Providing periodic portfolio reviews and rebalancing to align with changing market risk (66%) ensures that these investors can keep a suitable level of risk and return in their portfolios as they approach retirement.

Offering options for investment preservation and principal protection type funds (51%) addresses the desire of ageing investors to safeguard their accumulated wealth, reflecting a focus on capital preservation.

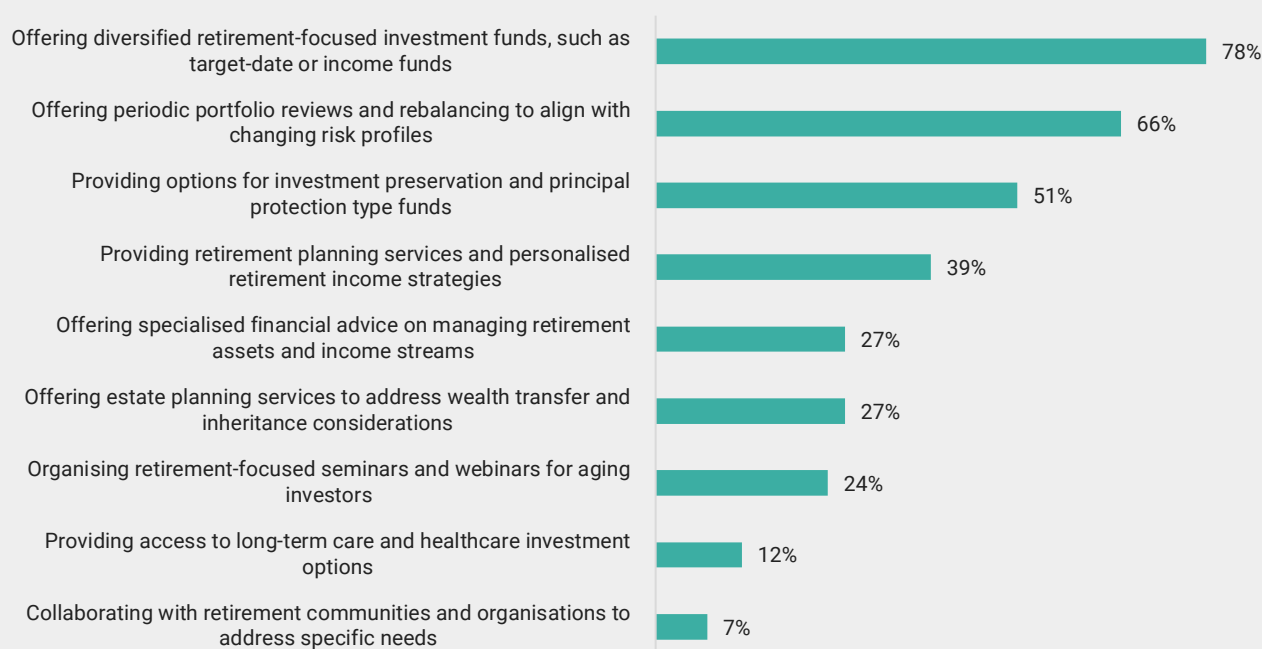
Not all the Industry Members are providing retirement planning services and personalised retirement income strategies (39%). The respondents acknowledge the importance of helping ageing investors manage their retirement assets and income streams effectively which requires expertise.

Additionally, several of our respondents are offering estate planning services to address wealth transfer, inheritance considerations (27%), specialised financial advice on managing retirement assets and income streams (27%) to cater to the comprehensive financial needs of this segment.

Furthermore, organising retirement-focused seminars and webinars by 24% respondents ensures that these investors have access to educational resources that can help them evaluate their future financial needs.

Overall, the UTS/PRS Industry is committed to offer a wide range of services and investment options to support ageing investors through their retirement years.

Chart 18: Investor Engagement: Ageing Investors



## f. Initiatives to Encourage Investors with Zero Balance Accounts or Closed Accounts to Reinvest

Acquiring a new client can cost 5 – 25 times more than retaining an existing investor<sup>2</sup>. Companies have a 60 – 70% chance of selling to an existing Investor versus a 5 – 20% chance of selling to a new client. Respondents have initiatives with varied approaches to encourage investors with zero balance accounts or closed accounts to reinvest.

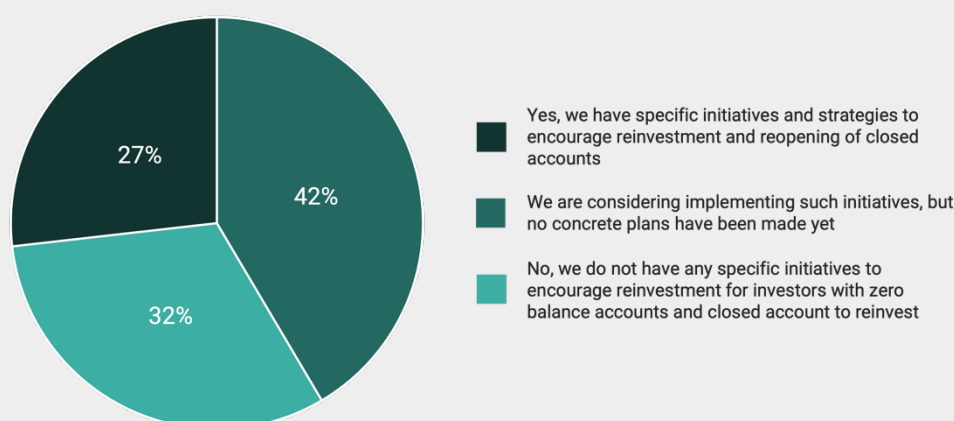
While most respondents (42%) are considering implementing such initiatives, they have yet to finalise their plans. This suggests that there is recognition within the Industry of the potential value in encouraging these investors to reinvest, but specific strategies are still under development.

<sup>2</sup> Customer Acquisition vs Retention Cost – Statistics & Trend by Mohammad. Y. 26 September 2023 (<https://www.onlinedasher.com/customer-acquisition-vs-retention-cost/#:~:text=Acquiring%20a%20new%20customer%20can%20cost%205%2D25%20times%20more,only%2018%25%20prioritize%20customer%20retention.>)

On the other hand, a sizeable portion of respondents (32%) indicated that they currently do not have any specific initiatives in place to encourage reinvestment for investors with zero balance accounts or closed accounts. This may represent an opportunity for these companies to explore strategies to engage with these investors and potentially reactivate their accounts.

A notable proportion (27%) of respondents confirmed that they already have specific initiatives and strategies in place to approach and encourage reinvestment from this segment. This proactive approach shows a commitment to retaining and re-engaging investors who may have previously disengaged from investing in UTS/PRS.

Chart 19: Initiatives to Encourage Investors with Zero Balance Accounts or Closed Accounts to Reinvest



## g. Measures to Encourage Investors with Zero Balance Accounts

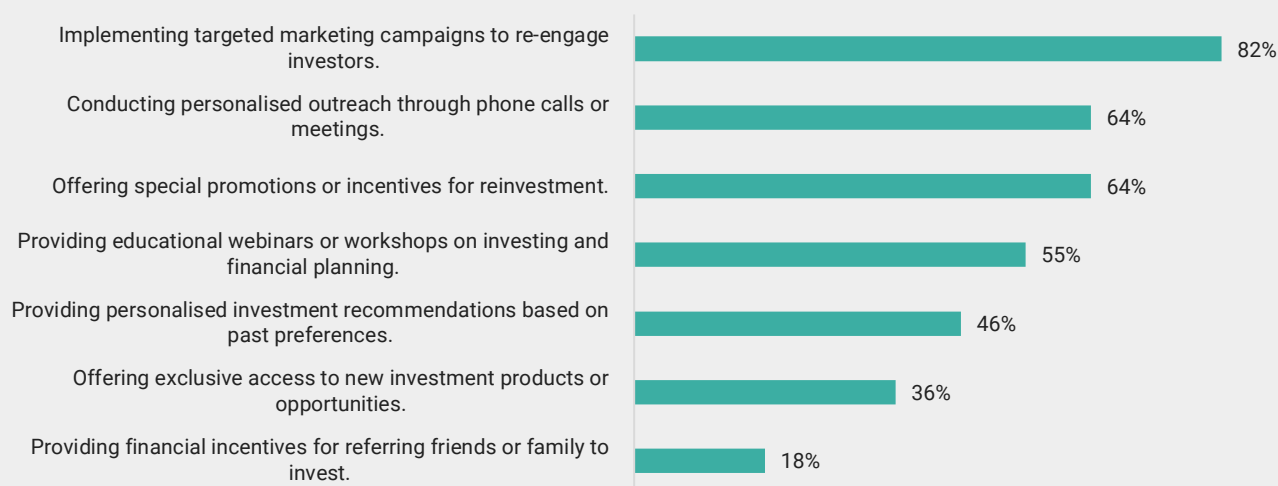
Encouraging investors with zero-balance accounts to reignite Members/Distributors engagement presents a unique set of challenges that require tailored solutions. 11 Respondents (27%) exhibit a variety of measures to entice such investors:

- 1. Targeted Marketing Campaigns:** Majority of respondents (82%) recognise the efficacy of targeted marketing campaigns in rekindling investor interest. Precision in communication and strategic messaging are crucial components of these campaigns, aimed at addressing the specific concerns or reservations that may have led to disengagement.
- 2. Special Promotions and Incentives:** Recognising the allure of exclusive offers, a sizeable portion of respondents (64%) leverage on special promotions or incentives to re-ignite investor participation. These could range from reduced fees for investors who have no balances nor investment activities to additional benefits for those who choose to re-engage.
- 3. Personalised Outreach:** Personalised outreach through phone calls or meetings is considered an effective strategy by 64% of respondents. Direct communication allows for a nuanced understanding of investor concerns and preferences, easing a more personalised and effective approach to re-engagement.
- 4. Educational Initiatives:** An emphasis on financial literacy through educational webinars or workshops is acknowledged by 55% of respondents. This approach aims not only to attract investors back, but also to empower them with knowledge, potentially increasing their confidence in reinvesting.

5. **Personalised Investment Recommendations:** Providing personalised investment recommendations tailored to an investor's past preferences is recognised by 46% of respondents. This strategy aligns with the notion that understanding and addressing individual investor needs is paramount in re-establishing engagement. However, the need to reassess the investors needs are important due to the changes to an investor investment preference and risk appetite.
6. **Exclusive Access to Opportunities:** Offering exclusive access to new investment products or opportunities is preferred by 36% of respondents. This strategy taps into the investor's desire for unique and advantageous opportunities, potentially acting as a catalyst for re-engagement.
7. **Referral Incentives:** While less prevalent, some respondents (18%) consider providing financial incentives for referring friends or family to invest. This strategy not only encourages re-investment, but also uses the existing investor base for organic growth.

Overall, these strategies reflect the industry's understanding of the importance to spark the interest in encouraging investors with zero-balance accounts. It outlines that there must be a combination of targeted communication, incentives and educational initiatives to reach out to this segment.

Chart 20: Measures to Encourage Investors – Zero Balance Accounts



## h. Measures to Encourage Investors with Closed Accounts to Reinvest Again

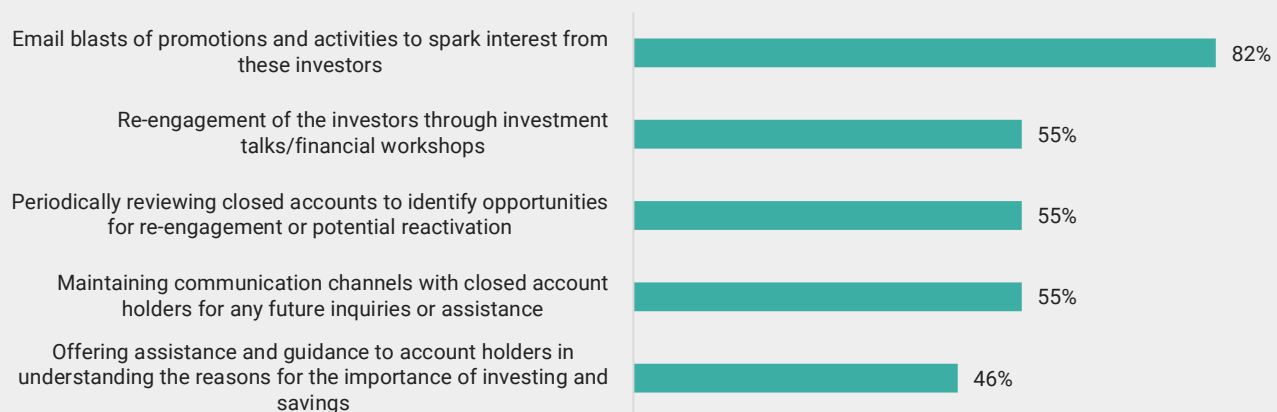
Respondents acknowledge that reviving closed accounts requires a nuanced approach, understanding the reasons for closure and addressing them effectively. Respondents adopt various measures to encourage investors with closed accounts to reconsider their investment journey:

1. **Email Blasts of Promotions:** Majority of respondents (82%) leverage on email communication for targeted promotional efforts. Email blasts highlighting promotions and activities is aimed to spark interest among closed account holders as a periodic reminder to reconsider their investment decisions.
2. **Re-engagement through Investment Talks/Workshops:** Hosting investment talks or financial workshops serve as a re-engagement strategy for 55% of respondents. These events provide a platform to reconnect with closed account holders, offering valuable insights to the reasons for the closing of their accounts and potentially reigniting their interest in investing.

3. **Periodic Review of Closed Accounts:** Regularly reviewing closed accounts is considered a strategic move by 55% of respondents. This proactive approach allows for the identification of opportunities for re-engagement or potential reactivation and by understanding the trend to inhibit further attrition.
4. **Maintaining Communication Channels:** Recognising the significance of ongoing communication, 55% of respondents said that they are committed to keeping communication channels open with closed account holders. This ensures that these investors can reach out for any future inquiries, fostering a sense of continued support.
5. **Offering Assistance and Guidance:** Almost half of the respondents totalling 46% intend to prioritise help and guidance to closed account holders in understanding the importance of investing and savings through re-engagement efforts. This approach aims to debunk any uncertainties or misconceptions of the investors that may have led to the account closure.

These strategies collectively reflect a comprehensive approach to account reactivation by our Industry Members. By combining educational efforts, ongoing communication and targeted promotions, respondents look to address the cause that may have led to account closure. The emphasis on opening various communication channels and periodic reviews to curb more attrition reflects the Industry's commitment to keeping a supportive relationship with investors even after their accounts are closed.

Chart 21: Measures to Encourage Investors – Closed Accounts



### 3. MARKETING STRATEGY

#### KEY FINDINGS

- Effectiveness of Advertising: **Most Members/Distributors find advertising to be effective** in reaching out to potential and existing investors, with 51% of Members/Distributors stating its effectiveness. However, there are 37% neutral responses, suggesting that while it is somewhat effective, there is room for improvement.
- High Effectiveness of Roadshows: **Roadshows and investment seminars are rated as highly effective**, with 59% of Members/Distributors indicating their effectiveness. This suggests that physical educational events are a successful method to engage with Investors. This result is consistent from the Nationwide Survey 2020 (NWS 2020) where public awareness about UTS and PRS have improved and Investors' preference for human interaction.
- Varied Effectiveness of Social Media Marketing: Social media marketing is seen as effective by 46% of Members/Distributors, showing its importance in the digital age. However, 32% of Members/Distributors gave neutral responses, suggesting that it might not be uniformly effective for all Members/Distributors.
- Mixed Reviews on Referral Programmes: Referral programmes results have proved to be of mixed sentiment, with 34% of Members/Distributors finding them effective, 37% giving neutral responses, and 24% of Members/Distributors found them not applicable. **This suggests that referral programmes might not be a fit** for all Members/Distributors or may need refinement.
- Positive Perception of Online Portals: Online portals that allow Investors to manage their investments are seen as effective by 42% of Members/Distributors. **Interestingly, none of the Members/Distributors found online portals ineffective, showing their potential for improving Investor engagement.** We believe this trend is imminent due to the shift of demographics.



This section gathers insights into the marketing channels utilised to engage with potential investors and aims to understand the effectiveness of different channels in reaching out to prospective investors and promoting investment products.

The goal of this section is to gain a deeper understanding of the marketing strategies applied by Members/Distributors and find the most effective channels for reaching potential investors. It also aims to uncover trends, best practices and quick 'wins' that enable Members/Distributors to optimise their marketing efforts and enhance their reach and effectiveness.

### a. Marketing Strategy Effectiveness

According to the survey, roadshows and investment seminars were found to be the most effective marketing strategy with approximately 59% of respondents affirming their efficacy. Events aimed at educating potential investors about the benefits of UTS/PRS have evidently been successful in expanding investor participation and awareness.

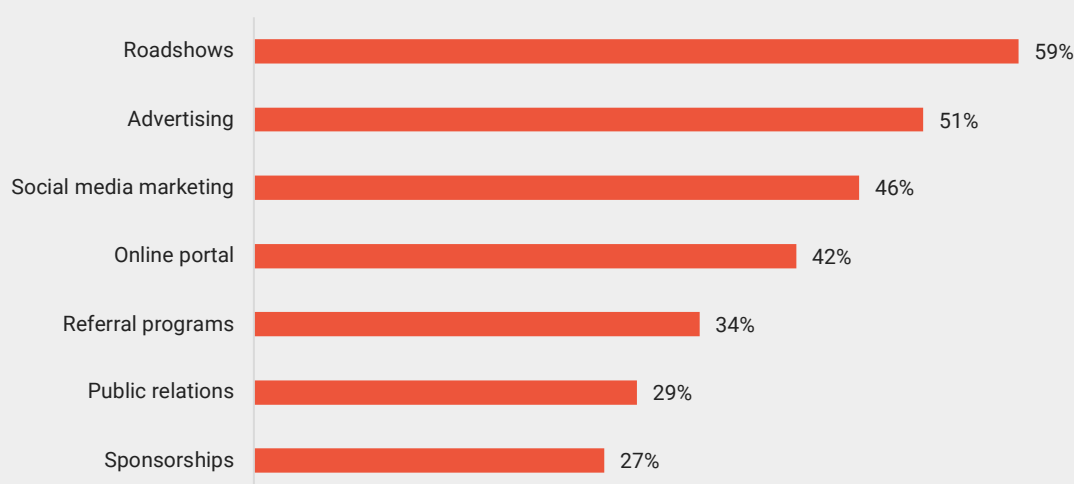
Following closely behind is advertising through various channels such as print advertisements in newspapers and magazines, online banner advertisements and television commercials, which were seen as effective by about 51% of respondents. This suggests that traditional advertising is still relevant in reaching the target audience.

Social media marketing came next with approximately 46% of respondents acknowledging its effectiveness. Utilising platforms like Facebook, Twitter, LinkedIn, and others to promote investment products and engage with potential investors have proven to be an effective communication tool. Online portals, which offer investors convenient access to fund information and investment management were considered effective by 42% of respondents, consistent to the result from the past surveys conducted by FIMM on the Industry's ongoing shift towards digitalisation.

Referral programmes where incentivising existing investors to refer potential customers is the least preferred strategy with only 34% respondents.

Another strategy is public relations activities, including issuing press releases and conducting media interviews to promote brand and investment products, which is adopted by only 29% of respondents. Sponsorships, where companies associate with events, sports teams, or other organisations to raise brand awareness and reach a wider audience is preferred by 27% respondents. These findings collectively illustrate the diversity of marketing strategies utilised by Industry players, each with its own level of effectiveness in engaging with investors and promoting their offerings.

Chart 22: Marketing Strategy Effectiveness



## 4. PRODUCT DEVELOPMENT

### KEY FINDINGS

- Market Research and Assessment: The **most common method for assessing market demands and Investor needs** when developing new investment products is studying Investor segments and product holdings, followed closely by monitoring Industry trends and competitor offerings. This is an **indicator that data analytics is a key method in product development stage**.
- Customisation of Products: Most Members/Distributors offer **some degree of customisation** based on Investor segments.
- Factors Influencing New Product Launch: The **most influential micro factors for launching a new investment product are economic conditions and market outlook**. Market demand and investor preferences are one of the key considerations for the sell side, as well as alignment with the Company's overall business strategy and goals. The **most influential macro factors are still hinged on economic conditions and market outlook**, followed by competitor analysis and benchmarking, finding emerging investment trends and opportunities.
- Key Fund Management Strategies: Most Members utilise in-house fund management teams. We believe that our Industry have reached a maturity level of displaying their expertise in domestic and Asia centric fund management skills.
- Rationale behind the Fund Management Strategies: Among those using **in-house teams**, the primary reasons include capitalising on the expertise of internal investment professionals and keeping control and oversight of the investment process. For Members **engaging external fund/asset managers**, the rationale is accessing specialised expertise or niche investment strategies that is not available internally. Members primarily **set up feeder funds** to attract specific investor segments or target markets. When **engaging external Investment Advisors/Consultants**, they are leveraging specialised ability and knowledge in specific investment areas.

This section aims to gather insights into how Members/Distributors assess market demands and develop new investment products by aligning them with investor needs. Members/Distributors utilise data analytics, market observation and feedback from the frontliners to develop their strategies in product development including customisation, feedback from investors, competitive analysis, and technological influences.

The objective of this section is to explore the approach and factors that drive product development of the Industry. Members/Distributors develop their products through these stages:

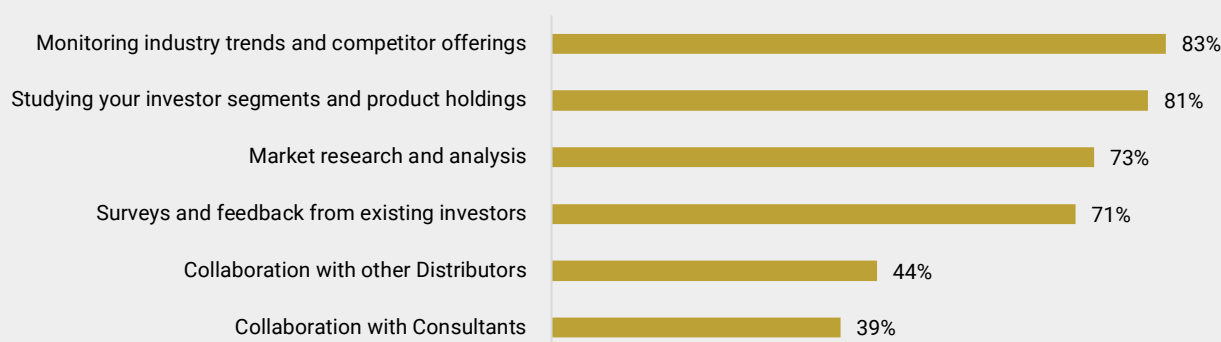
- i. assess market demands and investor needs;
- ii. evaluate the role of customisation in product development strategies; and
- iii. identify the factors influencing the decision to launch new investment products; and
- iv. determine the methods used to monitor and evaluate the success of existing and newly launched products.

Additionally, it provides an insight to uncovering Members/Distributors' plans for expanding their investment products range and their exploration of specific investment themes or trends for future product development.

