UNIT TRUST INVESTMENT SCHEME

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What is Unit Trust? (1/2)

- Collective Investment Scheme that pools unitholders' monies and invests it toward a specific goal as declared by the investment objective of the scheme.
- Managed by skilled and experience Professional Fund Managers investing in broad diversified portfolio of stocks, bonds and other financial instruments.
- Unit Trust Investment Scheme is for medium (**3-5 years**) to long term (**5-10 years**) investment period to gain optimal returns.
- **With Kenanga Growth Fund and Kenanga Syariah Growth Fund**, you don't have to wait so long, you will see HIGHER returns in short term period (**6 months to 3 years**).

What is Unit Trust? (2/2)

- Returns gained in the form of **income distribution** and **capital growth/ appreciation** with reasonable risks.
- Fund Managers, the Trustees and the Unit Holders governed by legal deed registered with Securities Commission (SC) under the Act of CMSA 2007

Risks in Unit Trust (1/2)

- **Element of risks** have to exist in any type of investment when we say "investment"
- Negative Returns when Rate of Inflation increase (Lost in Purchasing Power)
- Positive Returns when Rate of Profit Returns increase on investment accounts
- If the funds invested in more ***stock-market*** related investments, the risks involved in ***Market Risk***, ***Security Risk***, ***Liquidity Risk***.

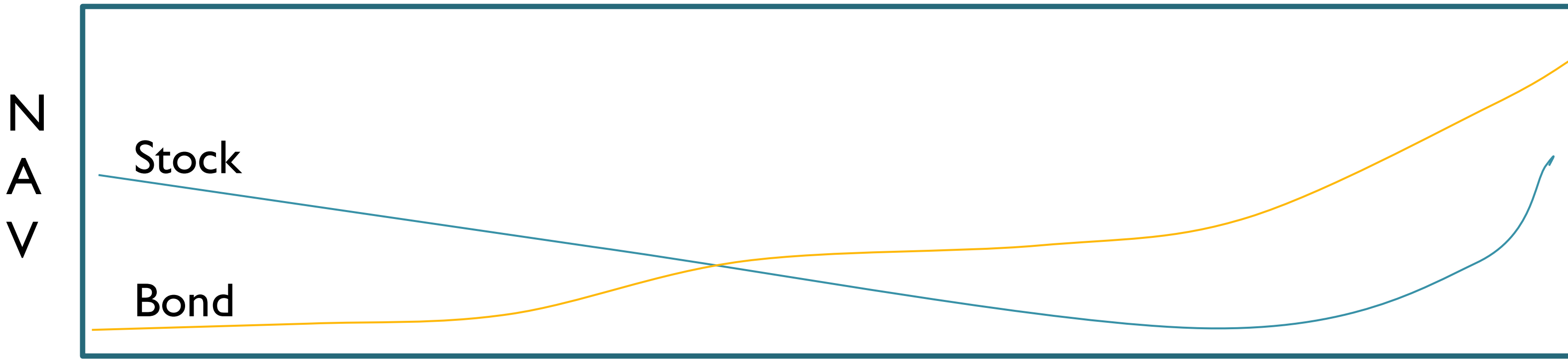
Risks in Unit Trust (2/2)

- If the funds invested in more ***options and futures*** market related investments, the risks involved in ***Derivative Risk*** which allow the usage of leverage that may cause increase in volatility of fund's NAV
- If the funds invested in more ***bonds***, the risks involved will be in ***Interest Rate Risk*** (i.e. when interest rate is high, the bond price will decline), and ***Credit Risk***
- Another Risk is ***Shariah Compliance Risk*** for Shariah Compliance Fund.