### a. Identifying Market Demand and Product Customisation

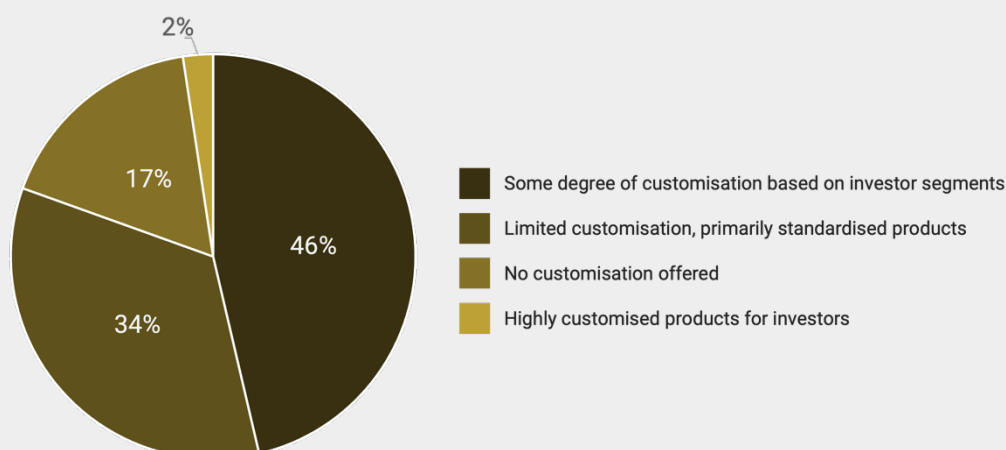
This survey reveals that multiple strategies are used to identify market demand when developing new investment products. While collaboration with Financial Planners, Consultants and other Distributors plays a role, the most prevalent approach involves data-driven strategies. These include surveys and feedback from existing investors, with a significant 71% of respondents employing this method. Even more popular are market research and analysis, as well as studying investor segments and product holdings, both scoring above 81%. This underlines the Industry's commitment to a research-driven approach in understanding market dynamics.

Chart 23: Identifying Market Demand



As for product customisation, half of the respondents (46%) offer some degree of customisability based on investor segments. However, it is worth noting that 34% of respondents reported limited customisability primarily offering standardised products, which we believe is due to economies of scale to contain costs. Meanwhile, 17% do not offer any customisation at all. Only a small percentage (2%) provide highly customised products for investors. This demonstrates that while customisation is important; however, due to the market demand and cost, most of the industry players launch standardised products catering to a broad investor base.

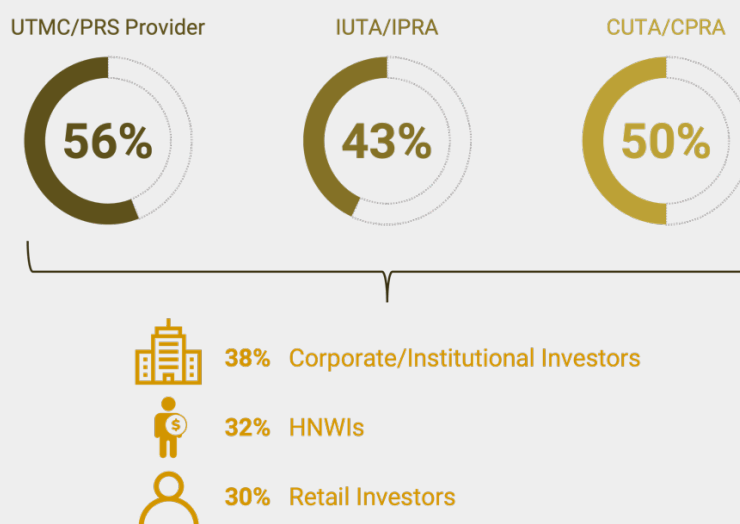
Chart 24: Product Customisation



Within results of the survey, a sizeable portion of respondents are strategically embracing product customisation. The breakdown reveals that 56% of UTM/PRS Providers, 43% of IUTA/IPRA, and 50% of CUTA/CPRA offer elevated levels or some degree of product customisation to investors.

The survey sheds light on the specific focus of product customisation efforts. A substantial 70% of respondents offering customisation primarily concentrate on HNWI and Corporate/Institutional investors. This targeted approach indicates a strategic alignment of customisation with the needs and preferences of sophisticated investors and organisations.

Chart 25: Product Customisation – Providers and Market Segment



## b. Factors Influencing New Product Development

### *Internal Factors*

When it comes to internal factors influencing new product development, the survey respondents identified several key considerations. The most prominent factor, with 90% of respondents is driven by market demand and investor preferences. This underlines the Industry's commitment to aligning new products with the evolving needs of investors. Additionally, 85% of respondents emphasised the importance of ensuring that new products align with the Company's overall business strategy and objectives.

Other significant internal factors in the Industry's decision making in new product rollout include assessing their existing product line-up and identifying potential gaps in their offerings, which is currently a practice by 83% of respondents. Additionally, 78% of respondents focus on evaluating their Company's human resource expertise and capability in managing new products to gauge their in-house proficiency in handling diverse investment options albeit demand from the market. Risk analysis and allocation of internal resources required for product development and management were also deemed important with 68% respondents in agreement.

### *External Factors*

External factors play a pivotal role in shaping new product development strategies. Economic conditions and market outlook were identified as the most influential external factor, with an overwhelming 95% of respondents acknowledging significant impact on product development decisions. This demonstrates the Industry's responsiveness to economic trends.

Identifying emerging investment trends and opportunities is another critical consideration, as reported by 83% of respondents. This indicates a proactive approach in staying ahead of the curve to a rapidly evolving investment landscape. However, 81% of respondents utilises analytics of benchmarking against competitors and market dynamics (i.e. the performance of overall capital market).

Apart from market factors, 78% of Members/Distributors are cognisant of continuously upholding investors' confidence by ensuring that their marketing strategy and product launches aligns with the regulatory standards and requirements as a significant external factor.

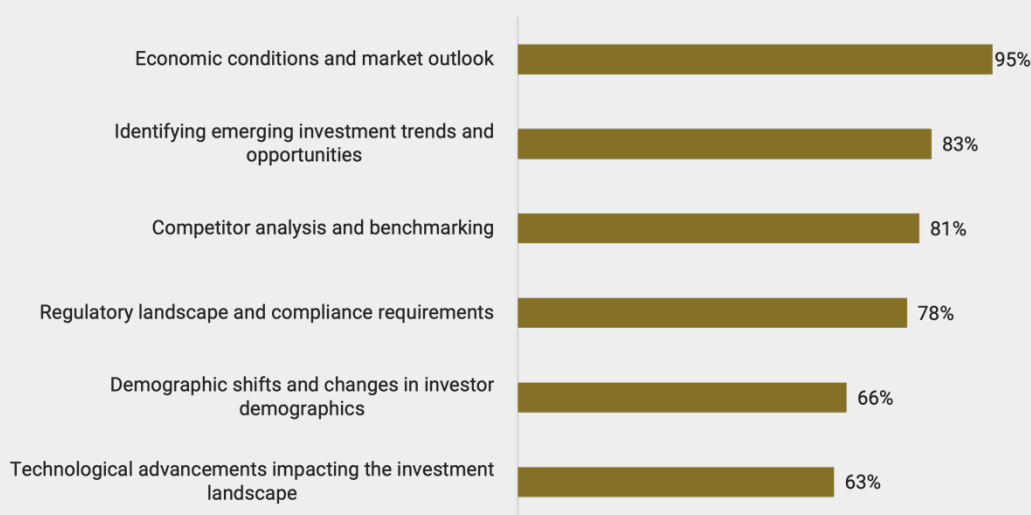
Demographic shifts and changes in investor demographics (66%) and technological advancements impacting the investment landscape (63%) were also deemed important, reflecting the need to adapt to evolving investor profiles and influence of technology shifts in the realm of investment.

Chart 26: Factors Influencing New Product Development – Internal and External Factors

### Internal Factors



### External Factors



## c. New Product Offering Approach

The exploration of product development strategies amongst the UTM/PRS Providers reveals a multifaceted approach to introducing new offerings as it requires comprehensive research.

A significant majority (89%) prefers the utilisation of in-house fund management team for this purpose. The rationale behind this approach is rooted in the desire to align investment strategies that resonates with the macro/micro economic factors and tapping into capital funding of our region. Additionally, cost efficiency and the ability to maintain control and oversight of the investment process emerge as critical factors, capturing 81% and 88% of responses, respectively. Notably, the respondents unanimously express a conviction in capitalising on the expertise and knowledge embedded within their internal investment professionals, underscoring the pivotal role of an in-house team in steering product development endeavours.

Chart 27: New Product Offering Approach

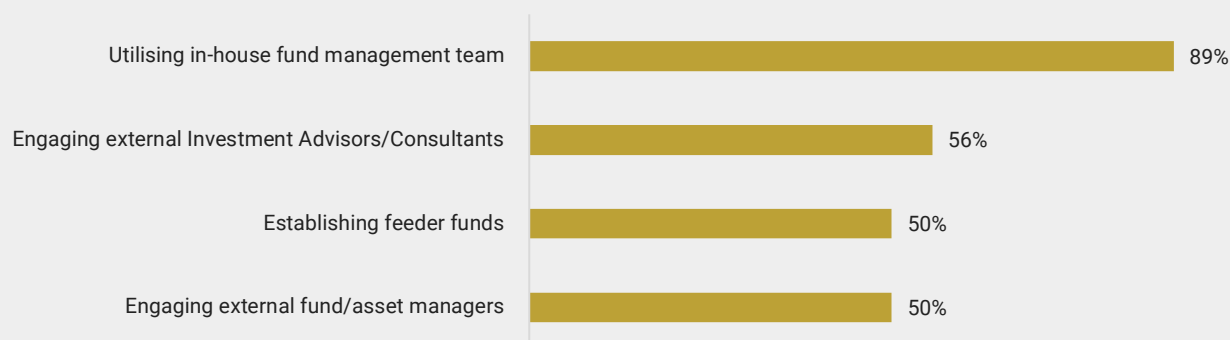
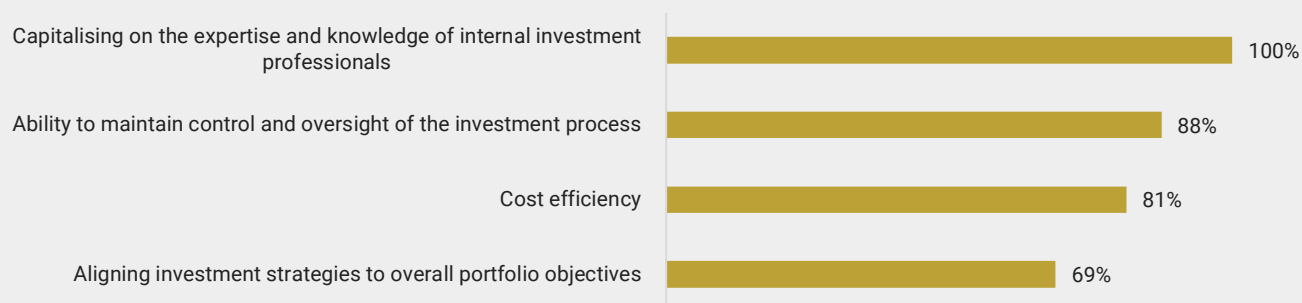


Chart 28: Utilising in-house fund management team



However, more than half of the respondents (56%) engage external Investment Advisors or Consultants. This approach is motivated by market demands for a diverse fund offering and tapping into external expertise which is unavailable in-house.

A substantial 79% highlighted the advantage of gaining access to market intelligence and research insights by external Investment Advisor/ Consultant who offers a high perceived value for such engagements and speed to market for product development. Moreover, a significant 100% underscore the pivotal role of external Investment Advisors/Consultants in leveraging specialised expertise and knowledge in specific investment areas.

Additionally, the allure of augmenting investment decision-making processes utilising external parties' intellectual properties (36%) and strengthening distribution and marketing strategies (43%) further contribute to the appeal of external advisory relationships.

Remaining 29% of respondents have tapped into the potential of external partnerships to boost product development and innovation capabilities, and another 29% responded that they have leveraged on an established branding for market positioning.

Meanwhile, 14% of respondents have placed emphasis on engaging external parties to enhance risk management and compliance practices whilst developing new products.



Chart 29: Engaging external Investment Advisors/Consultants



The survey also shows the engagement of external fund or asset managers, appointed by 50% of Industry respondents, as a viable strategy (See Chart 27). The decision is underscored by various motivations with the main reason where majority of respondents unanimously highlighted that the access to specialised expertise or niche investment strategies that is not available internally (100%), leverage of the track record and repute of the external Fund Manager (100%) as quick wins.

80% of the respondents express the goal of diversifying investment management capabilities by partnering with external experts, while 90% of respondents seek to enhance their product range and expand investment opportunities for investors.

Other factors include the preference to leverage established branding (50%) and reduction of turnaround time to enter the market to capture investor demand (50%).

Chart 30: Engaging external Fund/Asset Managers



Finally, the establishment of feeder funds, adopted by 50% of Industry players (See Chart 27), unfolds as a strategy with diverse fund offering objectives. The most crucial factors of establishing feeder funds are to attract specific investor segments or target markets (67%), as well as providing investors with exposure to specialised or foreign investment opportunities (83%), thus signifying that branding and track record attracts a specific group of investor preferences.

Other reasons for the adoption of this strategy are as follows:

- i. for the expansion of distribution channels and reaching a wider investor base (50%);
- ii. along with the mitigation of risks and enhancement of diversification through pooling of other assets classes (50%) an important move by the Industry to diversify further through feeder funds;
- iii. for cost efficiency (50 %);
- iv. leveraging on branding (50%); and
- v. achieving speed to market to capture investor demand (50%).

Chart 31: Establishing feeder funds



## d. Product Evaluation

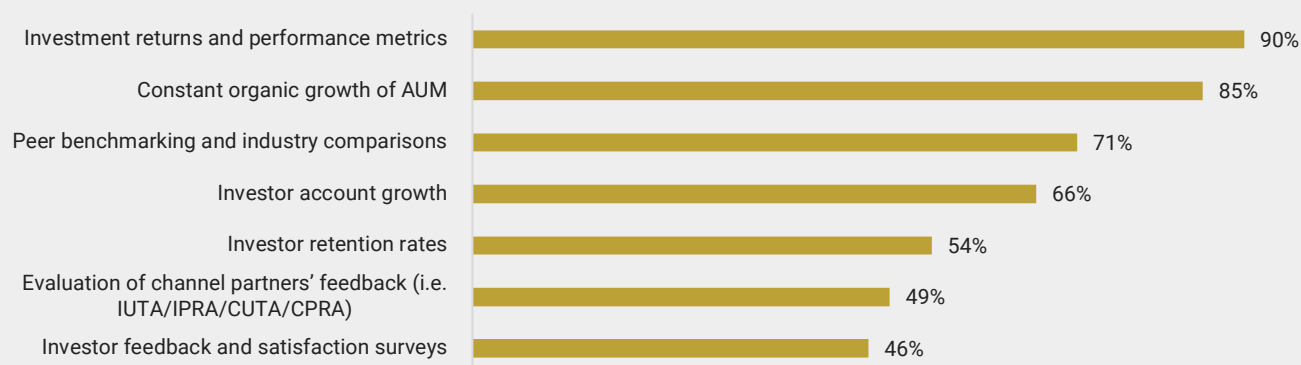
In assessing the effectiveness and relevance of their investment products, respondents employ various metrics and indicators. Investment returns and performance metrics emerged as the most critical factor, with a resounding 90% of respondents considering it the cornerstone of product evaluation. This underscores the Industry's commitment to delivering transparency and returns to investors.

Additionally, 85% of respondents emphasise the importance of constant organic growth of AUM, signifying the Industry's pursuit of sustainable expansion. Peer benchmarking and Industry comparisons were also acknowledged by 71% of respondents, highlighting the Industry's efforts to stay competitive and are in alignment with capital market trends.

Investor account growth (66%) and investor retention rates (54%) also ranked high among the factors evaluated. This suggests that respondents are not only focused on attracting new investors, but also on retaining existing ones. The Industry is committed to building lasting relationships with investors.

Furthermore, 49% of Members indicated that they would consider the feedback from channel partners such as IUTA/IPRA/CUTA/CPRA during product evaluation. It is evident that Members are garnering stakeholders' participation and communication to grow the participation of investors.

Chart 32: Product Evaluation



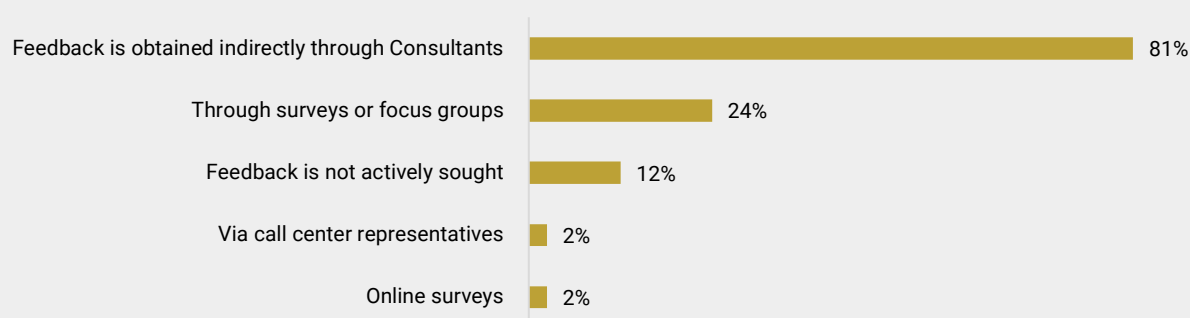
## e. Investors Feedback

To gather investors feedback, respondents use a variety of channels and approach. Notably, 81% of respondents stated that they obtain investor feedback indirectly through Consultants. This signifies the critical role these intermediaries play in conveying investor sentiments and preferences to respondents.

Surveys or focus groups are the choice of 24% of respondents as a means to gather direct investor feedback. Meanwhile, 12% indicated that they do not actively seek feedback, thus suggesting a potential area for improvement in investor engagement.

Online surveys (2%) and feedback through call centre representatives (2%) were also highlighted in the survey, albeit to a lesser extent. These methods can be valuable for collecting real-time feedback and addressing investor concerns promptly.

Chart 33: Investor Feedback



## f. Plans on Product Offering Expansion

Respondents are actively exploring various avenues for expanding their product offerings to meet evolving investor demands and market trends. Foremost among their priorities is ESG Investing, with an overwhelming 86% of respondents indicating their focus on developing investment products that incorporate ESG principles. This reflects the Industry's commitment to sustainability and ethical considerations in the investment process, aligning with global trends in responsible investing.

Impact Investing is also a significant area of interest, with 63% of respondents keen on investments aimed at generating positive social or environmental impact alongside financial returns. This underscores the Industry's recognition of the importance in aligning investments with broader societal goals.

Renewable Energy and Clean Technology rank equally high in priority, with 63% of respondents showing interest in investments of renewable energy generation, energy efficiency, and sustainable infrastructure. This is also in alignment with global efforts to address climate change and transition to cleaner energy sources.

Fintech and Disruptive Technologies are on the radar of 60% of respondents, as they seek to invest in companies with technological innovations such as AI, automation, and cybersecurity as an in road to catch up on the Industry Revolution 5.0. This demonstrates the Industry's readiness to embrace disruptive technologies and their potential impact on the investment landscape.

Emerging markets and frontier economies are also a strategic focus, with 60% of respondents considering investments in growing economies with high growth potential. The industry is searching for opportunities to diversification and capitalising on emerging market dynamics where many global companies have committed to invest in this region.

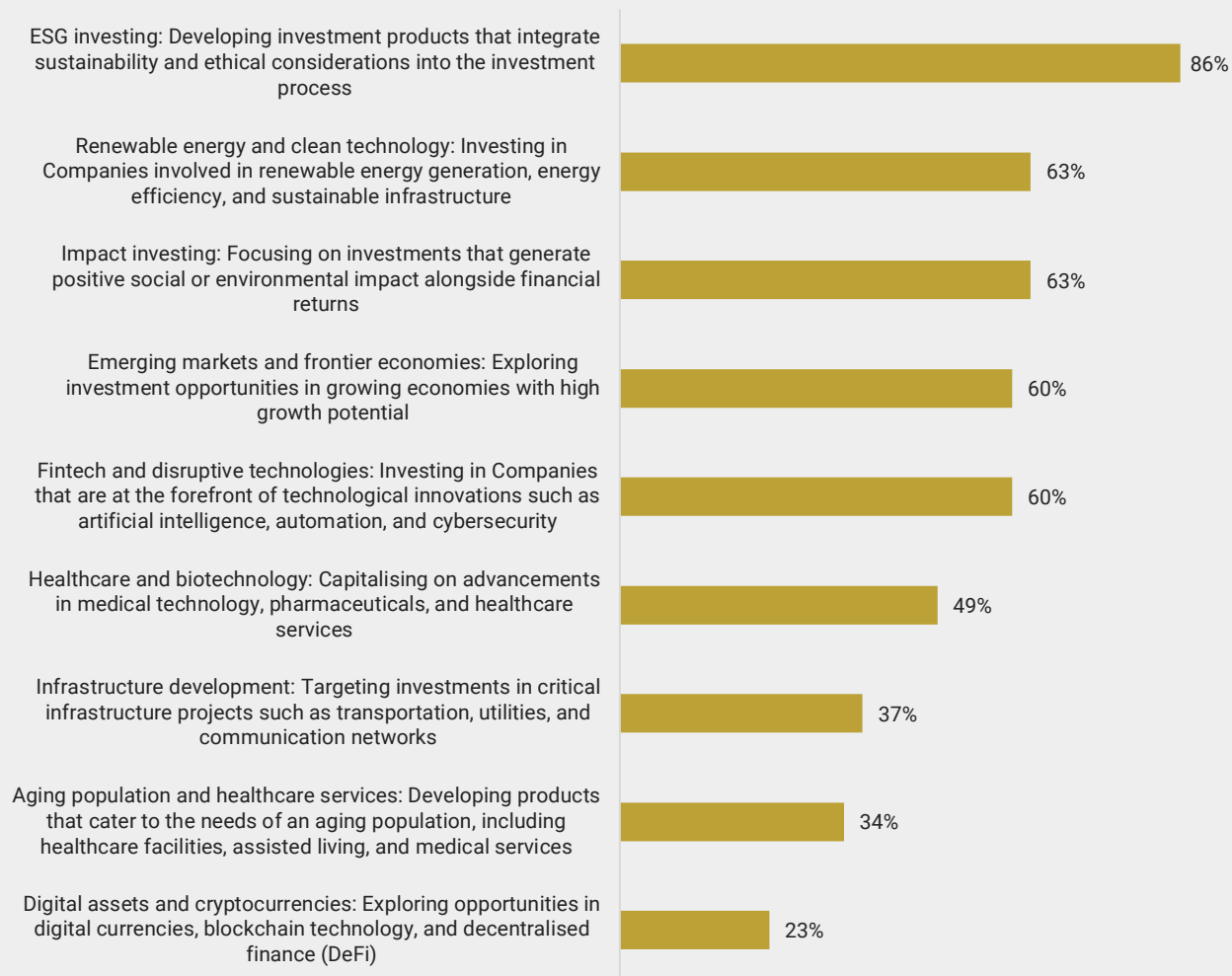
Healthcare and biotechnology are another area of interest, with 49% of respondents aiming to capitalise on advancements in medical technology, pharmaceuticals, and healthcare services. This is a growing trend due to emergence of new illnesses and ageing population globally which requires such services.

Infrastructure Development has been a choice for 37% of respondents, reflecting their intention to target investments in critical infrastructure projects such as transportation, utilities, and communication networks. A small section of respondents believes that fiscal policy is where the potential growth resides.

Ageing Population and Healthcare Services are also chosen by 34% of respondents as they believe that products tailored to the needs of an ageing population, including healthcare facilities, assisted living and medical services will be the next significant demand. This response indicates that some Members/Distributors are acknowledging the demographic shift towards an older population.

Digital Assets and Cryptocurrencies, while ranking lowest in priority at 23%, is still a reflection of a growing curiosity about digital currencies, blockchain technology, and decentralised finance (DeFi) within the Industry.

Chart 34: Product Offering Expansion



These diverse plans for product offering expansion signifies respondents' strategies to remain responsive to market dynamics, investor preferences, and broader global trends while exploring innovative and diversified investment options.

## g. Reasons for not Expanding Product Offering

Whilst some respondents have the aspiration to grow their product offerings, 15% of respondents have their reasons for not expanding product offerings. These respondents have their focus on introspective strategy through optimising their existing product portfolios. 83% of respondents of this section sets their focal point on maintaining and enhancing their existing investment product offerings. This suggests a commitment to ensuring that their current funds meet or exceed the expectations of their investors in terms of performance.

Approximately two-thirds (67%) of respondents believe that their current range of investment products adequately caters to the needs of their investors. This indicates a degree of confidence that their suite of products is sufficient to meet investors preferences, perhaps obviating the immediate need for expansion.

Fifty percent (50%) of respondents have recently expanded their investment product offerings and may not have immediate plans for further expansion. They are currently consolidating and refining their marketing strategies to showcase their existing offerings rather than introducing new products.

Another 50% of respondents have assessed market demand and determined that expanding their investment product range is not a top priority at this time. This data-driven approach suggests that expansion decisions are strongly influenced by a thorough analysis of market dynamics and investor sentiment.

A third of respondents (33%) prefer to specialise in their current investment product offerings rather than diversify into new products. This indicates a strategic choice to focus on areas where they have proven expertise and competitive advantage.

Similarly, 33% of respondents have decided to focus on improving the performance of their existing products instead of expanding their range. This reflects a commitment to delivering consistent return funds to investors.

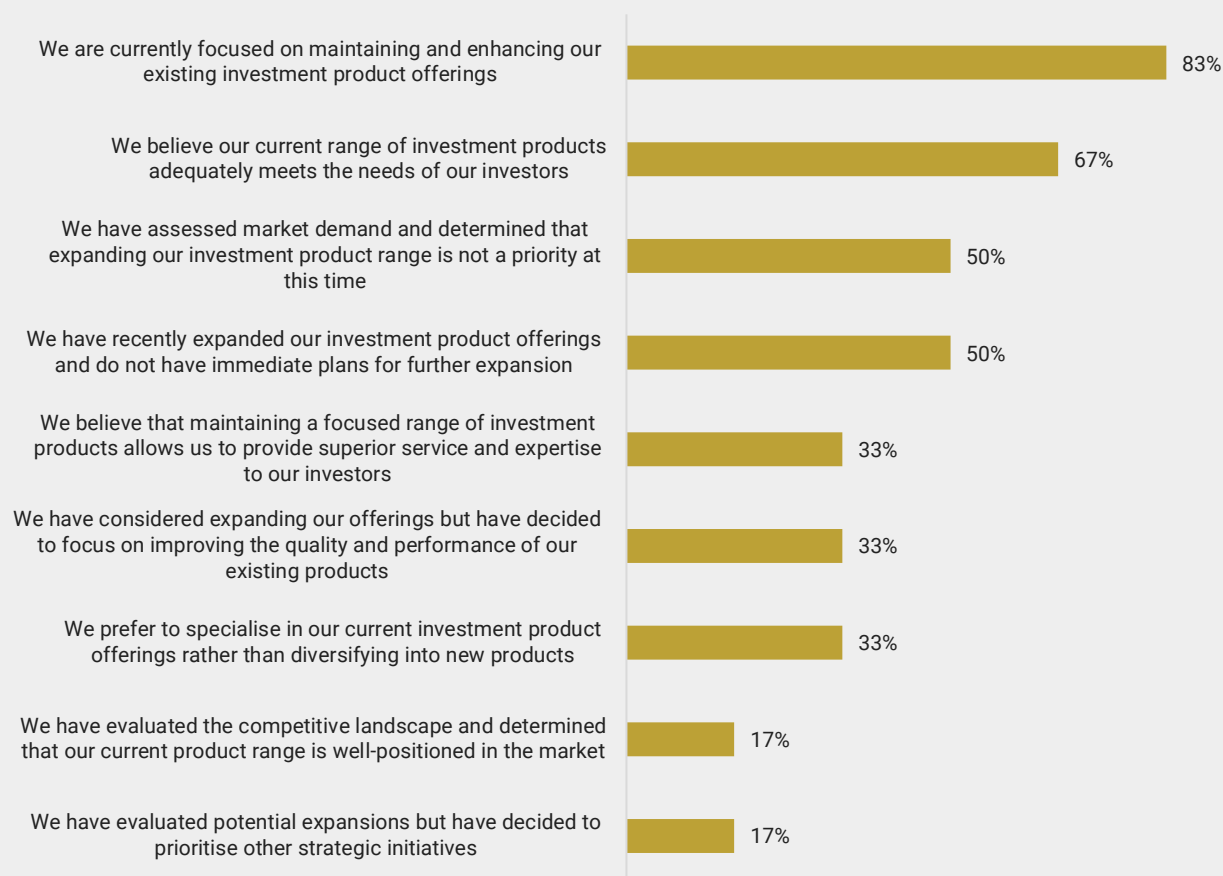
Meanwhile, the belief that maintaining a focused range of investment products allows for the provision of superior service and expertise is shared by 33% of respondents. This suggests that respondents are prioritising depth of service over breadth of offerings.

Lastly, 17% of respondents have evaluated potential expansions, but have chosen to place their other strategic initiatives with higher importance. These could encompass various internal and external considerations beyond just product expansion.

Similarly, 17% have assessed the competitive landscape and found that their current product range is well-positioned in the market, possibly indicating a confidence in their existing offerings' competitive advantage.

In summary, respondents' decisions on the expansion of product offerings are guided by a range of factors, which include market dynamics, investor preferences, competitive positioning, and internal strategic considerations. We believe another main factor would be the costs incurred for launching a new product and the feasibility of garnering the optimal investments funds to the new product by investors is hinged to the cost.

Chart 35: Reasons for not Expanding Product Offering



## h. Product and Company Strategy & Assessing Competitive Landscape

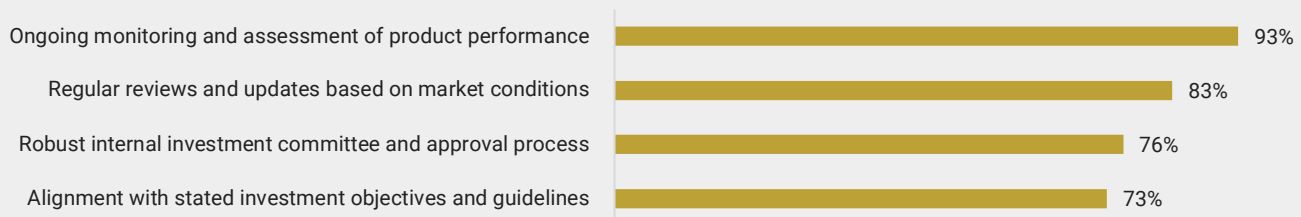
Within the UTS/PRS Industry, ongoing monitoring and assessment of product performance is a clear priority for 93% of respondents who set precedence in their day-to-day operations. This is a commitment by the respondents to ensuring that their investment products consistently meet their stated objectives and deliver the expected performance to investors.

Regular reviews and updates based on market conditions are the next important function as indicated by 83% of respondents. This proactive approach signifies an Industry that is attentive to the ever-changing market dynamics and are agile to underlying changes of their fund portfolio.

Maintaining a robust internal investment committee and approval process is a significant aspect of the company's strategy for 76% of respondents. This demonstrates the Industry's commitment to rigorous oversight and governance in the development and management of investment products.

Aligning with stated investment objectives and guidelines is a priority for 73% of respondents. This underscores the importance of consistency and transparency in product offerings, ensuring that they adhere to predefined criteria and objectives, instilling investor confidence.

Chart 36: Products and Company Strategy



In terms of assessing the competitive landscape, comparative analysis of product features and fees is a primary focus, as acknowledged by 85% of respondents, to ensure that their products are suited for the ever-changing investors' preferences. It reflects a keen awareness on the importance of competitiveness and the need to offer products that stands out in terms of features and costs.

Identifying gaps in the market and investor needs is another vital aspect, also embraced by 85% of respondents to meet any shortfalls of inability to meet investor demands and capitalise on market opportunities.

Monitoring competitor product performance and market share is a routine for 71% of respondents, indicating that keeping watch on competitors' activities is integral to their strategic approach. This helps them stay informed about market dynamics and evolving investor preferences.

Assessing global product launches is on the radar of 61% of respondents. This indicates a willingness to look beyond local markets and explore global opportunities, reflecting a forward-thinking approach.

Differentiation through unique investment strategies is a strategic focus for 59% of respondents. This signifies an Industry that recognises the importance of offering distinctive investment products that can set them apart in a competitive landscape.

Chart 37: Assessing Competitive Landscape





## i. Role of Technology in Product Development

Leveraging on technology to enhance product development and investor services is the one of the key agendas for the UTS/PRS Industry. Scoring the highest by the respondents at 85% is where their focus is on **developing mobile applications or online platforms** to provide investors with convenient access to their investments and meeting the evolving expectations of digitally-savvy investors.

Integrating digital platforms for seamless investor onboarding, account management and performance tracking is a vital move adopted by 46% of respondents to capture new segment base. This streamlines processes and offers investors greater control over their investments, aligning with the broader trend of digitalisation in finance.

While still in the early stages, the Industry is beginning to explore the potential of advanced technologies such as data analytics and AI algorithms. 15% of respondents are actively using AI to identify market trends and investment opportunities, while another 15% of respondents is collaborating with fintech startups or technology providers to leverage innovative solutions for product development.

Outsourcing of fund management expertise to tap into other exotic asset classes is one of the cost-effective choices for 12% of respondents. Not many are into exotic asset classes as it requires highly specialised expertise or advanced technology. The minority who has responded to this demonstrates a willingness to diversify investment offerings and explore emerging opportunities.

Implementing robo-advisory platforms for automated investment advice and portfolio management services is a focus for 10% of respondents. Albeit a low percentage, this reflects a response to the growing demand for digital advisory services and an acknowledgment of the efficiency gains brought by automation.

A smaller, but still notable portion of respondents (10%) is leveraging on ML algorithms to enhance risk management and asset allocation strategies. This indicates an Industry that recognises the potential of AI-driven insights to optimising investment decisions.

Additionally, 5% of respondents are using automated trading systems or algorithmic trading strategies, highlighting a willingness to embrace technology for executing investment decisions to take advantage of any revenue generating opportunities.

The lowest number of respondents (2%) are incorporating blockchain technology to improve transparency, security and efficiency in transactions and fund administration. Similarly, another 2% are employing natural language processing (NLP) and sentiment analysis tools to analyse market news and sentiment for investment insights.

In summary, the UTS/PRS Industry is actively integrating technology into product development and investor services. It is driven by a desire to enhance convenience, efficiency, and innovation across the investment lifecycle. While some technologies are more mature in their adoption, the Industry as a whole is gradually poised to continue embracing digital transformation as this requires heavy capital investment.

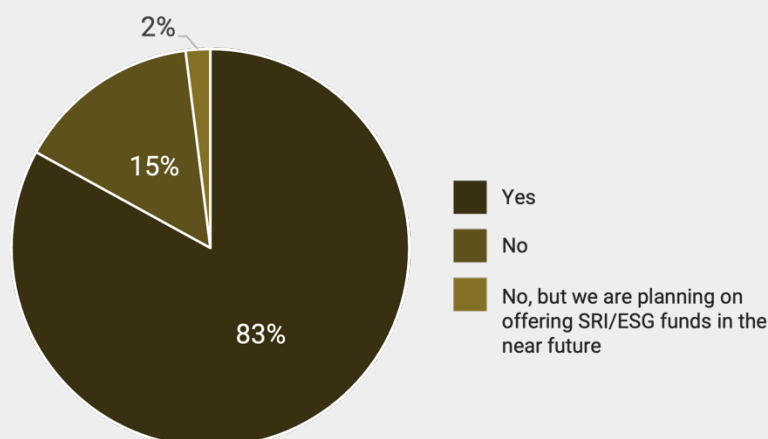
Chart 38: Role of Technology in Product Development



## j. Sustainable and Responsible Investment (SRI)/Environment, Social, Governance (ESG) Product Offering

Majority of the respondents (83%) have launched Sustainable and Responsible Investment (SRI) and Environmental, Social and Governance (ESG) funds. While there is a small percentage (15%) who do not intend to launch these funds. Only 2% of the respondents have not launched any of these funds but may do so soon.

Chart 39: SRI/ESG Product Offering



The UTS/PRS Industry is in line with the Malaysian Government's agenda of Net Zero by 2050 and have been offering SRI and ESG funds as early as 2018. 86% of respondents who are one of the stakeholders to this agenda are **addressing the increasing demand** for investment options that integrate SRI/ESG considerations as a primary driver. Investors are increasingly seeking opportunities that align their investment objectives with their ethical and sustainability principles.

80% of the respondents have launched sustainable and responsible investing to gain access to a **growing market of investors**. This Industry is cognisant of the expanding pool of investors who are prioritising SRI/ESG factors in their investment decisions.

Offering SRI/ESG funds allows respondents to **align their company goals with investors' values and preferences** for socially responsible or sustainable investments, a key objective for 77% of respondents. This alignment fosters trust and resonance between investors and respondents, contributing to long-term relationships.

Another strong driver where 77% agrees is capturing potential financial opportunities associated with **companies that exhibit strong SRI/ESG practices**. This highlights the dual benefit of acquiring financial returns while supporting SRI/ESG objectives.

Respondents are motivated by a commitment to broader sustainability goals. **Supporting global sustainability goals** and encouraging corporate responsibility is another significant rationale for 77% of respondents as a clear indication of the Industry's role in advancing societal and environmental well-being.

74% of respondents stated that offering SRI/ESG funds allows them to **advocate positively to social and environmental agenda** while generating financial returns. Reflecting that these respondents are early advocates in driving meaningful change through investments.

Recognising the potential of SRI/ESG factors in enhancing investment performance are 69% of respondent's aim to **enhance long-term investment performance for the inclusion of SRI/ESG factors in their investment process**. This reflects a strategic approach to optimising returns while participating in the SRI/ESG movement.

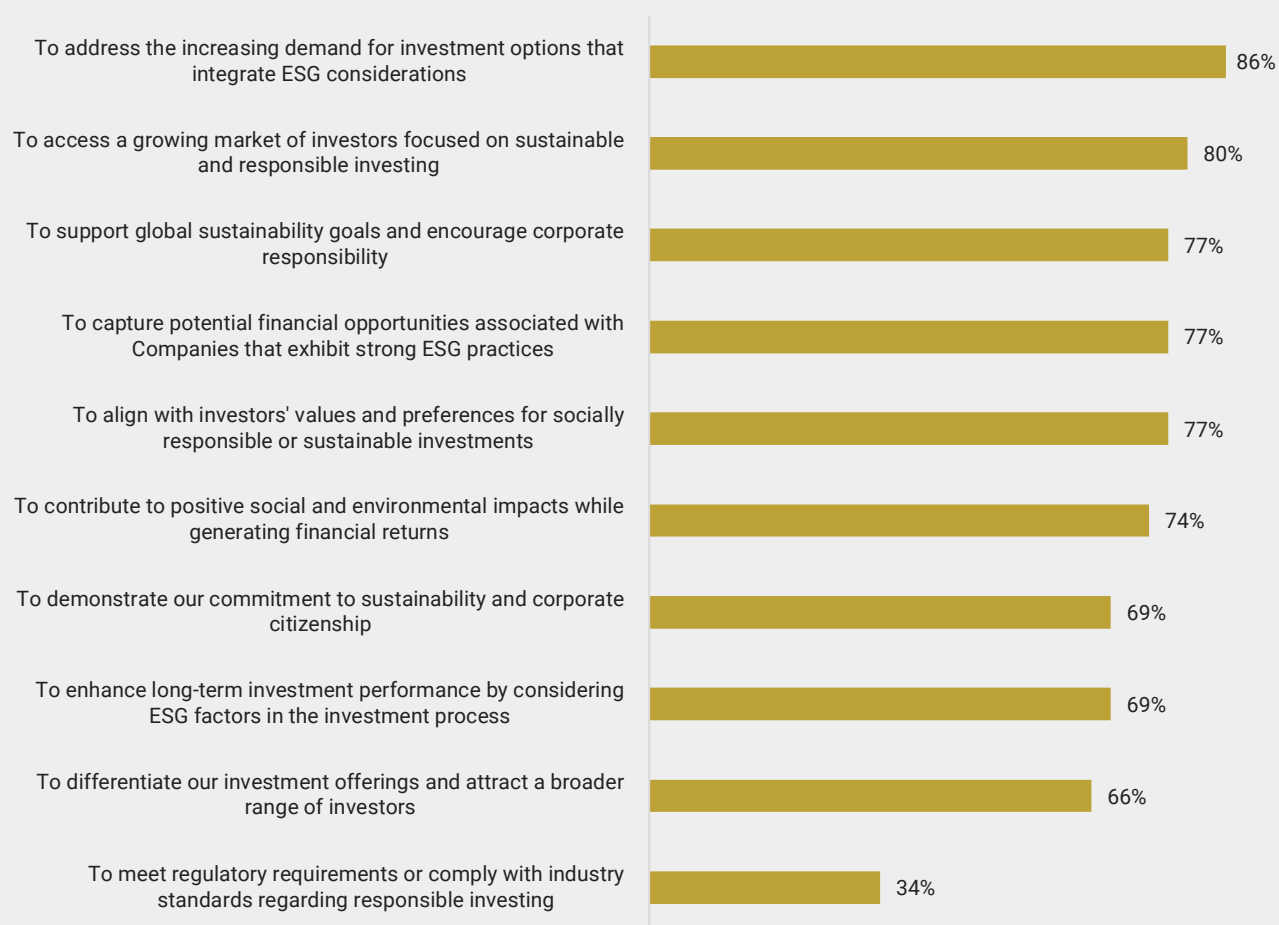
The Industry also values the opportunity to demonstrate its commitment to **sustainability and corporate citizenship**, a goal for 69% of respondents with the overall business strategy in embracing corporate social responsibility.

By offering SRI/ESG funds, respondents aim to **differentiate their investment offerings** and attract specific investors as a consideration for 69% of respondents. This indicates recognition of the competitive advantages associated with SRI/ESG-focused offerings.

Finally, for 34% of respondents, the decision to offer SRI/ESG funds is driven by the need to **meet regulatory requirements** or comply with Industry standards regarding responsible investing. This may be one of the influences of regulatory bodies and market demand pressures in shaping the Industry's approach to sustainability.

In summary, respondents are motivated by a blend of financial opportunity, investor demand, ethical considerations and regulatory requirements when offering SRI/ESG funds. These motivations reflect the Industry's commitment to aligning investment practices with sustainable and responsible principles.

Chart 40: SRI/ESG Product Offering – Rationale



## k. Challenges in SRI/ESG Product Offering

The UTS/PRS Industry faces several challenges in the integration and promotion of SRI/ESG funds. A significant hurdle, highlighted by 61% of respondents, is the limited availability of reliable and standardised SRI/ESG data for comprehensive investment analysis. This challenge underscores the Industry's need for consistent and high-quality data to effectively incorporate SRI/ESG factors into their decision-making processes.

Limited understanding and awareness of SRI/ESG investing among investors is another key challenge, as indicated by 51% of respondents. This emphasises the importance of investor education and awareness campaigns to promote the benefits and principles of sustainable and responsible investing.

The perception that SRI/ESG investing may result in lower financial returns is a prevalent challenge, acknowledged by 54% of respondents. Overcoming this perception requires demonstrating the potential for strong financial performance while adhering to SRI/ESG principles, showcasing that sustainable investments can align with both financial and ethical objectives.

Assessing the materiality and impact of SRI/ESG factors on investment performance poses a significant challenge for 56% of respondents. This emphasises the need for sophisticated methodologies to evaluate the relevance and significance of various SRI/ESG considerations in the investment decision-making process.

The difficulty in communicating the value proposition of SRI/ESG funds to investors is acknowledged by 42% of respondents. Effectively conveying the benefits and impact of sustainable investments is crucial for attracting and retaining investors in this segment.

The Industry also grapples with the challenge of limited availability of suitable investment opportunities that meet the desired SRI/ESG criteria, as highlighted by 44% of respondents. The availability of investment assets that comply with the adherence of the SRI/ESG guidelines is an important aspect of providing investment options that align with specific sustainability goals.

The lack of a performance track record to encourage investors' participation is recognised as a challenge by 37% of respondents. Establishing a track record for SRI/ESG funds is essential for instilling confidence and attracting investors who may be cautious due to the lack of performance record of these investment strategies.

Higher costs associated with conducting thorough SRI/ESG research and analysis are cited as a challenge by 32% of respondents. Despite the costs, investing in robust SRI/ESG research is essential for maintaining the integrity and effectiveness of sustainable investment strategies.

The need for specialised expertise and resources to manage SRI/ESG funds effectively is identified as the next challenge by 27% of respondents. This emphasises the importance of having professionals with vast knowledge in sustainable investing to navigate the complexities of SRI/ESG considerations.

Potential trade-offs between different SRI/ESG objectives, making it challenging to satisfy all stakeholders, is acknowledged as a challenge by 27% of respondents. Balancing various SRI/ESG priorities and objectives requires analytical decision-making to ensure alignment with the diverse expectations of stakeholders.

Inconsistencies or conflicts in definitions and metrics for SRI/ESG factors and sustainability measures are recognised as another challenge by 24% of respondents. Achieving standardisation and clarity in SRI/ESG metrics is crucial for promoting transparency and fair comparability across the Industry.

Lack of clear regulatory frameworks or Industry standards for SRI/ESG investments poses as another challenge, as acknowledged by 24% of respondents. Clear regulatory guidelines can provide a framework for standardising practices and ensuring that sustainable investments meet specific criteria.