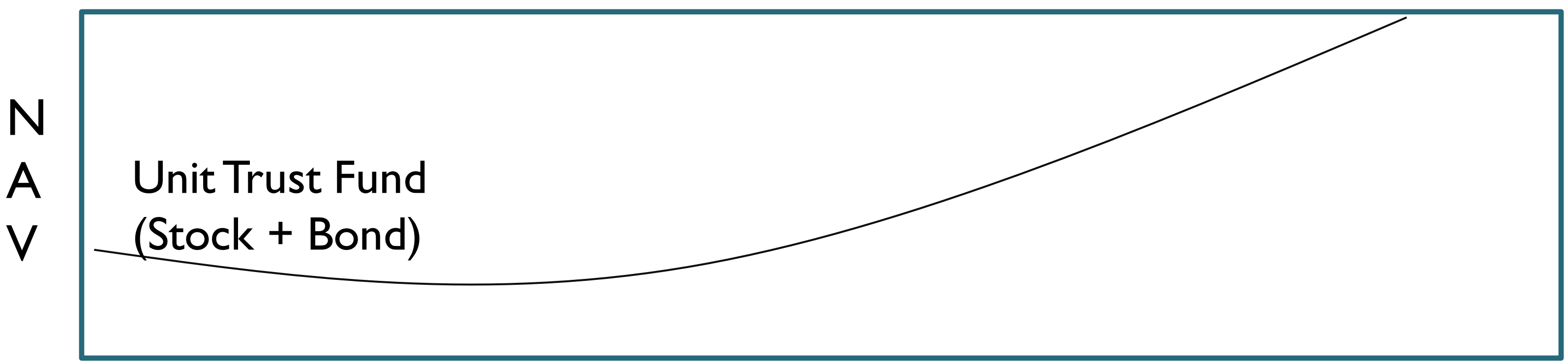
Lowered Risks in Unit Trust

- All those risks mentioned are for direct investments done in the ***direct share market*** without the benefits of **portfolio diversification** and **fund management expertise.**
- ***Lowered Investment Risks*** can be achieved in Unit Trust because of diversification with **collective investment scheme** and good fund management by professional fund managers.

Collective Investment Concept



Direct Stock-Market Investment



Unit Trust = Collective Investment

Why we must invest?

There are three main reasons to invest:

1. **To beat inflation.**
2. **To achieve certain financial goals.**
3. **To increase your retirement fund at age 55 (in Malaysia).**

Yes, you should **start thinking about your retirement now** and take action now to make your money works for you by Regular Cash Savings or by EPF Account 1.

Why invest in Unit Trust? (1/4)

Professional Investment Management

The fund managers who take care of your unit trust funds have access to information and statistics from leading economists and analysts. Consequently, they are in a better position than individual investors to identify opportunities for your investment to grow.

Diversification

Unit trusts allow you to broaden your portfolio. With your nest-egg spread across a basket of securities, your overall investment risks are reduced.

Why invest in Unit Trust? (2/4)

Liquidity

An investor can sell his units, wholly or partially, at the following trading day's unit buying price. Units have a high liquidity, that is, they can be readily converted into cash.

Ease of Transactions

Unit trusts provide investors with a simpler, more convenient and less time-consuming method of investing in securities. The paperwork that comes with managing your own portfolio of shares and bonds are handled by the fund manager.

Why invest in Unit Trust? (3/4)

Secured

The interests of unitholders are protected by the appointment of an independent trustee (KIB appointed HSBC Trustee) to hold the fund's assets on behalf of the unitholders. The trustee will also ensure that the fund manager will always manage the fund in accordance to the Deed of the fund and the Guidelines issued by the Securities Commission.

Why invest in Unit Trust? (4/4)

Affordable and Flexible

- ✓ The minimum initial investment amount is **low** as compared to investment in shares and/or bonds.
- ✓ **Cash Plan-Lumpsum**: Min RM1000, Min Topup RM100
- ✓ **Cash Plan-EasySaver**: Min RM100 (initial), additional min RM100/month on every 10th or 25th of the month.
- ✓ **EPF Plan**: NO CASH INVESTMENT, NO POCKET MONEY TO USE: Min Withdrawal from EPF/KWSP for the initial investment is RM1000, additional min RM1000 (after every 3 month).