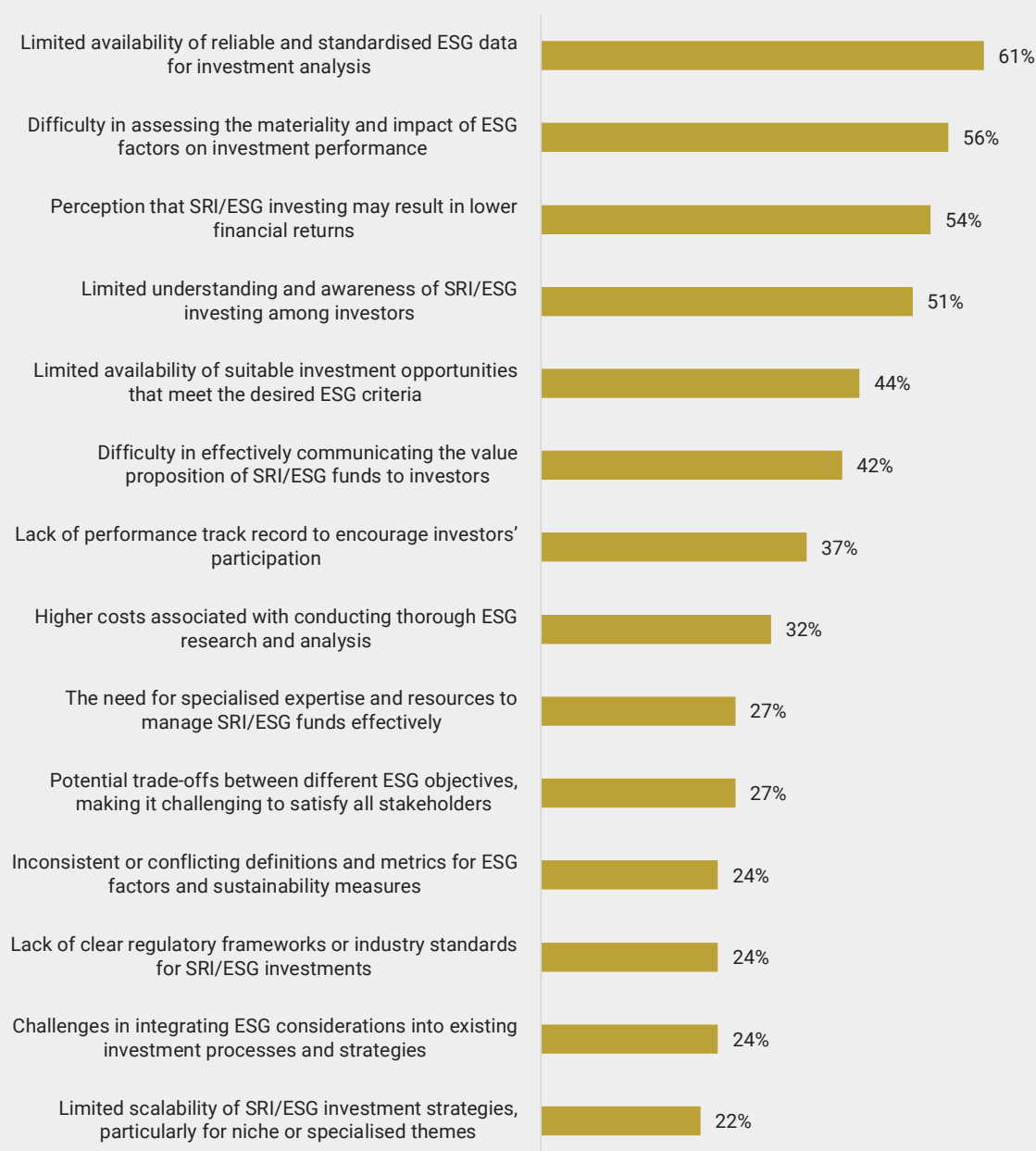
The limited scalability of SRI/ESG investment strategies, particularly for niche or specialised themes, is noted as a challenge by 22% of respondents. This suggests that there may be constraints in expanding sustainable investment offerings to cover a broader array of themes and niches.

In summary, the challenges in offering SRI/ESG funds encompass issues related to:

- data availability;
- investor perception;
- communication strategies; and
- the need for standardised practices and regulations.

Addressing these challenges is essential for the Industry to successfully navigate the dynamic landscape of sustainable and responsible investing.

Chart 41: SRI/ESG Product Offering – Challenges



## 5. CHALLENGES TO THE INDUSTRY

### KEY FINDINGS

- Challenges of the UTS Industry: The **most prominent challenges include economic uncertainty, volatile market conditions, increasing regulatory and compliance costs**. Healthy competition amongst domestic fund management companies to gain a share of the wallet of investors enhances the service level and heightens the need for checks and balances of the Industry.
- Challenges of the PRS Industry: **Low public awareness and understanding of PRS**, along with a preference for deposit-type products offered by Banks, indicate the need for improved education and publicity strategies. Managing risks in volatile markets to balance fund performance, addressing limited distribution channels and financial literacy among potential investors are the continuous challenges that the PRS industry faces. This was identified in NWS 2020 and FIMM 2022 Investment Management Survey.
- Alternative Investment Products Perceived as Threats: **Cryptocurrencies and digital assets, as well as robo-advisors, are perceived as notable threats** to traditional UTS. Exchange-Traded Funds (ETFs) are also seen as competitive alternatives.
- Factors Affecting Industry Growth and Reputation: **Economic instability and market downturns, coupled with increasing operational costs and fee pressure**, are considered significant challenges to the Industry's growth. Instances of **fraud or misconduct within the Industry, negative media coverage and public perception will also impact the Industry's reputation and credibility**.
- Concerns About Disruptive Technologies: Many Members/Distributors are concerned about the potential impact of disruptive technologies to the traditional fund management business model. They are **actively exploring various strategies to adapt including technology adoption, collaborations with strategic partners, and digital enhancements** which demonstrates that the Industry is readiness to face the impending competition.

This section aims to identify and understand the key challenges faced by the Members/Distributors and seeks to gain insights into the Industry's current landscape together with the risk factors that impact its growth, reputation, and stability.

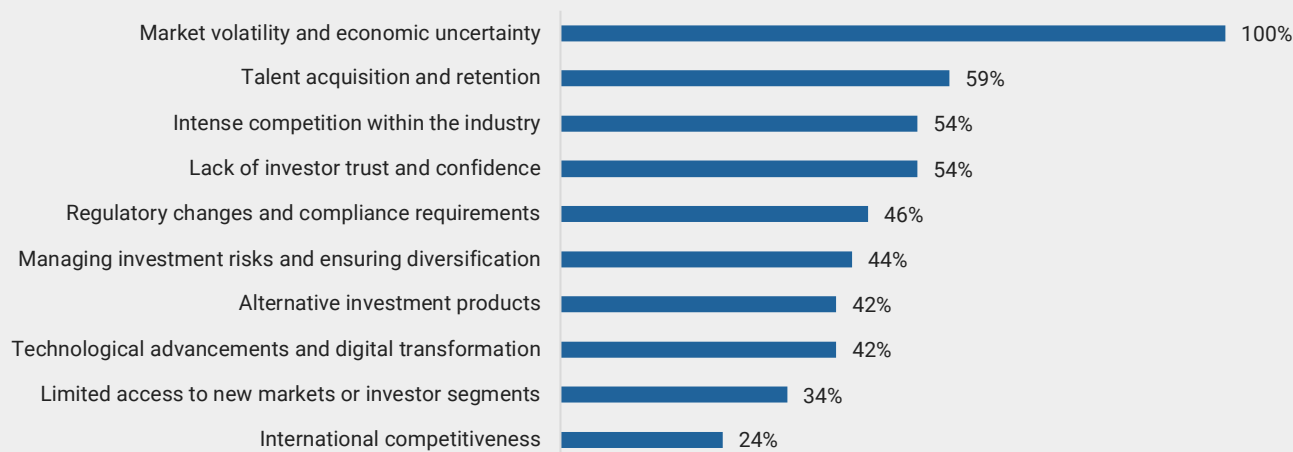
The objective of this section is to understand the challenges faced by the Industry, enabling stakeholders to make informed decisions, devise strategies, and take necessary actions to address them. By understanding these challenges areas that require attention can be addressed to ensure the Industry's sustainable growth and success.

## a. Challenges Over the Past 3 Years

Over the past three (3) years, the UTS/PRS Industry have faced a myriad of challenges that have significantly shaped its landscape. Notably, market volatility and economic uncertainty emerged as the paramount concerns, impacting the Industry comprehensively. These concerns were universally acknowledged, with a 100% response rate from Industry stakeholders. The unpredictability in financial markets has prompted a reassessment of risk management strategies and the need for agile approaches to navigate turbulent economic conditions.

Closely trailing this overarching challenge is the heightened importance of regulatory changes and compliance requirements as acknowledged by 46% of the respondents. The dynamic regulatory landscape has demanded continuous adaptation to ensure adherence to evolving standards, making regulatory compliance a strategic imperative for Industry participants. In the wake of these changes, concerns on the lack of investor trust and confidence have also surfaced as highlighted by 54% of respondents, prompting the Industry to rebuild and fortify relationships with investors through transparent practices and robust communication strategies.

Chart 42: Key Challenges Over the Past 3 Years



## b. Challenges of the UTS Industry

The UTS Industry grapples with a host of challenges, notably led by the pervasive economic uncertainty which is acknowledged by a substantial 88% of respondents. This principal concern reflects the Industry's need for strategies that can withstand and adapt to economic fluctuations. Volatile market conditions were the next concern as indicated by 83% respondents, emphasising the necessity for robust risk management frameworks to navigate through the intricate financial landscape. Moreover, the persistent challenges of continuous economic downturns put the Industry's resilience to the test with the UTMCS/PRS Providers having to continuously mitigate through the economic adversities.



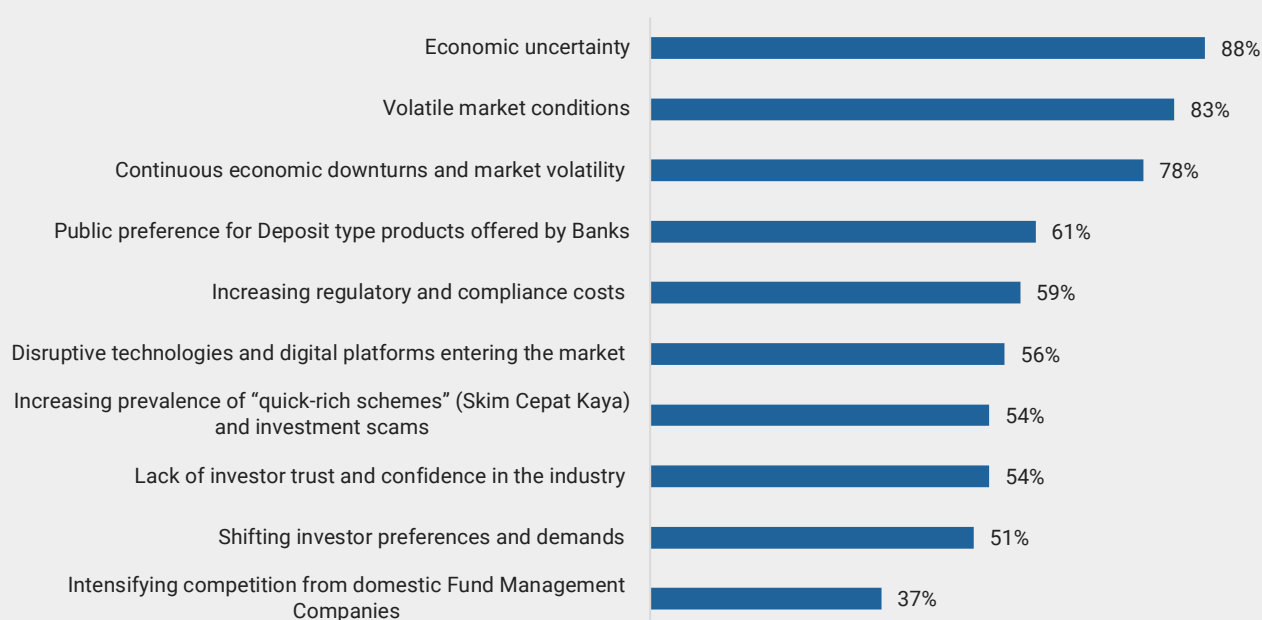
The long-standing challenge identified by a significant 78% of respondents is the public's preference for deposit-type products offered by banks. This shift in investor preference for a haven necessitates innovative approaches to reposition UTS in the investment landscape and regain investor trust.

56% of respondents cited that Increasing regulatory and compliance costs signify the Industry's dedication to complying with the regulatory standards, albeit the acknowledgment that this entails substantial financial commitments.

The advent of disruptive technologies and digital platforms entering the market is indicated by 56% of respondents, posing challenges and opportunity. This urges the industry to adapt technological advancements while addressing potential disruptions to the traditional business model.

Meanwhile, 54% of respondents remarked that the prevalence of "quick-rich schemes" and investment scams have emerged at an extremely fast pace over the space of approved investment schemes, signalling the importance of investor education and protection measures to combat fraudulent activities and build long-term trust of the Industry.

Chart 43: Challenges of the UTS Industry



### c. Challenges of the PRS Industry

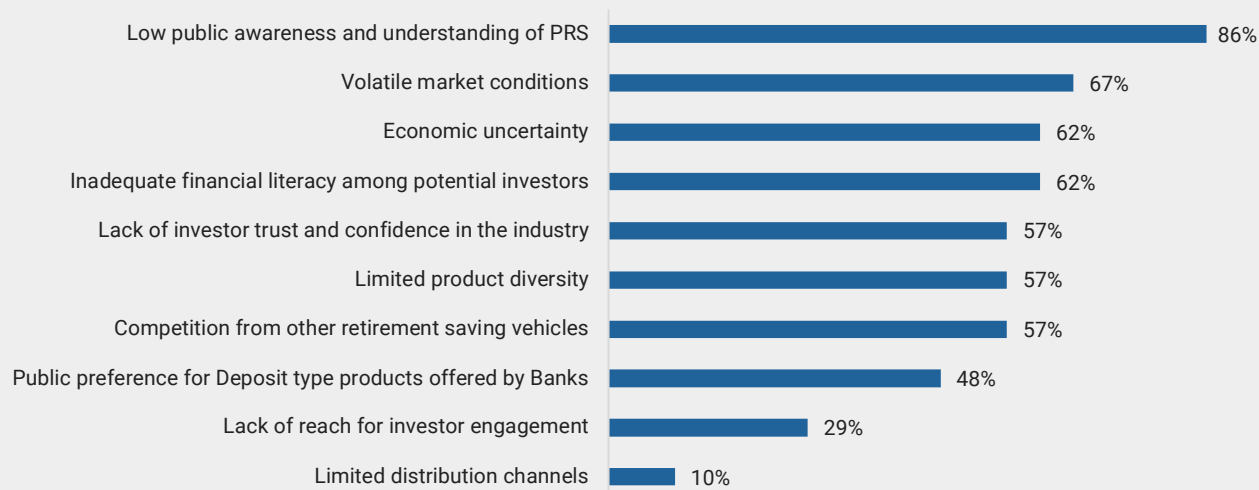
The PRS Industry is faced with significant challenges, as confirmed by 86% of respondents, where the biggest concerns are low public awareness of PRS. This is worrying as PRS have been in the market for more than 12 years which calls for additional efforts to promote market awareness and comprehensive educational initiatives to the public.

Managing the volatility of markets condition that affects the PRS performance were concerning for 67% respondents. Whilst 62% of respondents have stated that economic uncertainty will further impact the Schemes performance. Therefore, respondents will have to be vigilant to mitigate risks due to market fluctuations and economic unpredictability.

Apart from the abovementioned, the results from this survey have provided further insights that it continues to struggle to win over investors trust and confidence as indicated by 57% of respondents. Therefore, the Industry will have to work in unison to create extensive awareness on the need for retirement planning and the means to do so through PRS.

Limited PRS product diversity was the concern for 57% of respondents which provides an opportunity for the Industry to innovate and diversify their offerings to meet the varied needs of investors. Where there are lacking asset categories of PRS Funds, 57% respondents have also highlighted that competition from other retirement saving vehicles additionally adds pressure on the Providers that are competing in the same space. Additionally, 48% of respondents opined that Investors and Non-Investors have risk-free and liquidity options such as deposit-type products offered by banks

Chart 44: Challenges of the PRS Industry



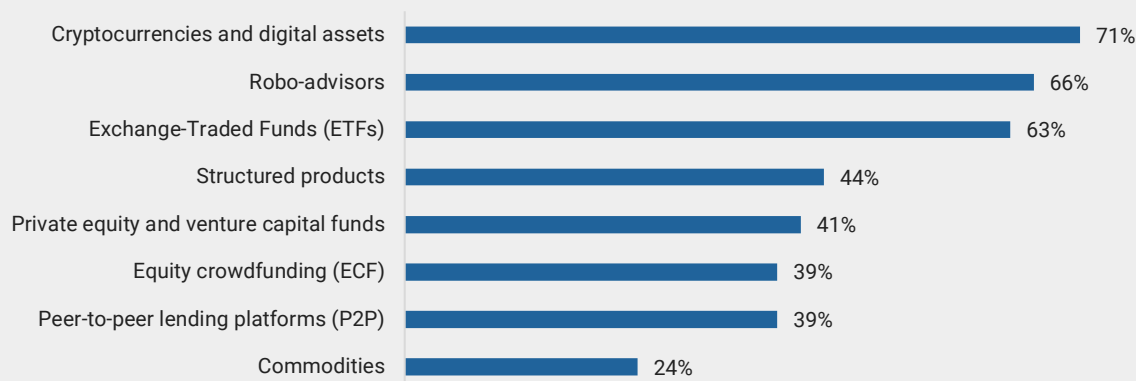
#### d. Alternative Investment Products a Rival to UTS/PRS

Alternative investment products are increasingly perceived as competitors to traditional UTS/PRS. Notably, cryptocurrencies and digital assets emerge as the most substantial threat, with a significant 71% of respondents expressing concern. The emerging disruptive influence of blockchain-based currencies and digital investment assets on the financial landscape is paving its way to compete with traditional investments. Another alternative investment that caters to younger generation are robo-advisors (70%) as automated advisory services that leverage algorithms for portfolio management attract younger investors due to lower fees and access to information ubiquitously.

Exchange-Traded Funds (ETFs) are also recognised by 63% of respondents as a significant threat, as this is a listed asset class that is known for their lower fee charges and diversification benefits that mirrors UTS management strategies.

Scoring lower are structured products with 44% of respondents viewing this product as some form of capital protection with possible higher yields. Other alternatives such as private equity and venture capital funds scored at 42%, with equity crowdfunding (ECF) and peer-to-peer lending platforms (P2P) scoring at 39%. These alternatives are gaining traction, necessitating strategic action from the UTS/PRS Industry to maintain competitiveness and relevance in the evolving investment landscape.

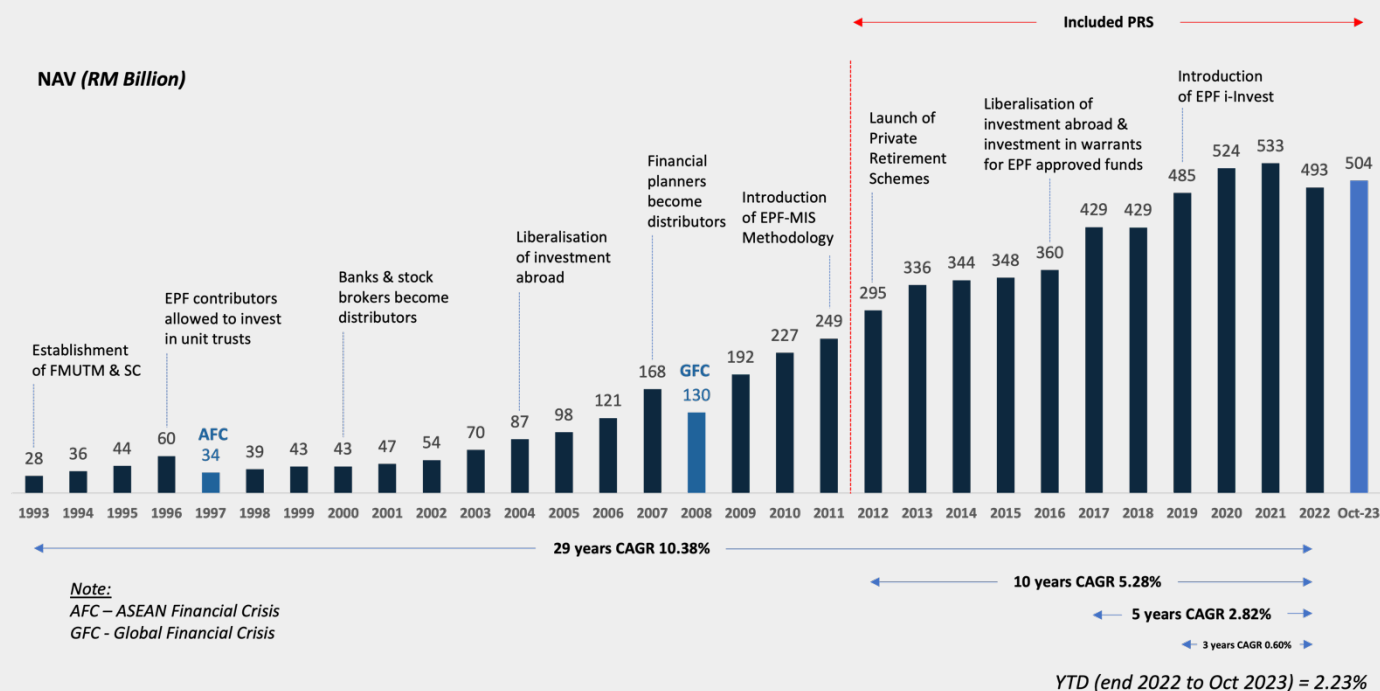
Chart 45: Alternative Investment Products a Rival to UTS/PRS



## e. Challenges to the Industry Growth

The UTS/PRS Industry have risen to the challenges despite impacts from several financial crises, with UTS/PRS products gaining popularity from Investors due to accessibility.

Chart 46: Industry CAGR



However, this Industry's growth is not spared by challenges globally and domestically, with 88% of respondents citing that the economic instability and market downturns impact the growth, as evident in the chart above for year 2022. This indicates the Industry's vulnerability to global economic conditions and fluctuations where respondents must emplace necessary robust controls to navigate periods of uncertainty.

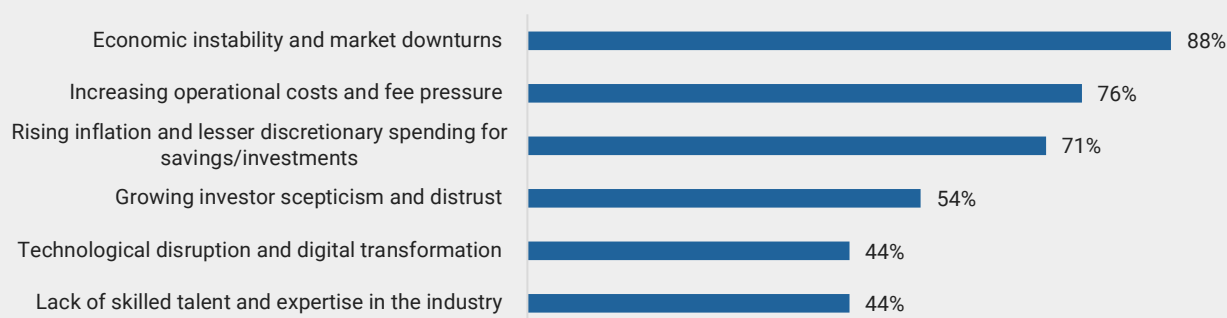
Due to the increasing operational costs and fee compression pressure, 76% of respondents have cited the need for efficiency improvements and sustainable fee structures to maintain competitiveness.

Crucial to the industry's business are investors, with 71% of respondents identifying the impact of rising inflation and reduced discretionary spending on savings and investments as a critical challenge to the business. The growing investor scepticism and distrust highlighted by 54% of respondents due to the mediocre performance continuously for several years provides an insight into the Industry's need to collectively rebuild and reinforce trust through transparent practices and effective communication.

As acknowledged by 44% respondents on the technological disruption and digital transformation, attention must be given to continuous innovation to stay ahead of technological advancements which is a disruptor to the industry due to an array of fintech offerings.

The remaining 44% respondents are faced with the lack of skilled talent and expertise emphasising the importance of investing in human capital development to address the Industry's evolving needs.

Chart 47: Challenges to the Industry Growth



## f. Challenges to the Industry Reputation and Credibility

The Industry has work tirelessly to uphold the reputation and credibility of the UTS/PRS Industry. However, there are challenges that can be managed with enhanced policies by regulators and education efforts. 68% of respondents have acknowledged that there are instances of fraud or misconduct within the Industry and measures have been taken to set stringent measures to ensure ethical conduct and upholding of fiduciary responsibilities.

High-profile investment failures or scandals as indicated by 63% respondents, is another aspect of the reputational challenges which the Industry is susceptible. Nevertheless, the Industry is proactive to scrutinising any of such events to minimise the impact.

Negative media coverage or public perception of the Industry emerges as an adverse impact with 54% acknowledging that they do not have control of it. However, FIMM, jointly with Member/Distributors are continuously working to promote benefits of investing in UTS/PRS to the public through many channels such as Soc Med, seminars, roadshows etc.

The perception from 51% of respondents cited that inadequate investor education and awareness may be another cause for the public for not considering UTS/PRS as their choice of investments. Hence, Members/Distributors can rehash their strategies to reach out by offering comprehensive educational initiatives to empower investors with the knowledge required to invest in UTS/PRS.

Chart 48: Challenges to the Industry Reputation and Credibility



## g. Challenges from External Factors for Industry Growth and Stability

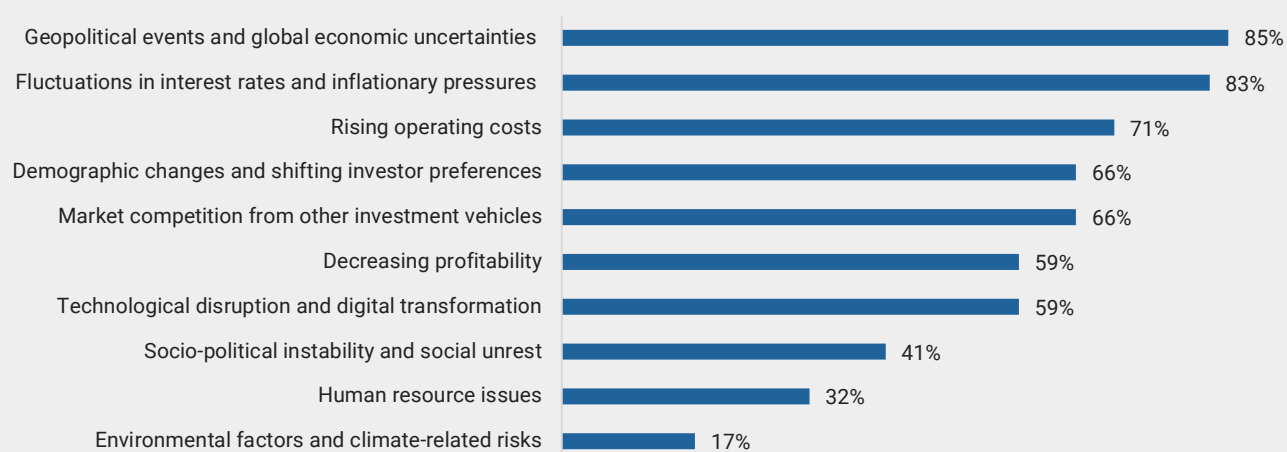
It is inevitable that Capital markets will be impacted by external factors of market risk where UTS/PRS will not be spared. Topping the list is the impact of geopolitical events and global economic uncertainties, acknowledged by 85% respondents, where our Members/Distributors are constantly monitoring and necessitating strategic planning to navigate uncertain global conditions. Additionally, 83% noted that fluctuations in interest rates and inflationary pressures denotes the importance of having the dexterity to manoeuvre through the dynamism of the changes amid economic volatilities.

Socio-political instability and social unrest, recognised by 42% of respondents, are geopolitical risks that demonstrate the Industry's vulnerability and necessitating agility in adapting to changing social and political climates.

Human resource issues are also a challenge, where 32% respondents highlight the importance of recruiting the right talent to overcome workforce-related challenges. There is a need to build the talent pool for the Industry to ensure there is continuous growth.

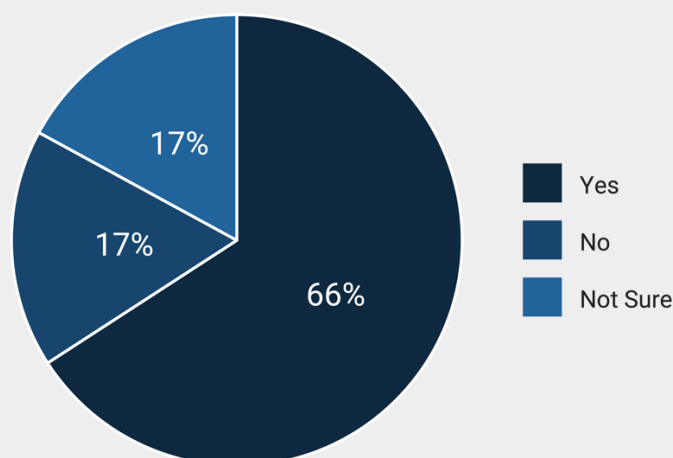
Environmental factors and climate-related risks is not seen as a challenge to the overall Industry as only 17% of respondents recognised it as a concern. Thus, most Industry players have inculcated environmental sustainability to their work culture.

Chart 49: Challenges from External Factors for Industry Growth and Stability



## h. Concerns on Impact of Disruptive Technology

Chart 50: Concerns on Impact of Disruptive Technology



66% Industry players have expressed concerns on the impact of disruptive technologies on the UTS/PRS industry. These respondents acknowledge the imperative to adapt and adopt technology in order to remain competitive.

A resounding 81% are actively exploring ways to enhance their digital capabilities to stay ahead of the competition by embracing technological infrastructure and providing seamless online experience for investors. This is a good indicator that the Industry is adapting to a collective commitment to innovation and resilience in the face of disruptive technological trends.

There is a prevalent concern about data privacy and cybersecurity risks associated with the adoption of digital technologies, with 52% respondents expressing worries in this domain. Additionally, 56% of respondents recognises the necessity to upskill and reskill their workforce to effectively navigate the technological advancements for the Industry.

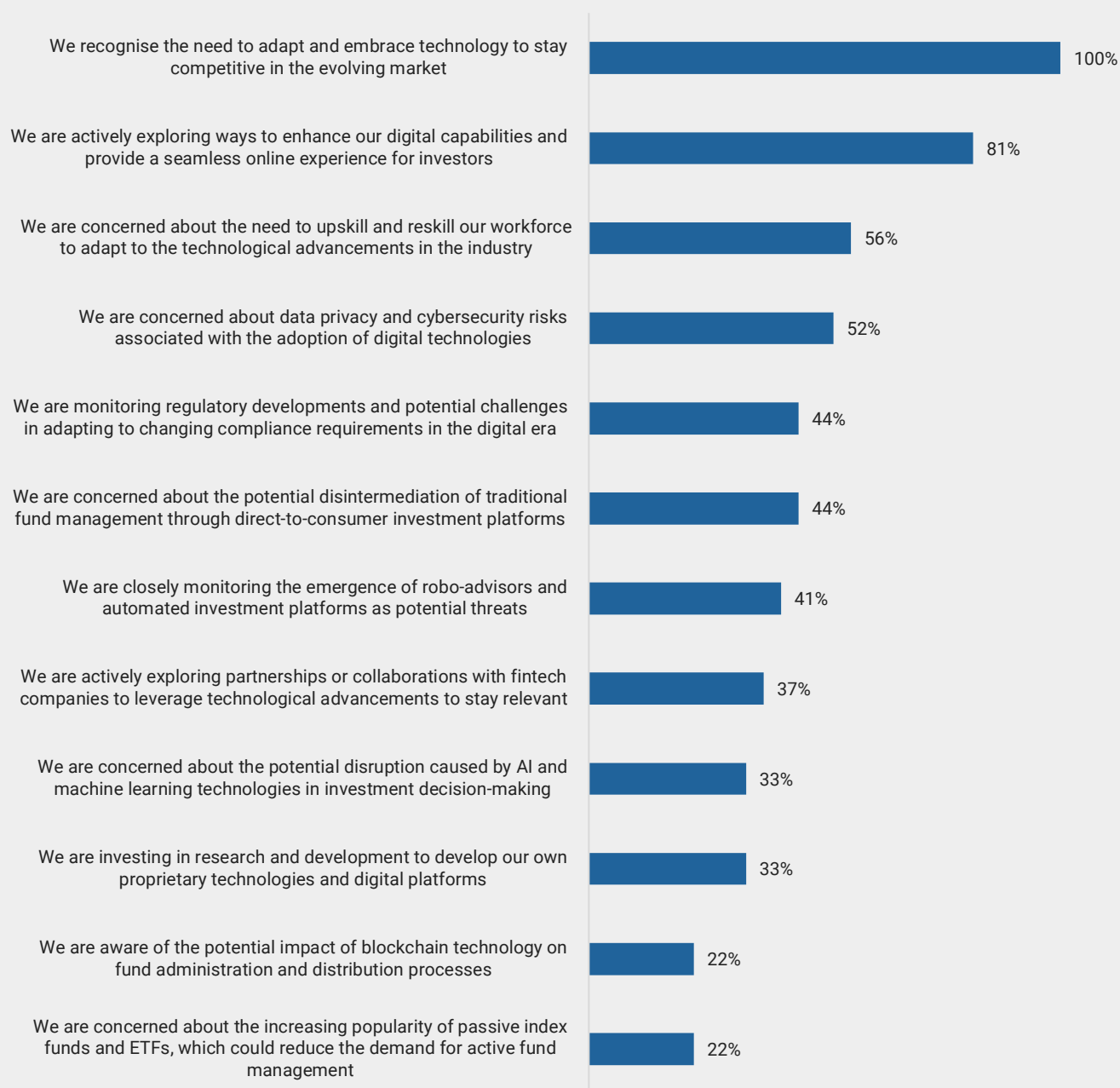
The emergence of robo-advisors and automated investment platforms is seen as a potential competition by 41% of respondents. This concern extends to the disintermediation of traditional fund management through direct-to-consumer investment platforms as acknowledged by 44%. These respondents are keeping a close observation on regulatory developments in adapting to evolving compliance requirements in the digital era.

Acknowledging the transformative power of technology, a proactive 33% respondents are investing in research and development, aiming to develop proprietary technologies and digital platforms to appeal to a growing segment of investors.

On the other hand, 33% of respondents is concerned over the potential disruption posed by AI and ML technologies in investment decision-making, and they are actively exploring collaborations with fintech companies to stay ahead in the technological curve.

22% of the respondents concerned about increasing popularity of passive index funds and ETFs, foreseeing a potential shift for active fund management to ETFs for optimisation of returns due to lower fee structure. A similar percentage of respondents (22%) is also wary of the transformative potential of blockchain technology on fund administration and distribution processes adopted by fresh players in the market.

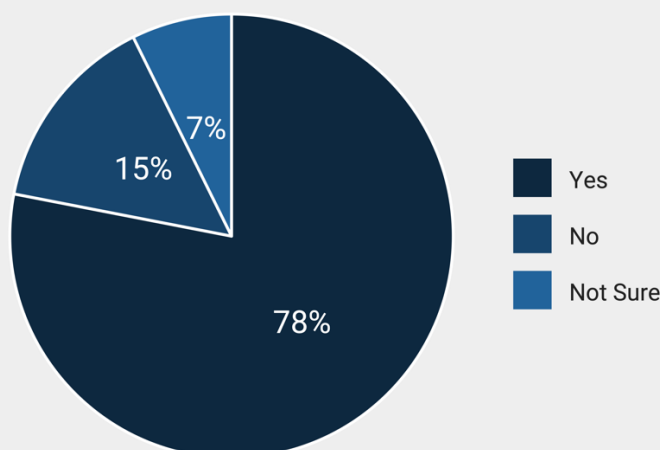
Chart 51: Concerns on Impact of Disruptive Technology – Rationale



## i. Concerns on Impact of Changing Investor Preferences

The survey suggests that a majority of 78% of Industry participants, are concerned with the changing investor preferences as there are easily accessible financial products that offers micro-investing, which may reduce the uptake of UTS/PRS. Within this group, 7% expressed uncertainty regarding the implications of shifting investor preferences, while 15% appeared unconcerned over this phenomenon.

Chart 52: Concerns on Impact of Changing Investor Preferences



As investors behaviour in investments are unpredictable, the Industry is pulling their resources to find out the investors' preferences via various means as expressed in Chapter 4. One of the major concerns as expressed by 69% of respondents are their inability to retain market share if they are unable to meet the ever-changing investment preferences their investments. 66% of the respondents are constantly monitoring and researching the changing investors preference to ensure that their products and services remain relevant.

Another notable concern by 56% of respondents is by meeting the demands of investors on their preference that is ongoing based on market trends, these respondents are seeking partnerships and collaborations to enhance their capabilities.

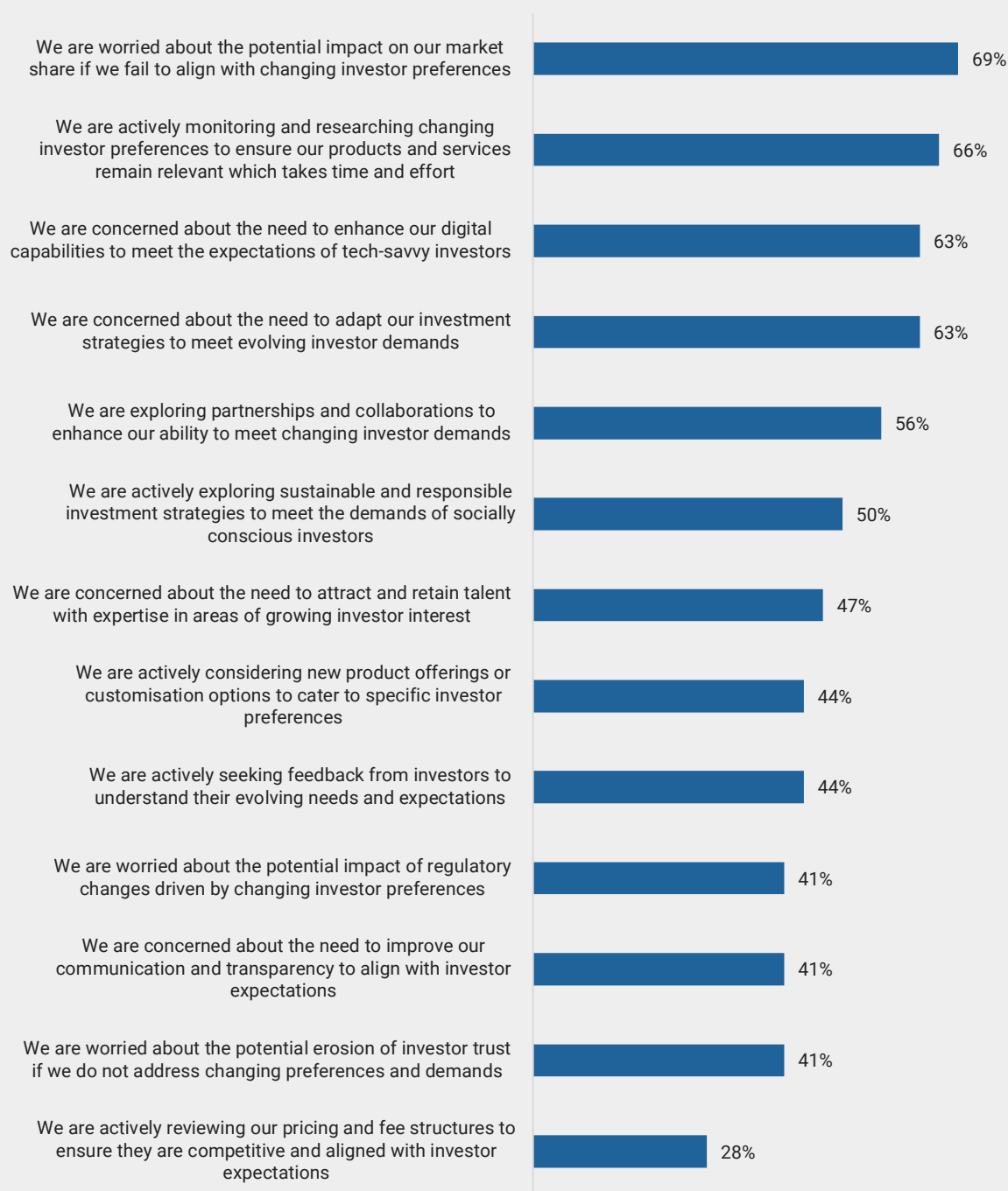
Talent acquisition and retention also emerge as significant concerns, with 47% expressing concern on the need to attract and retain professionals with expertise in areas aligned with the growing interests of investors.

44% of respondents indicating that they are concern over the evolving needs and expectations of their client base; therefore, they are proactive seeking feedback from their frontliners and investors. Whilst another 44% are actively considering new product offerings or customisation options to cater to specific investor preferences, indicating that there are segments which are extremely savvy in investments.

The survey indicates a comprehensive approach by Industry players to adapt to the changing investor landscape, encompassing factors from pricing and communication to regulatory compliance, talent management, and strategic product development. The concerns raised underscore the Industry's recognition of the evolving nature of investor preferences and the imperative to align with these changes to ensure sustained relevance and growth.



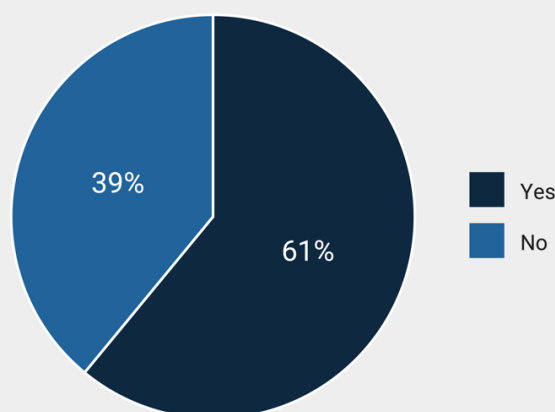
Chart 53: Concerns on Impact of Changing Investor Preferences – Rationale



## j. Challenges from Online Platform

More than half of Industry participants, comprising 61%, have introduced online platforms, while 39% have yet to venture into this digital domain. We believe that it is inevitable that the industry needs to transform to the digital financial tech. Financial tech is no longer a secondary plan for the Industry, but a crucial game plan to bring the UTS/PRS distribution to another level.

Chart 54: Offer Online Portal



### Security Challenges

However, many respondents are concerned that the integration of online platforms brings forth an array of security challenges, with 96% expressing concerns on cybersecurity threats and vulnerabilities, indicating the critical need for robust protective measures. This reflects the Industry's acute awareness of the sophisticated risks posed by cyber threats, thus necessitating robust measures for safeguarding sensitive information.

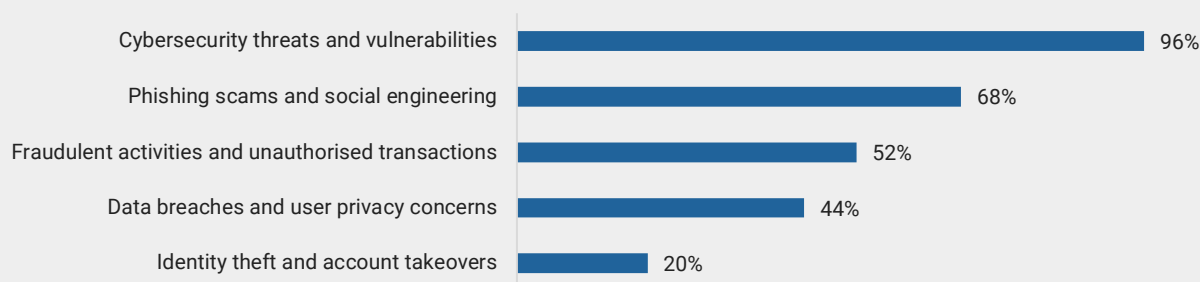
Phishing frauds and social engineering constitute another substantial concern, flagged by 68% of respondents. Recognising the subtleties of social engineering tactics, the Industry is proactively addressing the threat to ensure the safety of investor data and funds.

52% of respondents are concerned of fraudulent activities and unauthorised transactions where these respondents are aware that maintaining the integrity of financial transactions and protecting investors from potential financial malfeasance is crucial.

Data breaches and user privacy concerns, while significant at 44% of respondents, continue to be an area of focus. This indicates a concerted effort to fortify systems against breaches that could compromise the confidentiality of investor information.

Identity theft and account takeovers, though lower on the list at 20% of respondents, are not overlooked. The Industry recognises the gravity of these threats and is taking measures to prevent unauthorised access to investor accounts.

Chart 55: Security Challenges



### Measures to Ensure User Security and Privacy

To address these challenges, respondents have implemented various security measures to ensure user security and privacy. These measures are pivotal in fostering a secure and trustworthy online environment for investors.

Recognising the importance of user awareness, 84% of respondents are actively involved in educating users on recognising scams and frauds. This educational initiative empowers investors to navigate the digital landscape with caution, fostering a culture of vigilance and security.

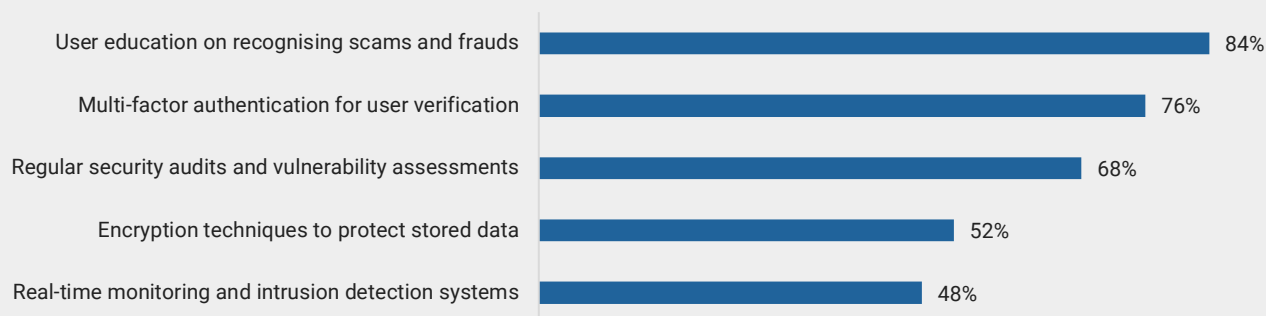
A significant 76% of respondents are leveraging on multi-factor authentication, an advanced security layer that requires users to authenticate their identity through multiple verification methods. This robust approach adds an extra layer of protection, mitigating the risk of unauthorised access to user accounts.

A robust 68% of respondents are conducting regular security audits and vulnerability assessments. These proactive measures involve systematic reviews of security protocols and identification of potential vulnerabilities. Addressing these weaknesses enhances the overall resilience of the system.

Encryption techniques, enforced by 52% of respondents, play a crucial role in protecting stored data from unauthorised access. By converting sensitive information into an unreadable format, encryption ensures that even if data is intercepted, it remains indecipherable without the proper decryption key.

Proactive monitoring, indicated by 48% of respondents, involves real-time tracking of user activities and system events. Intrusion detection systems add another layer of defence by identifying and responding to potential security threats promptly. This real-time vigilance is vital for preventing and mitigating security breaches.

Chart 56: Measures to Ensure User Security and Privacy



### Responding to Security Breaches, Scams and Fraud

In response to security breaches, scams, and fraud, a robust and proactive security approach has been outlined by respondents. Notably 80% of respondents prioritise the establishment of incident response plans, demonstrating a commitment to swift and coordinated actions in the face of security threats. Additionally, 72% offer robust customer support mechanisms, fostering a collaborative environment for reporting and resolving incidents. Recognising the value of user education, 64% of respondents regularly update users on common online scams, empowering them to identify and avert potential risks. Furthermore, 48% of respondents engage third-party security experts, leveraging external proficiency, while 28% collaborate with cybersecurity agencies, indicating a collective commitment to staying ahead of evolving threats.

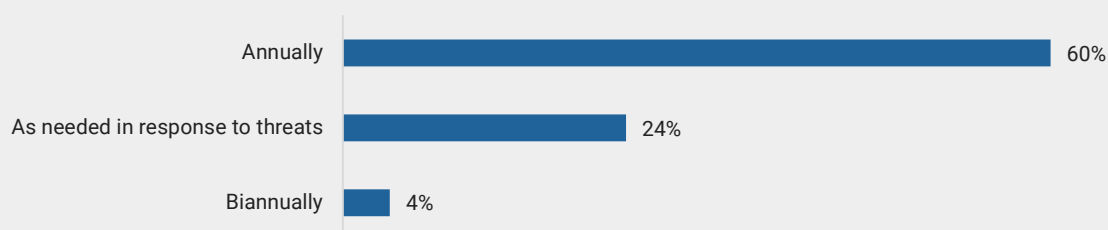
Chart 57: Responding to Security Breaches, Scams and Fraud



### Security Assessment Frequency

Security assessment frequencies vary, with 60% of respondents conducting annual assessments, 24% responding to threats as triggered, and 4% opting for biannual evaluations.

Chart 58: Security Assessment Frequency

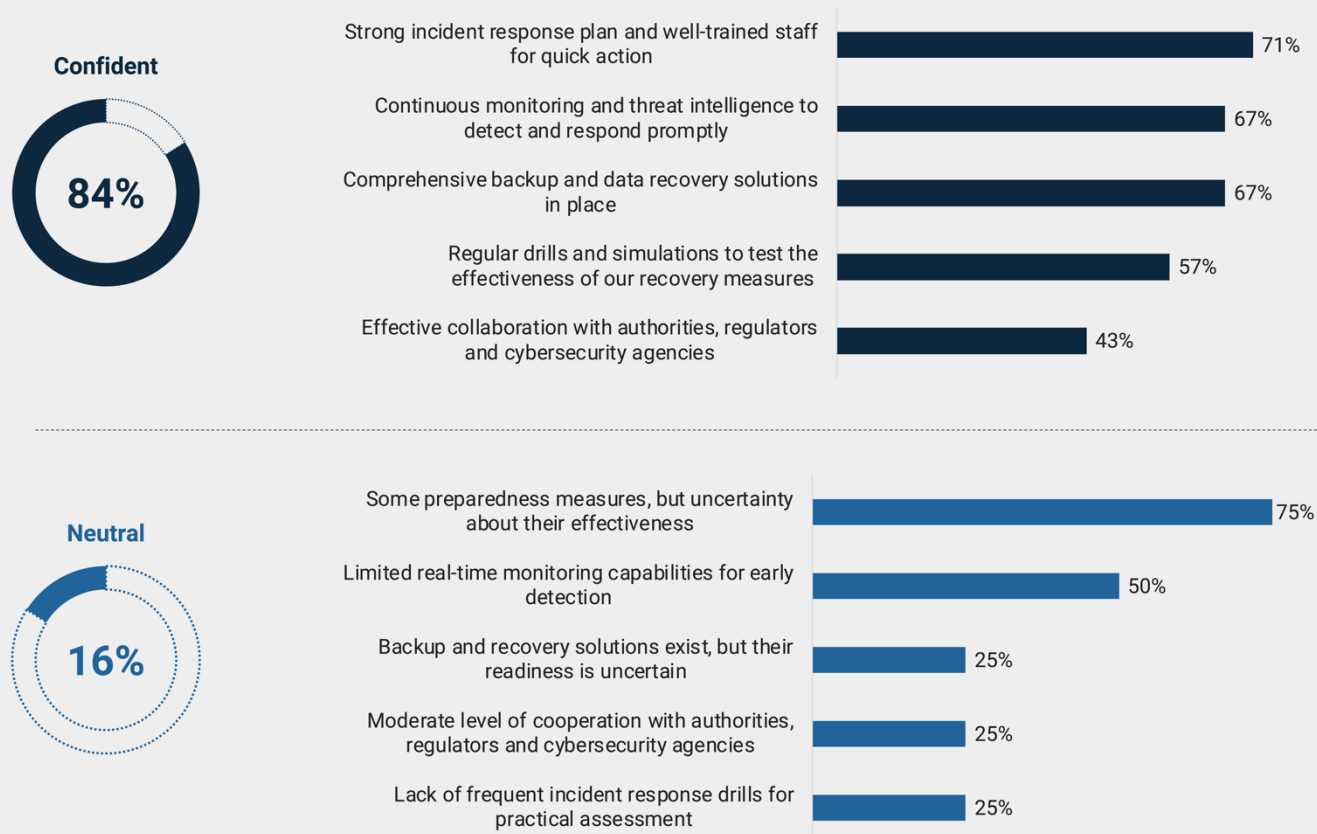


### Incident Recovery

Remarkably, 84% express confidence in their ability to recover from incidents, attributing this assurance to effective collaboration with authorities, regular drills and simulations, comprehensive backup and data recovery solutions, continuous monitoring, as well as a strong incident response plan with well-trained staff.

Only 16% of respondents adopt a neutral stance due to factors like the lack of frequent incident response drills, uncertain readiness of backup solutions, limited real-time monitoring capabilities, and uncertainty about the effectiveness of preparedness measures.

Chart 59: Ability to Recover from Incident



### Balancing User Convenience and Security Measures

Striking the right balance between robust security measures and user convenience is a critical endeavour. Respondents indicated a nuanced approach to address this challenge, acknowledging the importance of safeguarding user data while ensuring a seamless and user-friendly experience.

A majority, comprising 72% of respondents, emphasised the necessity of finding the optimal equilibrium between strong authentication protocols and user-friendly access. This gives comfort to the investors that the Industry have provide secure yet accessible platforms for investors.

Concerns about the complexity of security measures and controls will lead to user confusion are highlighted by 48% of respondents. This draws attention to the need for clear communication and intuitive design to ensure that security processes are transparent and easily navigable for users.

A significant 44% of respondents express apprehension about the potential slowdown in transaction processing resulting from stringent security protocols. This concern indicates a delicate balance between rigorous security measures and maintaining the efficiency of transactional processes.

Balancing security with user experience involves navigating user resistance, with 40% of respondents expressing concerns about users resisting additional security steps that might impact ease of use. This suggests the importance of implementing security measures that seamlessly integrate with user behaviours and expectations.

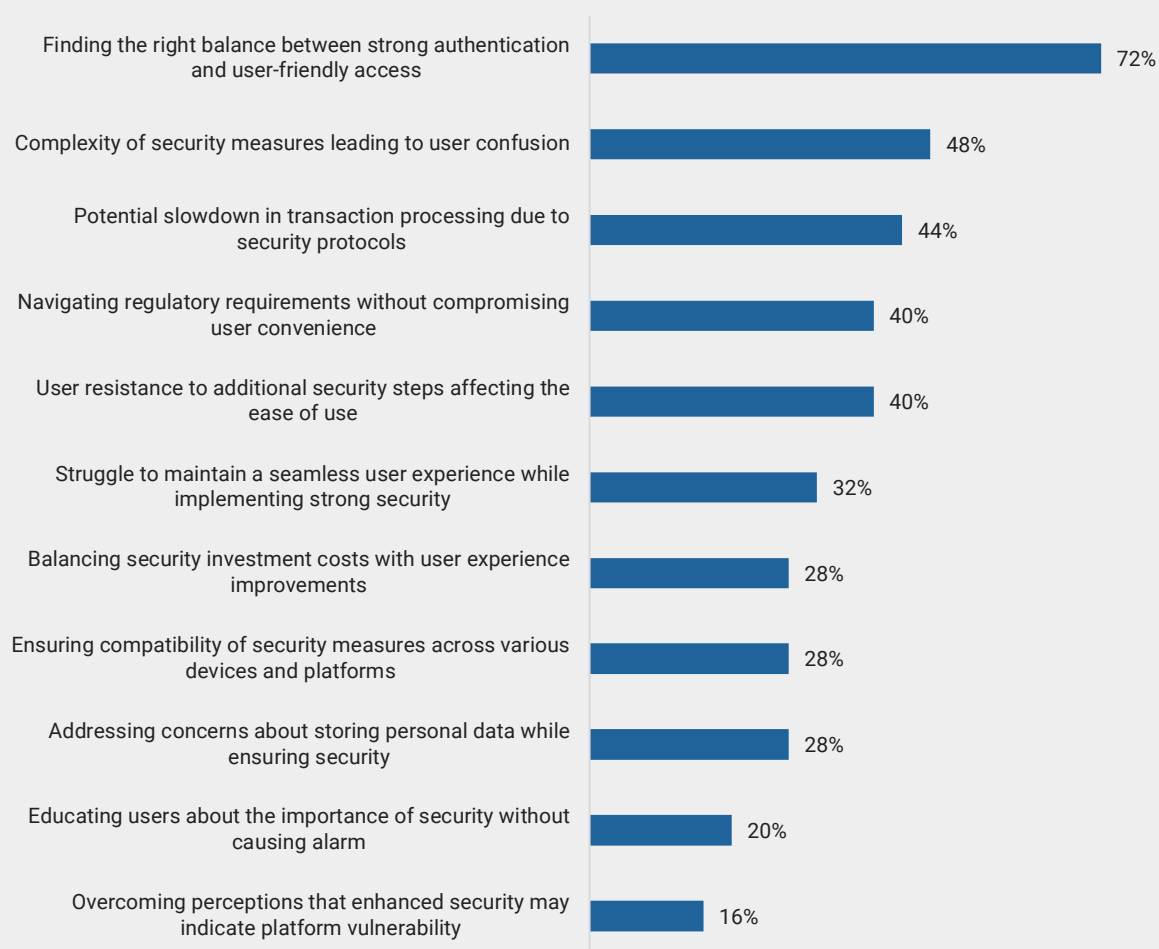
Navigating regulatory requirements without compromising user convenience is a concern for 40% of respondents. This reflects the challenge of adhering to regulatory standards while ensuring a positive and convenient user experience.

A notable 32% highlighted the struggle to maintain a seamless user experience while implementing strong security measures. This emphasises the ongoing efforts to integrate advanced security features without compromising the intuitive nature of the platforms.

Respondents expressed concerns (28%) with addressing user concerns regarding storing personal data while ensuring security. Additionally, ensuring compatibility of security measures across various devices and platforms is identified as a shared challenge, emphasising the need for a universal and user-friendly approach.

Balancing security investment costs with user experience improvements is a consideration for 28% of respondents which is a cause for concern on the cost implications to ensure that security investments align with user expectations.

Chart 60: Balancing User Convenience and Security Measures



User Education

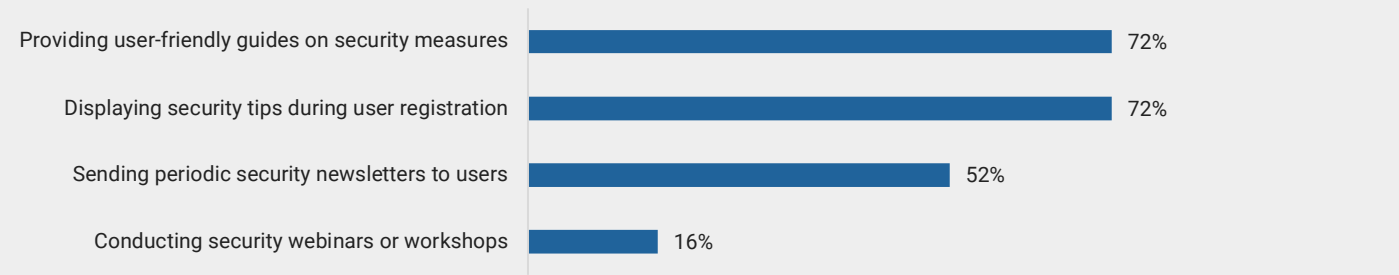
User education emerges as a pivotal strategy for enhancing cybersecurity awareness and fostering a secure digital environment. Respondents have recognised the significance of educating users on security measures, employing diverse channels to impart knowledge and promote a culture of cyber resilience.

A significant 72% of respondents emphasised the importance of displaying security tips during the user registration process and users are introduced to essential security practices right from the outset, setting the tone for a secure and informed engagement.

Equally significant is the emphasis on providing user-friendly guides outlining security measures, with another 72% of respondents actively adopting this approach by offering transparency and simplicity, making security guidelines accessible and understandable for users.

Periodic communication through security newsletters is adopted by 52% of respondents. While not as universally employed as other methods, newsletters serve as a supplementary means of reinforcing security awareness. Regular updates can keep users informed about evolving threats and preventive measures.

Chart 61: Educating Users



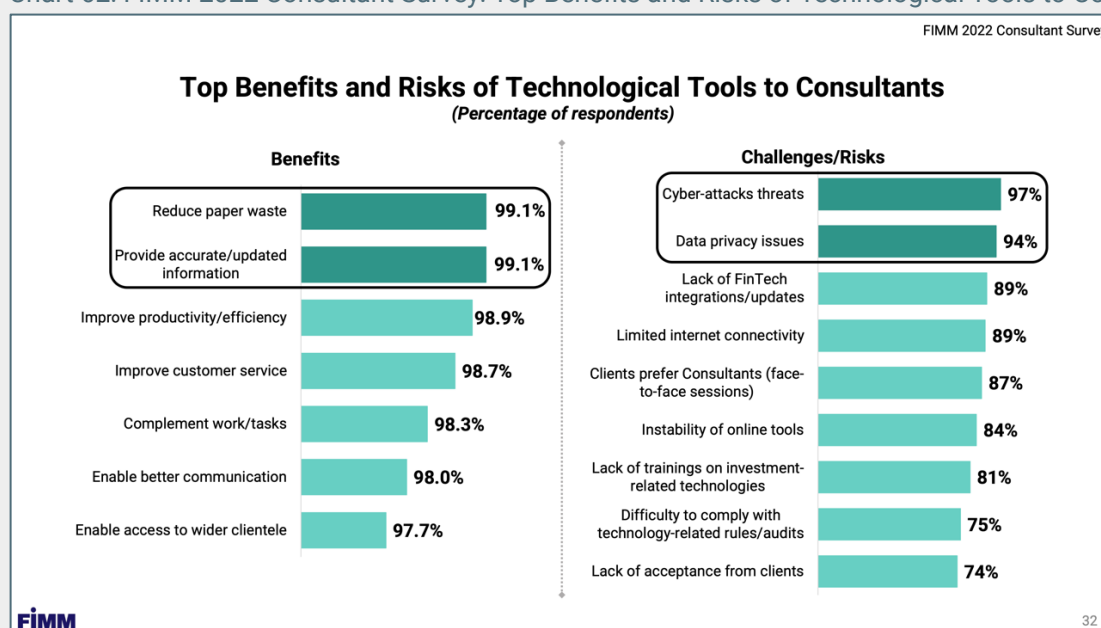
The findings suggest the Industry's proactive stance in addressing online platform challenges while balancing the equilibrium between user convenience and stringent security measures. Continuous collaboration, user education, and technological investments remain pivotal in successfully navigating this dynamic landscape.

## 6. CONSULTANT DEVELOPMENT

### KEY FINDINGS

- **Enhancing Collaboration and Engagement:** Many Members/Distributors plan to strengthen their relationship with Consultants by **establishing dedicated Consultant relations teams or roles and conducting regular training sessions or workshops for Consultants** as their main touch points. An indication that the Industry is committed to fostering collaboration and knowledge-sharing with Consultants.
- **Customised Investment Solutions:** **Approximately 50% of Members/Distributors are considering providing customised investment solutions as a form of consultative selling for Consultants.** This suggests a focus on tailoring investment products to meet the specific needs of Consultants and their clients. We believe that the Members/Distributors are ready to adopt digital tools to aid the Consultants in consultative selling.
- **Specialised Reporting and Tools:** There is a **strong emphasis on addressing the specific needs and preferences of Consultants in product offerings and services.** Members/Distributors plan to achieve this by developing specialised Consultant-oriented products, solutions and offering comprehensive and tailored Consultant-specific reporting and tools. The Industry is ready for a technological change to attract new talents and it is in tandem with the response from the Consultants survey (Chart 62).

Chart 62: FIMM 2022 Consultant Survey: Top Benefits and Risks of Technological Tools to Consultant



- **Market Insights and Research:** Providing timely market insights and research for Consultants to share with investors is a priority for many Members/Distributors. This demonstrates an effort to empower Consultants with valuable information to support their clients' investment decisions.
- **Consultant Support and Training:** **Enhancing Consultant support and responsiveness through dedicated channels and providing ongoing development training and materials are strategies** aimed at improving Consultants' skills and productivity.



This section aims to explore the plans and strategies of Members/Distributors to enhance their relationship and collaboration with Consultants. Members/Distributors are providing some insights that addresses specific needs and preferences of Consultants, improving their allegiance, leveraging technology to better serve them, and investing in their education and professional development.

The objective of this section is to explore Members/Distributors' plans for enhancing their relationship and collaboration with Consultants. This section encourages our Members/Distributors to share their insights to their overview strategies on their management of frontliners coupled with best practices that will foster a continuous symbiotic relationship with their Consultants.

### a. Plans on Enhancing Relationship with Consultants

In a strategic move to bolster ties with Consultants, there are several key initiatives on the horizon. With 100% of respondents having expressed their intention to conduct regular training sessions or workshops for Consultants demonstrates that the Industry is committed to improve the technical knowledge and soft skills of their Consultants. It is crucial as investors are getting savvy with information that is readily available in various sources.

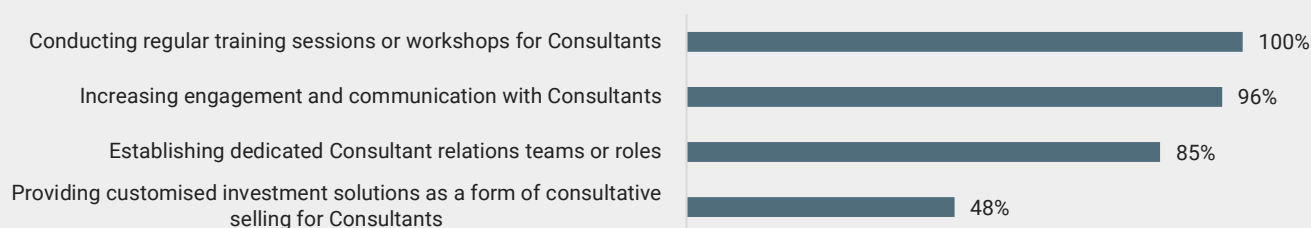
Moreover, a significant 96% of respondents plan to intensify engagement and communication with Consultants as a proactive approach to foster open lines of communication, promoting a symbiotic relationship where insights are shared, and feedback is actively sought.

In addition, 85% of respondents are gearing up to establish dedicated Consultant business development teams or roles as this specialised teams is to address their unique needs, providing a tailored and focused approach.

Furthermore, half of the respondents (48%) express their intention to provide customised investment solutions, employing a consultative selling approach. This move aligns with the Industry's trend of recognising the diverse needs of Consultants and tailoring solutions that resonate with their specific requirements.

In summary, these initiatives collectively demonstrate a robust strategy to fortify relationships with Consultants, emphasising education, communication, dedicated support, and tailored solutions that will help the Consultants manage their Investors better. This comprehensive approach is poised to elevate the competency level to meet the current demands of Investors and foster mutually beneficial long-term partnerships.

Chart 63: Plans on Enhancing Relationship with Consultants



### b. Addressing Consultants' Needs

In an era where Consultants play a vital role in engaging Investors, the Industry is gearing up to address their specific needs comprehensively. A significant 96% of respondents highlighted the importance of providing timely market insights and research tailored specifically for Consultants. Member/Distributors are conscious of the fact that Consultants, must have sufficient market information to advice their investors effectively.

Moreover, a substantial 82% respondents expressed their intention to equip Consultants with the necessary tools, including technological applications which in the longer term enhance Consultants' capabilities through the power of technology with streamlined processes and efficient solutions.

Additionally, 70% of respondents are keen to offer competitive fee structures or incentive programmes for Consultants as the Industry recognises the dedication of Consultants that are in constant engagement with investors.

Furthermore, 41% of respondents are looking at developing specialised Consultant-oriented products or solutions that will elevate the Consultants skills in serving a specific influential segment.

Similarly, another 41% expressed their intention to provide comprehensive and tailored Consultant-specific reporting and tools to navigate and interpret complex financial data effectively.

In conclusion, these initiatives of tailored products, competitive incentives, innovative tools, and real-time market insights empowers the Consultants to embrace consultative and advisory approaches effectively.

Chart 64: Addressing Consultants' Needs



### c. Initiatives to Improve Allegiance

To foster continuous business relationships with Consultants, Members/Distributors are implementing a range of initiatives aimed at enhancing the engagement and support. 89% of respondents have emphasised the importance of providing regular updates and training on their organisations' investment strategies which is rarely shared with Consultants. Organisations that are in constant engagement with their frontliners will gain loyalty because of the trust established.

Furthermore, 78% expressed their intention to provide ongoing development training and materials. This initiative shows the Members/Distributors' commitment to providing continuous learning and professional growth for Consultants, aligning their skill sets with the dynamic change of the financial Industry.

Moreover, 67% respondents aim to enhance Consultants support and responsiveness through dedicated channels where personalised support and communication channels are provided to ensure that Consultants' queries are met promptly.

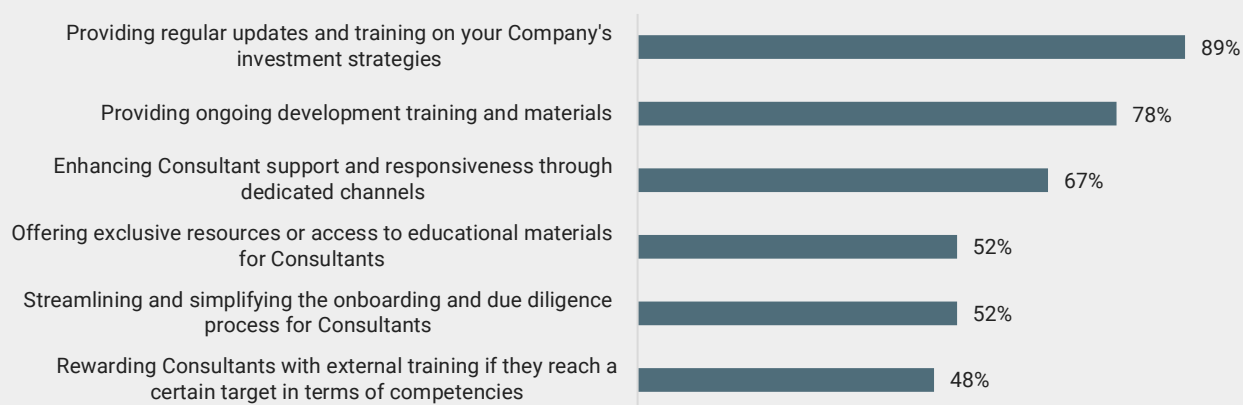
In a bid to simplify processes and improve efficiency, 52% of respondents are focused on streamlining the onboarding and due diligence process of Investors for Consultants. This exercise is necessary so that Investors are not burdened by the need to fill many forms and are onboarded expediently for a seamless experience.

52% of respondents have expressed their intention to offer exclusive resources or access to educational materials for Consultants as their role requires a lot of research. Valuable resources extended to the Consultants will enhance their know advisory roles.

Finally, 48% of respondents aim to reward Consultants with external training if they reach specific competency targets. This approach aligns incentives with professional development, fostering a culture where Consultants are motivated to continuously enhance their skills through gamification.

In summary, these initiatives collectively illustrate an encompassing ongoing education, streamlined processes as well as responsive support to provide support by the Members/Distributors to their Consultants.

Chart 65: Initiatives to Improve Allegiance



#### d. Leveraging Technology

In the ever-evolving landscape of financial services, leveraging technology is a necessity for Consultant and Investor engagement. Responding to this, 82% of Members/Distributors are committed to providing digital tools and resources for Consultants, empowering them to better serve their Investors. This initiative reflects a recognition of the transformative potential of technology in enhancing Consultants' capabilities.

70% of respondents are focused on offering online platforms designed for Consultant interactions and transactions with their Investors with the aim to simplify processes and enhance the efficiency of Consultant-related activities.

Another noteworthy approach is the use of advanced data analytics, with 48% of respondents indicating its implementation will provide insights and recommendations for their Consultants to service their Investors better. The data will be generated for training purposes for Consultants to understand Investor's behaviour towards investments.

Furthermore, 41% emphasise the use of digital marketing strategies to increase awareness among Consultants and Investors. This suggests a proactive approach to communicate the benefits of technological advancements, ensuring that Consultants are well equipped with the digital tools and utilising it to their advantage. This will help existing Consultants to recruit younger Consultants to this Industry.

In summary, these technology-driven initiatives enable Consultants to work efficiently using digital tools supported by robust infrastructure whilst the ability to provide seamless services to their investors.

Chart 66: Leveraging Technology



## e. Measuring Effectiveness of Consultant Engagement Initiatives

Members/Distributors are utilising metrics to gauge the effectiveness of their continuous efforts to improve their engagement with Consultants.

One pivotal metric focuses on the growth and retention of Consultant relationships where 82% of respondents are prioritising the tracking of these dynamics. This involves meticulous monitoring to understand how these relationships evolve over time, offering insights into their longevity and contribution to business goals.

In tandem with relationship tracking, 85% of respondents are utilising analysis of Consultant-specific performance metrics or indicators. It is believed that this comprehensive evaluation provides an analytical understanding of sales performance and recruitment of new Consultants by agency channels.

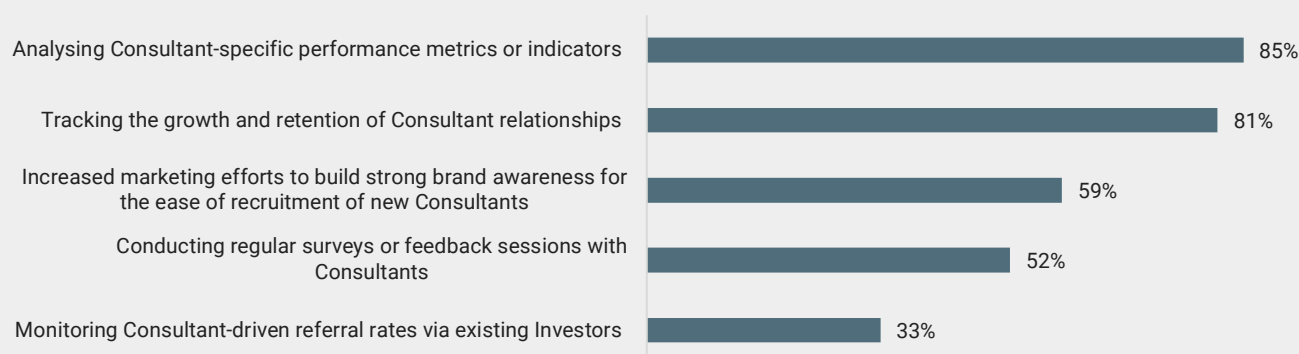
A qualitative dimension is introduced through the regular conduct of surveys or feedback sessions, as emphasised by 52% of respondents. Seeking direct input from Consultants enables the respondents to grasp their experiences, challenges, and suggestions, thereby enriching the understanding of engagement effectiveness.

59% of respondents are intensifying marketing efforts to bolster brand awareness as it is important when it comes to recruiting new Consultants.

Lastly, 33% of respondents monitor Consultant-driven referral rates via existing Investors. This metric can be utilised to gauge the Consultants' skillset and knowledge through such campaigns as referrals by existing Investors are not easily attainable.

This multifaceted approach to measurement gives an insight to the respondents' commitment to a holistic evaluation of Consultant engagement initiatives for efficacy.

Chart 67: Measuring Effectiveness of Consultant Engagement Initiatives



## f. Consultants Development

Product-specific skills hold paramount importance, with a unanimous focus (100% of respondents) on understanding fund performance and investment strategy/objective. These skills are critical for Consultants to guide investors effectively and ensure alignment with the Member/Distributor's company objectives.

93% of Members/Distributors agree to elevating the skills and competencies of their Consultants through dedicated training programmes and workshops. This response is consistent with the FIMM 2022 Consultant Survey where Consultants have expressed their need to be upskill.

The training landscape encompasses a spectrum of topics, covering both general and Industry-specific skills. General skills development touches on soft skills, where Members/Distributors are focusing on providing communication type trainings (96%), teamwork (76%), and leadership (68%). These foundational skills lay the groundwork for effective Consultant-client interactions and recruitment of new Consultants to the Industry.

In response to the rapidly evolving Industry landscape, Members/Distributors are planning to roll out trainings on an in-depth understanding of rules and regulations (88%), ethical and sustainable investing (64%) and Fintech development (32%). Consultants are being equipped not just with theoretical knowledge, but with practical skills, which are a necessity to keep up with Investors who are getting much savvier.

The commitment to education and professional development extends to compliance and risk management, with training in Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) as a focus with 92% responses. This gives us an insight to the importance of adhering to regulatory standards and ensuring ethical practices within the financial ecosystem.

The inclination towards investing in the education and professional development of Consultants is a commitment to excellence offered by our Members/Distributors. By imparting a diverse set of skills, Member/Distributors are not only enriching their Consultants but also fortifying their resilience in a rapidly changing financial landscape.

Chart 68: Consultants Development

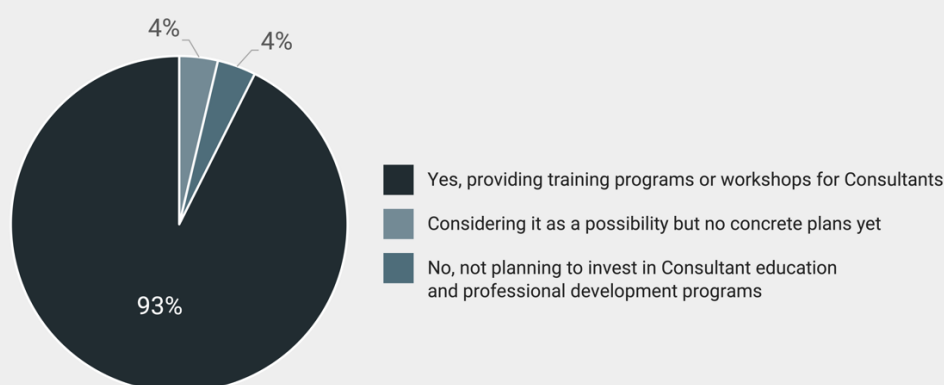


Chart 69: Consultants Development – Development Topics



## g. Role of Consultants in the Future

The section enables a forward-looking perspective on the role of Consultants in the UTS/PRS landscape, indicating a dynamic shift in their functions and responsibilities.

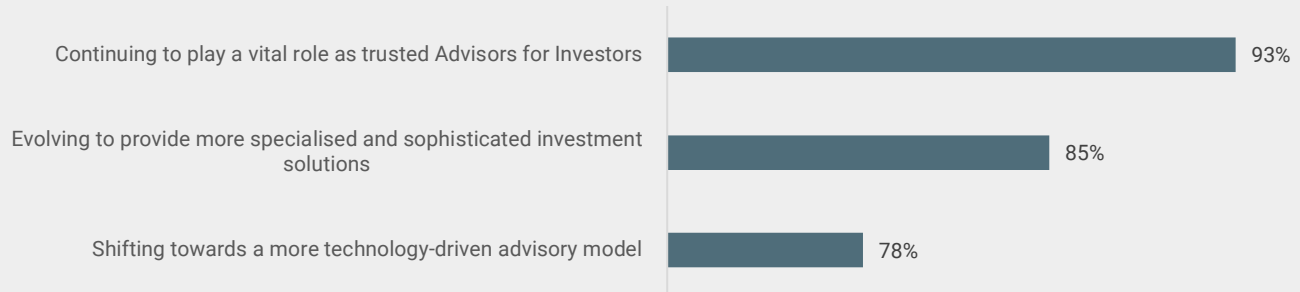
78% of respondents are anticipating a paradigm shift towards a technology-driven advisory model. This transformation aligns with the broader trend in the financial sector where technology is increasingly leveraged to enhance efficiency with automate processes where Consultants can deliver more personalised services when less manual work is performed.

85% of respondents have envisioned Consultants evolving towards providing more specialised and sophisticated investment solutions. This indicates a recognition of the growing complexity of financial markets and investors' demand for tailored strategies. It implies a move beyond conventional advisory roles to more transparent and personalised financial planning, involving a comprehensive understanding of diverse investment products and advisory needs.

Despite the anticipated technological evolution and a shift towards sophistication, 93% of respondents acknowledged the importance of Consultants as trusted advisors. This acknowledgment reinforces the irreplaceable human touch in financial advisory services. Consultants are expected to continue playing a pivotal role in understanding investors' unique needs, providing tailored advice, as well as building long term relationships with their investors based on trust and expertise.

In summary, the future role of Consultants appears to be a blend of technological integration, sophistication in service delivery, coupled with the unwavering foundation of trust and personalised advisory. The Industry is poised for a transformation where Consultants, equipped with advanced tools and knowledge, will continue to guide investors through the complexity of the financial landscape.

Chart 70: Role of Consultants in the Future

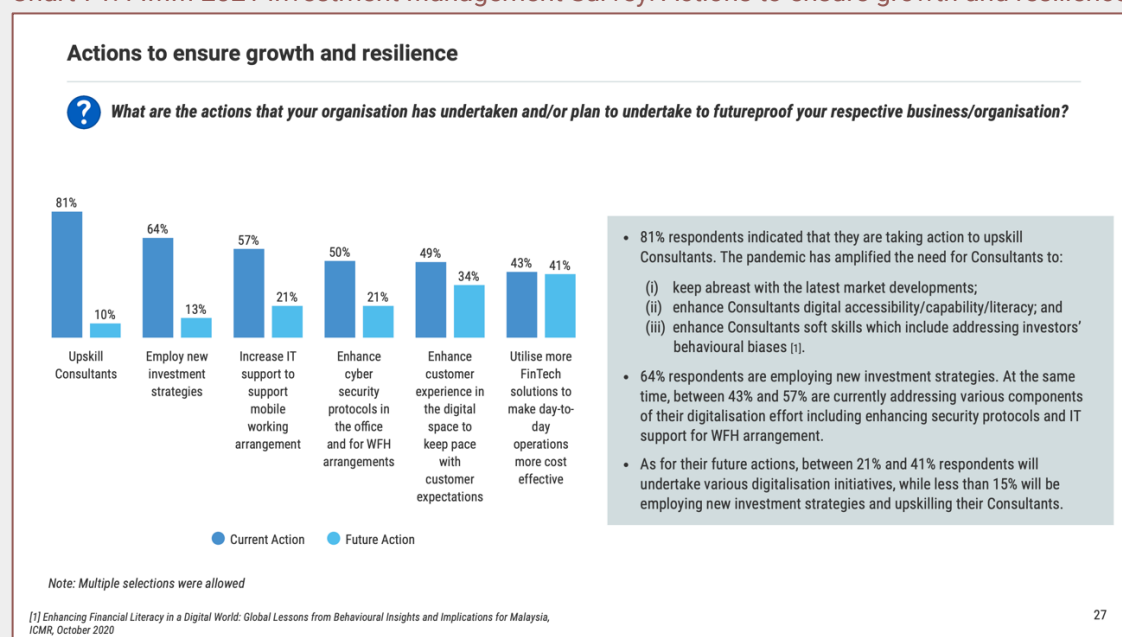


## 7. FUTURE OUTLOOK

### KEY FINDINGS

- **Future Growth Plans and Expansion Scheme:** The Industry's outlook strategy for short-term goals is to increase market share and launch new investment products. As for medium-term plans, the need to upskill Consultants and expand into new market segments which requires a longer gestation period for Consultants to hone the necessary advisory skills are the plans of most Members/Distributors. Long-term strategies such as technological sales channels and partnerships with loyal agency channels require heavy capital expenditure.
- **Anticipated Evolution of the Industry:** There is anticipation of continued growth and increasing investor participation in the Industry. However, Members/Distributors also expect greater regulatory scrutiny and compliance requirements, indicating a need for adaptability.
- **Plans for Attracting New Talent:** To attract new talent, Members/Distributors plan to offer competitive compensation packages and benefits, provide internship and apprenticeship programmes, and actively promote diversity and inclusion initiatives.
- **Areas of Innovation and Emerging Trends:** Members are focusing on sustainable and responsible investing (SRI and ESG), exploring fintech integration and digital wealth management, and considering AI and ML applications, reflecting a commitment to staying in tandem with emerging trends.
- We have seen a higher response from IMS 2023 (71% respondents) stating that their focus is on Fintech integration and digital wealth management as opposed to IMS 2021 (Chart 71) where only 43% of respondents were utilising Fintech and digital solutions.

Chart 71: FIMM 2021 Investment Management Survey: Actions to ensure growth and resilience



- **Addressing Changing Investor Expectations:** Responding to changing Investor expectations involves developing user-friendly digital platforms and offering personalised and tailored investment solutions, highlighting a shift toward digitalisation and customisation.



This section aims to collect findings to understand the Industry's action plans to counter the challenges faced in Section 5. The context of this section covers the future growth plans of:

- Industry's business plans;
- talent attraction strategies;
- areas of innovation;
- addressing changing investor preferences; and
- leveraging technology in the UTS/PRS Industry for a competitive advantage.

## a. Future Growth Plans

### Short Term (less than 3 years)

- **Launching New Investment Products or Fund Offerings (85%)**
  - Emphasis on innovation and diversification.
  - Reflects a proactive approach to meet evolving investor demands.
- **Increasing Market Share within Existing Target Segments (76%)**
  - Consolidation within current market segments is a key strategic focus.
  - Aiming to strengthen foothold and competitiveness.
- **Expanding into New Market Segments or Investor Categories (59%)**
  - Demonstrates a strategic vision for broadening market penetration.
  - Signals an interest in reaching untapped investor categories.

Chart 72: Future Growth Plans – Short Term (Less than 3 years)



### Medium Term (3-5 years)

- **Expanding into New Market Segments or Investor Categories (85%)**
  - Strategic commitment to exploring untapped areas for sustained growth.
  - Reflects adaptability to changing market dynamics.
- **Increasing Market Share within Existing Target Segments (81%)**
  - Continued focus on consolidating within current market segments.
  - Signifies a commitment to maintaining and enhancing competitiveness.
- **Launching New Investment Products or Fund Offerings (76%)**
  - Sustained emphasis on product innovation and portfolio diversification.
  - Indicates responsiveness to evolving investor preferences.

- **Upskilling Existing Consultant Base (63%)**
  - Acknowledgment of the importance of aligning human resources with market demands.
  - Reflects a strategic approach to enhance advisory services.
- **Exploring International or Regional Market Opportunities (44%)**
  - Demonstrates a broader vision for geographic expansion.
  - Suggests a proactive stance in exploring new markets beyond the domestic landscape.

Chart 73: Future Growth Plans – Medium Term (3 - 5 years)



### Long Term (more than 5 years)

- **Increasing Market Share within Existing Target Segments (85%)**
  - Persistent emphasis on consolidating and strengthening their market presence.
  - Indicates a commitment to maintaining competitiveness in established segments.
- **Expanding into New Market Segments or Investor Categories (83%)**
  - Sustained interest in exploring untapped markets or investor groups for long-term growth.
  - Demonstrates adaptability and a forward-looking approach.
- **Launching New Investment Products or Fund Offerings (71%)**
  - While still significant, there is a slight decrease compared to the medium term.
  - Suggests a more conservative approach to product development over extended periods.
- **Technological-Driven Sales Channel (59%)**
  - Recognition of the growing role of technology in shaping future sales strategies.
  - Indicates a strategic intent to leverage technology for sales effectiveness.
- **Exploring International or Regional Market Opportunities (54%)**
  - Continued interest in global expansion, albeit with a slightly lower percentage.
  - Highlights a balanced approach to both domestic and international market exploration.
- **Development of Partnership Programmes with Loyal Agency Channels (24%)**
  - Focus on cultivating strong and lasting collaborative relationships.
  - Suggests a strategic partnership approach for long-term sustainability.

Chart 74: Future Growth Plans – Long Term (more than 5 years)



Overall, these growth plans reflect a dynamic and adaptive approach, balancing short-term gains with a sustained vision for medium and long-term success, and a recognition of the evolving role of technology in shaping the future landscape.

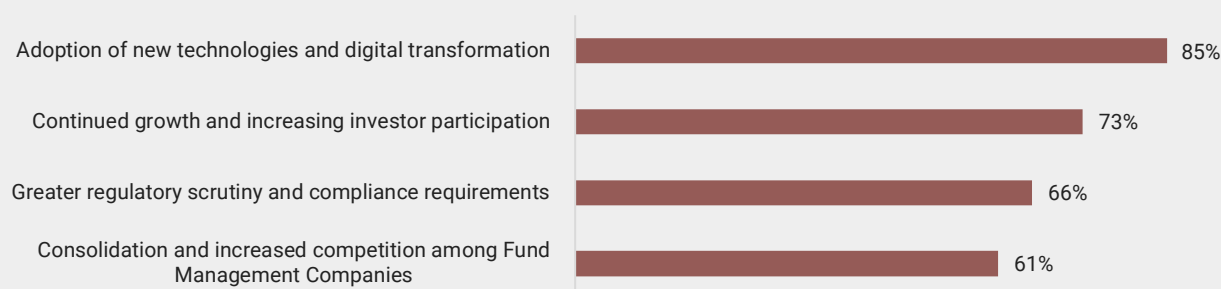
## b. Evolution of UTS/PRS Industry

The anticipated evolution of the UTS/PRS Industry reveals several key trends.

- **Adoption of New Technologies and Digital Transformation (85%)**
  - Recognition of technology's transformative power for Industry competitiveness.
  - Indicates a collective acknowledgment of the need for digital evolution.
- **Continued Growth and Increasing Investor Participation (73%)**
  - Positive sentiment regarding the Industry's prospects.
  - Anticipation of a growing investor base and sustained interest in investment products.
- **Greater Regulatory Scrutiny and Compliance Requirements (66%)**
  - Awareness of the evolving regulatory landscape.
  - Recognition of potential tightening oversight and stricter compliance standards.
- **Consolidation and Increased Competition among Fund Management Companies (61%)**
  - Expectation of a dynamic and competitive market environment.
  - Suggests a likelihood of strategic alliances and increased competition among Industry players.

In summary, the anticipated evolution of the UTS/PRS Industry points towards a technology-driven, growth-oriented landscape, albeit one that requires careful navigation of regulatory challenges and heightened competition. The Industry respondents recognise the importance of innovation, regulatory adaptability, and a customer-centric approach in shaping the Industry's future trajectory.

Chart 75: Evolution of UTS/PRS Industry



### c. Attracting Talents

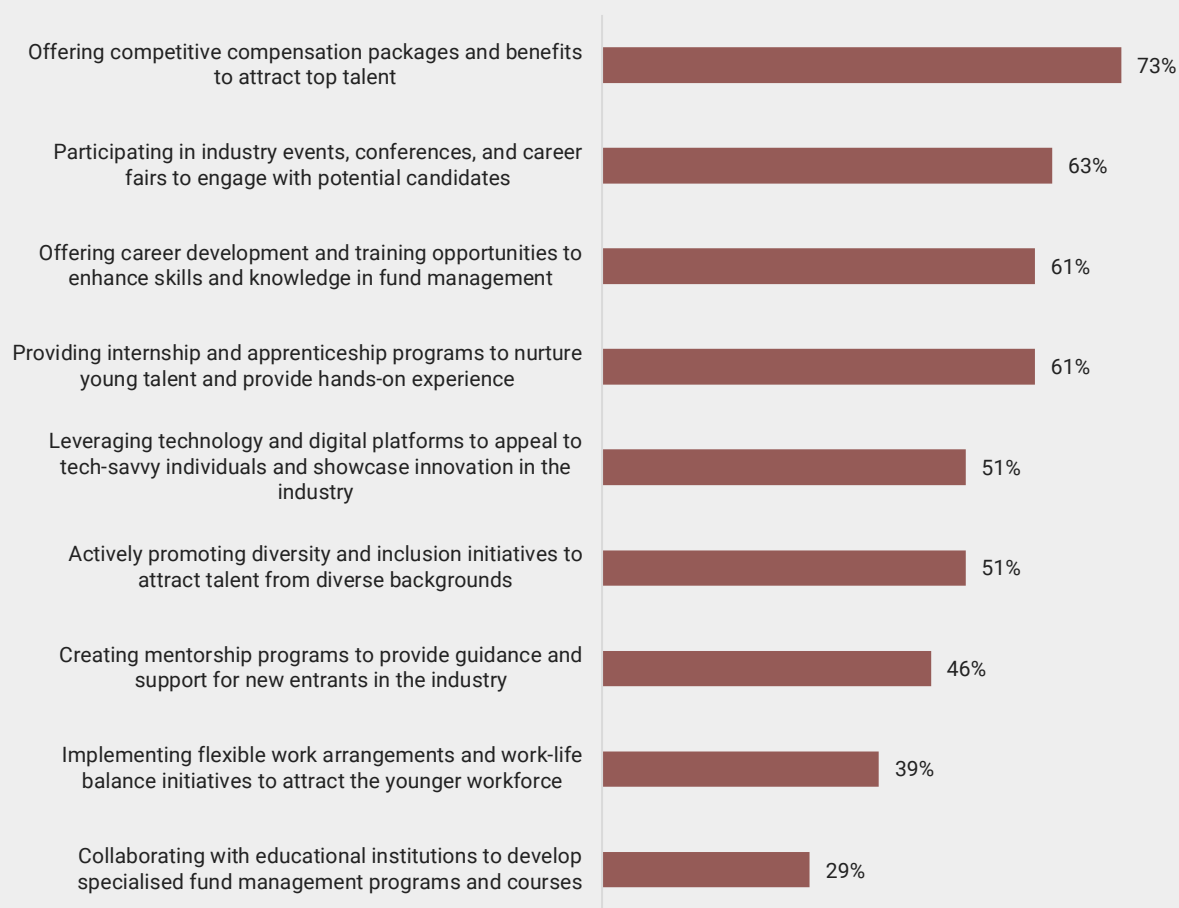
Attracting top talents to the UTS/PRS Industry involves a structured approach, as outlined by the respondents in the survey.

- **Competitive Compensation Packages (73%)**
  - Recognition of the role remuneration plays in attracting top talent.
  - Prioritising attractive packages and benefits.
- **Engagement in Industry Events and Career Fairs (63%)**
  - Direct interaction with the talent pool.
  - Conveying the Industry's appeal and opportunities.
- **Career Development and Training Opportunities (61%)**
  - Commitment to ongoing professional development.
  - Meeting the Industry's need for skilled and knowledgeable professionals.
- **Internship and Apprenticeship Programmes (61%)**
  - Hands-on approach to talent development.
  - Effective recruitment channel and practical experience for young talents.
- **Leveraging Technology and Digital Platforms (51%)**
  - Showcasing innovation to attract tech-savvy individuals.
  - Aligning with the Industry's broader adoption of technology.
- **Diversity and Inclusion Initiatives (51%)**
  - Recognition of the benefits of a diverse workforce.
  - Catering to a broad range of investors.
- **Mentorship Programmes (46%)**
  - Understanding the importance of guidance and support.
  - Fostering a conducive environment for professional growth.
- **Flexible Work Arrangements (39%)**
  - Acknowledging preferences of the younger workforce.
  - Creating a work environment accommodating next-generation expectations.

- **Collaboration with Educational Institutions (29%)**
  - Proactive effort to shape educational curriculum.
  - Ensuring a pipeline of skilled professionals through specialised programmes.

In summary, attracting talents to the UTS/PRS Industry involves a comprehensive approach that requires mid to long term planning. This collective strategy demonstrates a commitment to building a skilled, diverse, and innovative workforce for the future of the Industry.

Chart 76: Attracting Talents



#### d. Area of Innovation

The overall survey respondents agrees that a strong focus on innovation and emerging trends within the UTS/PRS Industry is needed to grow the business.

A noteworthy 82% of respondents highlighted a strong focus on SRI and/or ESG fund launches is the way forward. There is a heightened awareness of the importance of incorporating sustainability considerations into investment strategies, reflecting a commitment to aligning investment practices with broader societal and environmental goals consistent which is in tandem with Industry's response in Section 4.

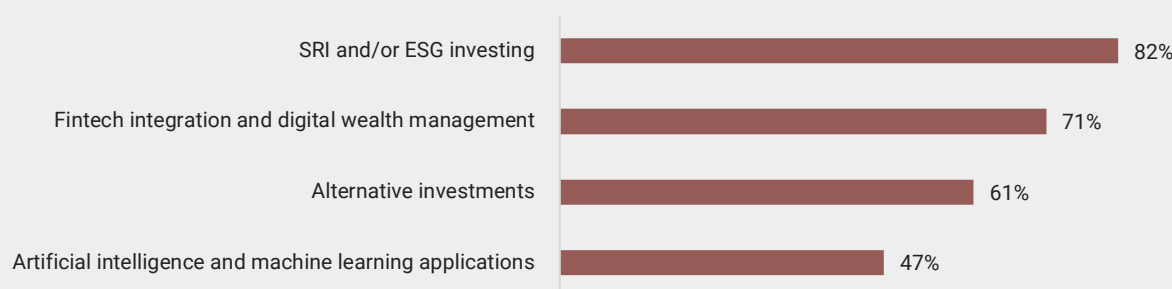
71% of respondents expressed a commitment to Fintech integration and digital wealth management. As Fintech and digitalisation pose threats to the industry, the respondents are working on deploying digitisation for the UTS/PRS Industry, demonstrating an awareness of the need to provide innovative and user-friendly digital solutions.

61% of respondents has also placed their focus on alternative investments. This signifies a strategic shift towards diversification beyond traditional asset classes, indicating a responsiveness to changing market dynamics and investor preferences.

Approximately 47% of respondents expressed a keen interest in AI and ML applications as these respondents have recognised the transformative potential of technology advancements in enhancing various aspects of fund management operations, from data analysis to investment decision-making.

In conclusion, the respondents participating in this survey have a clear sense on the current landscape of industry and are prepared with their forward-looking stance to compete and stay resilient.

Chart 77: Area of Innovation



## e. Addressing Changing Investor Expectations and Preferences

81% of respondents recognises the importance of developing more user-friendly and intuitive digital platforms. An indication of awareness that there is an increasing reliance on digital channels for financial interactions. This is crucial for the industry in providing a seamless and accessible online experience for investors.

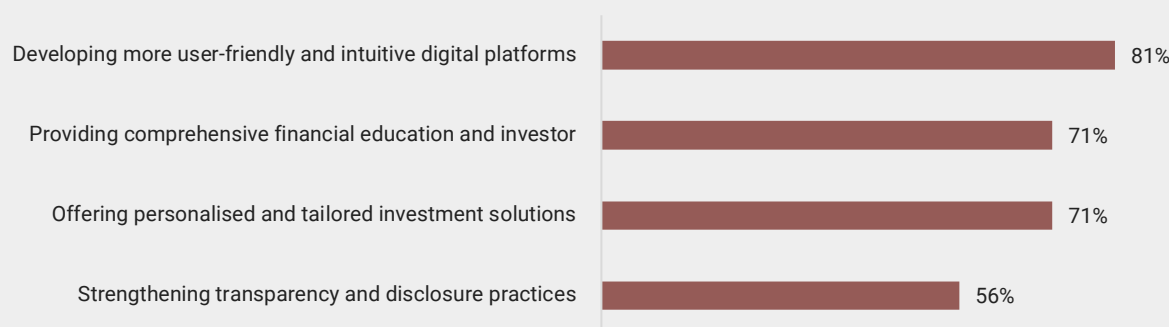
The survey reflects a strong emphasis by 71% of respondents on offering personalised and tailored investment solutions as one of the responses highlighted in Section 4 of product development. The Industry have in their long-term plans to launch more customised funds, packaging wealth management services, reflecting a shift from one-size-fits-all solutions to more individualised strategies.

The same responses from 71% highlighted the significance of comprehensive financial education and investor engagement. This should be an Industry-wide initiative to empower investors with knowledge, promoting financial literacy, and fostering a more engaged and informed investor base is the industry is on the mission to growth the AUM.

56% respondents on the other hand recognised the importance of bolstering transparency and disclosure practices. A suggestion of commitment to providing investors with clear, accessible, and accurate information, aligning with the increasing demand for openness and accountability in the financial Industry.

In conclusion, this demonstrates the Industry's commitment to meeting the changing expectations of investors in an environment where technology, individualisation, and informed decision-making play pivotal roles. This will position the UTS/PRS Industry in an advantage should all the aspirations of short to long term plan are deployed successfully.

Chart 78: Addressing Changing Investor Expectations and Preferences



## f. Remaining Competitive

To remain competitive in the UTS/PRS Industry, survey respondents recognised that further game plans are required to enhance their capabilities and differentiate their offerings.

The highest percentage, with 78% of respondents, emphasised providing exceptional investor service and personalised attention. This underscores the recognition that, in addition to product offerings, the quality of customer service and ability to address individual investor needs play a crucial role in maintaining a competitive advantage.

73% of respondents have also highlighted the importance of offering unique investment strategies and specialised expertise. An indication of commitment to differentiation, emphasising that having distinctive approaches and expertise is a key factor in attracting and retaining investors in a competitive market.

A good 61% of respondents saw the value in strategic partnerships and alliances. Collaborating with other entities in the Industry or forming alliances for the access to complementary expertise, resources, and potentially expand market reach and fostering a competitive edge.

Lastly, 37% of respondents acknowledged the significance of employing advanced data analytics and research capabilities. The respondents who resonate with this recognises that transformative power of data-driven insights in decision-making processes, allowing for more informed investment strategies and better understanding of market trends.

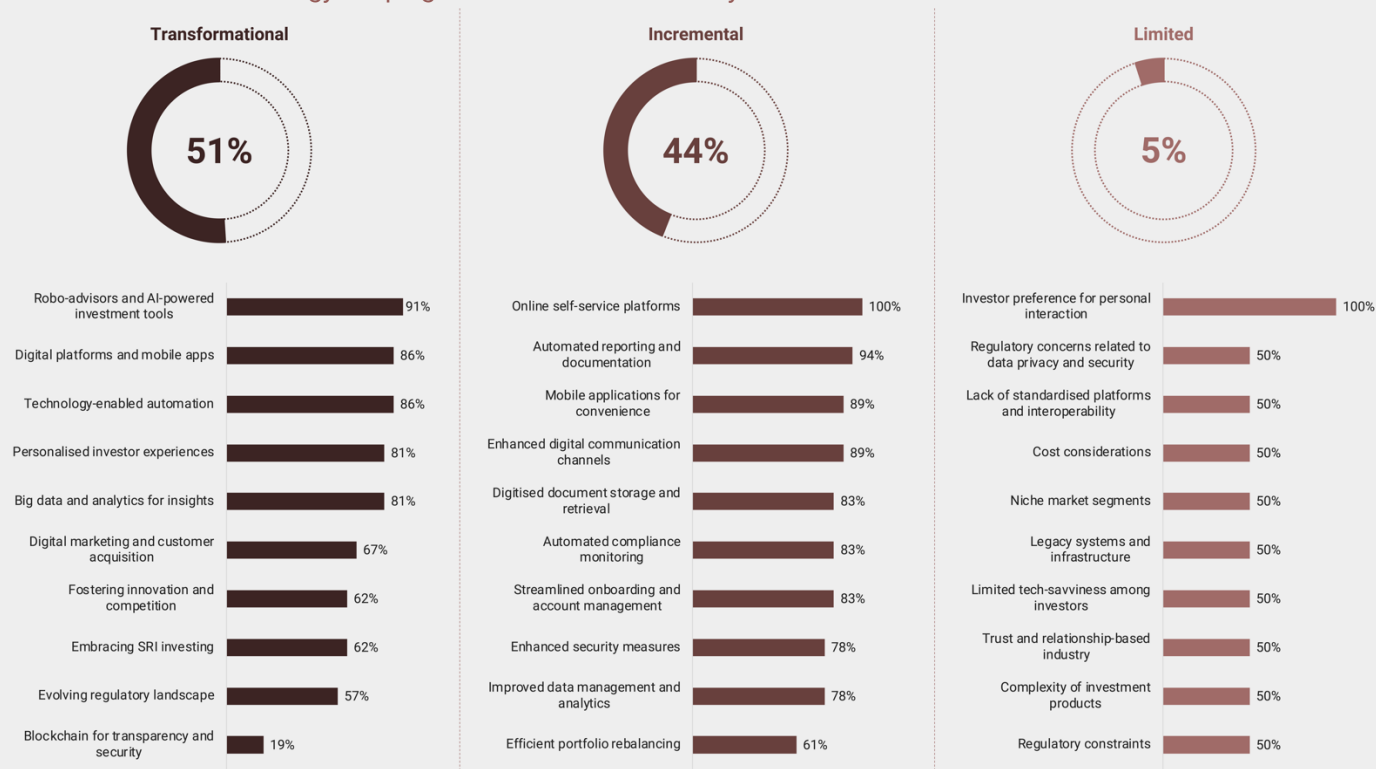
In summary, the survey results have indicated that multiple approaches to remaining competitive to remain competitive in the capital market.

Chart 79: Remaining Competitive



## g. Role of Technology shaping the Future of the Industry

Chart 80: Role of Technology shaping the Future of the Industry



### Transformational Impact

The Industry is poised for a transformative overhaul, with 51% of respondents envisioning technology as a notable change. This radical shift is underlined by various key elements:

#### 1. Robo-advisors and AI (91%):

- AI, especially through robo-advisors, is anticipated to revolutionise client-advisor dynamics. Customised, AI-driven recommendations are expected to redefine traditional advisory roles.

#### 2. Technology-enabled Automation (86%):

- Automation is seen as a linchpin for efficiency gains. Streamlining operations through technology promises substantial cost savings and allows human resources to focus on strategic tasks.

#### 3. Digital Platforms and Mobile Apps (86%):

- Digitisation takes centre stage, offering investors convenient, real-time access via mobile apps. This shift reflects a move towards user-friendly, on-the-go management.

#### 4. Big Data and Analytics (81%):

- Data-driven insights stand out, empowering companies to tailor strategies based on investor behaviour, market trends and performance metrics.

#### 5. Personalised Experiences (81%):

- Technology is set to deliver highly personalised experiences through digital profiling and automated communication, nurturing stronger investor relationships.



**6. Digital Marketing (67%):**

- Enhanced marketing efforts are anticipated, leveraging technology for targeted digital campaigns and effective customer acquisition.

**7. SRI Investing (62%):**

- SRI Investing gains traction through technology, aligning investments with ESG factors.

**8. Innovation and Competition (62%):**

- Technology is envisioned as a catalyst for innovation, fostering healthy competition and benefiting investors with a broader spectrum of services.

**9. Evolving Regulatory Landscape (57%):**

- Technology is positioned as a key player in navigating regulatory changes, automating compliance processes, and ensuring accurate reporting.

**10. Blockchain Integration (19%):**

- A subset recognises the potential of blockchain for enhancing transparency and security in the industry, addressing fraud risks.

The UTS/PRS industry foresees technology not merely as a tool, but a transformative force, redefining operations, investor interactions, and to keep in pace with the changes to overall market dynamics.

***Incremental Impact***

44% of respondents foresee incremental changes driven by technology. This nuanced approach emphasises enhancements without radical disruption, focusing on the following key areas:

**1. Online Self-Service Platforms (100%):**

- Investor empowerment takes centre stage, as platforms offer self-service capabilities, granting investors control and convenience especially targeting to younger generation.

**2. Automated Reporting and Documentation (94%):**

- Technology streamlines reporting and documentation, promising accuracy, timeliness, and reduced manual errors.

**3. Enhanced Digital Communication Channels (89%):**

- Digital communication channels such as email, chatbots, and online portals are emphasised, ensuring faster and more efficient interactions with investors.

**4. Mobile Applications for Convenience (89%):**

- Mobile apps become pivotal, providing investors with on-the-go access, allowing them to monitor investments and make transactions conveniently.

**5. Streamlined Onboarding and Account Management (83%):**

- Technology simplifies onboarding processes, reducing paperwork and manual tasks, resulting in a smoother investor experience.

**6. Automated Compliance Monitoring (83%):**

- Automation is applied to compliance monitoring processes, ensuring adherence to regulatory requirements, reducing risks, and enhancing investor protection.

**7. Digitised Document Storage and Retrieval (83%):**

- Transitioning to digital document storage systems ensures easy access, reduces physical storage needs and enhances data security.

**8. Improved Data Management and Analytics (78%):**

- Utilising technology for data management and analytics generates insights into investor behaviour, preferences, and needs, enabling more personalised services.

**9. Enhanced Security Measures (78%):**

- Technology advancements fortify security measures, instilling confidence in investors regarding data and transaction security.

**10. Efficient Portfolio Rebalancing (61%):**

- Technology facilitates automated portfolio rebalancing, ensuring investments align with investors' profiles and objectives with minimal manual intervention.

The incremental approach acknowledges the power of technology to refine and optimise existing processes, enhancing the overall investor experience in a progressive manner.

**Limited Impact**

5% of respondents foresee a limited impact from technology, signalling that there may be some limitation towards disruptive changes. This stance is expressed by the said respondents as follows:

**1. Investor Preference for Personal Interaction (100%):**

- Despite technological advancements, a sizeable portion of investors prefers face-to-face interactions, emphasising the importance of human touch in managing investments.

**2. Regulatory Constraints (50%):**

- Stringent regulatory requirements and limitations are recognised as potential impediments to the adoption of disruptive technologies in the UTS/PRS industry.

**3. Complexity of Investment Products (50%):**

- Complexity of certain investment products may necessitate in-depth analysis and personalised advice, favouring traditional methods.

**4. Trust and Relationship-Based Industry (50%):**

- The UTS/PRS industry relies heavily on trust and long-term relationships between investors and advisors, factors better suited to traditional methods.

**5. Limited Tech-Savviness Among Investors (50%):**

- Acknowledging that a sizeable portion of investors may have limited familiarity or comfort with technology, preferring traditional methods.

**6. Legacy Systems and Infrastructure (50%):**

- Existing legacy systems and infrastructure pose challenges to the widespread adoption of innovative technologies, where the business-as-usual method will be continued due to economies of scale and cost consideration.

**7. Niche Market Segments (50%):**

- Certain niche market segments within UTS/PRS may have unique requirements better served by traditional methods where there is limited impact from technology.

**8. Cost Considerations (50%):**

- Implementing innovative technologies can be costly, and the return on investment may not justify adoption for all market players, resulting in limited impact.

**9. Lack of Standardised Platforms and Interoperability (50%):**

- The absence of standardised platforms and interoperability across market players may hinder widespread technology adoption.

**10. Regulatory Concerns Related to Data Privacy and Security (50%):**

- Concerns around data privacy and security may lead to cautious adoption of technology, limiting its impact on traditional methods.

The respondents that have stated that technology has limited impact have indicated their preference for more traditional and proven methods that have been practiced in the Industry.

In conclusion, the Industry's outlook on technology is overwhelmingly positive, with the majority anticipating a transformative impact. From automation and blockchain to personalised experiences and robo-advisors, technology is seen as a powerful force shaping the future of UTS and PRS. Even for those anticipating incremental change, the focus is on enhancing efficiency, improving security, and providing a more streamlined experience for investors. The belief in the potential of technology to drive innovation, efficiency and improved investor experiences creates a whole new evolution of opportunities for the UTS and PRS Industry.

# CONCLUSION

The comprehensive FIMM 2023 Investment Management Survey delves into various aspects of the business affecting the UTS/PRS Industry that enables the reader to takeaway valuable insights to the perspective of its current landscape and potential trajectories.

## 1. Industry Overview

The UTS/PRS landscape is marked by resilience and adaptability. Majority of respondents acknowledge the impact of the change in technological advancements affecting the capital markets, regulatory changes and shifting investor preferences on Industry dynamics. The sector is poised for evolution of leveraging innovation and embracing digital transformation to stay competitive.

## 2. Investors Segment

Understanding investor segments is critical for continuous growth of the industry. The survey results have proved that investor preferences are changing rapidly due to the mass information availability. The industry will have to consider specialising their products and services to retain existing investors and acquisition of new investors.

## 3. Marketing Strategies

Effective marketing strategies are crucial for Industry players as it is a costly expenditure. The survey provides an insight from the industry various marketing communications and channels that have the proven track record in reaching to both investors and public.

## 4. Product Development

Product development strategies are evolving in response to market trends. The survey highlights a strong focus on sustainability, impact investing and emerging technologies. The Industry is strategically positioning itself to capitalise on opportunities in renewable energy, disruptive technologies, as well as the growing relevance of ESG considerations.

## 5. Industry Challenges

The Industry acknowledges challenges ranging from technological disruptions, geopolitical risk that cause the market volatility. Escalating compliance cost, investor trust and talent retention emerge as critical areas of concern. Despite these challenges, the Industry is resilient, with a commitment to addressing these issues through strategic planning, innovation, and collaboration.

## 6. Consultant Development

The role of Consultants is pivotal in shaping the Industry's future. Initiatives to enhance relationships, focus on addressing Consultant needs, and leverage technology are essential in developing the competencies of Consultants in preparation for the inevitable change in financial market trends. This focus aligns with the recognition of Consultants as trusted advisors as Investors currently prefers personalised interaction.

## 7. Future Outlook

The Industry's future outlook is optimistic and pragmatic. Short-term goals include the launch of new products and market share expansion. Medium to long-term objectives emphasise upskilling, technological integration, and international market exploration. These plans reflect a forward-looking approach, anticipating Industry consolidation, regulatory scrutiny, as well as the continued growth of digital wealth management.

In conclusion, the UTS/PRS Industry stands at a crossroads, driven by technological innovation, shifting investor preferences, and a commitment to sustainable and responsible practices. By having a 360-degree view of these currents strategic insights from this survey, Industry players can chart a course towards a more dynamic and prosperous growth of the industry.

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