How to invest in Unit Trust?

3 ways to invest in Kenanga Unit Trust Funds:-

1. **CASH PLAN (Lump Sum):** cheque or bank draft, NO CASH please…
2. **CASH PLAN (EASYSAVER Plan):** Direct Debit Investment (DDI) – auto debit from your savings account (Eleven Banks available)
3. **EPF PLAN (EPF/KWSP Account 1):** Your monthly salary contribution in EPF Account 1 **if eligible**. Please refer to EPF Basic Savings table from EPF.

Proposal: Which is the Best Unit Trust Fund to invest?

THE TOP PERFORMANCE UNIT TRUST FUND ACCORDING TO LIPPER LEADERS FOR:

1. **TOTAL RETURN – High or Low Returns**
2. **CONSISTENT FOR RETURN**
3. **PRESERVATION – Skill in avoiding risks**

(5 = Highest Score, 1 = Lowest Score)

http://www.lipperleaders.com

Please also refer to my website:

http://kibutc.weebly.com

THE FUND DOES NOT HAVE TO BE THE TOP RANK FOR ITS FUND SIZE TO GIVE YOU HIGHER RETURNS.

EPF-Approved Kenanga Funds

ROI (KSGF & KGF) is normally higher than what EPF and other Unit Trust Funds can give, about 20% to 30% per year or more compare to EPF only 5-6% per year. (Please take note however that past performance does not indicate future performance, therefore as an investor, you need to research on the fund's total return, consistency, and preservation):

This year, Kenanga still promotes 2 funds approved by SC for Investors :

1. ***KSGF – For Syariah Compliance (2002)***
2. ***KGF – For Conventional (2000)***

Terms: Buy, Sell & Switch (1/2)

- **To buy** means to invest into the fund:

1. Via Lumpsum – Cheque/Bank Draft payable to Fund Management Company. (UTC cannot accept cash!).
2. Via Easy Saver's Plan - Monthly regular investment using Auto Debit from your current bank account.
3. Via EPF - using EPF9 Withdrawal form.
4. Total service fee is 5.0% for CASH PLAN and only 3.0% for EPF PLAN.
5. **Cooling-off right is 6 days** from the received date by Kenanga Fund Managers.

Terms: Buy, Sell & Switch (2/2)

- **To sell** means **to redeem** your investment amount plus the returns received into your EPF Account 1 for EPF-MIS. Simply **to withdraw** your money from the funds for the Cash Plan.
- **To switch** means to move your investments between various funds in response to changing financial goals or market conditions subject to certain fees and conditions. Switching is normally done to another low volatility funds when the existing funds are turning downward and investors want to avoid the downward volatility of his existing funds.

Investor's Strategy in Unit Trust

Ringgit Cost Averaging (DCA)

Invest regularly at a fixed period of time with a fixed amount. (EASYSAVER PLAN IS THE BEST WAY)

Benefits of DCA:

- **Works well in market if VOLATILITY is considered**
- **Accumulates more units at a lower fund price**
- **Cushion the impact of a falling market**
- **Timing issue can be ignored**
- **Reduce risks and optimize returns**

Note For EPF Member Investors:

Because EPF only allows 3 months time interval withdrawals, it is advised that investor must repeat investment EVERY 3 months to get the DCA Benefits. For this purpose, servicing agent (Unit Trust Consultant) will assist his/her investors. ***For your next EPF withdrawal, it is not necessary to buy the same fund with the same agent. Always do research for the best fund.***

Basic Calculations

1. **EPF Eligibility**

= (Account 1 – EPF Basic Savings at age) X 20%

2. **Working Money**

= Investment Amount / (1 + Service Fee)

3. **Fund price** = Net Asset Value (NAV) per unit

4. **Profits** = You sell when the Fund price increases with your **<u>accumulated units</u>**. More units bought at lower price before will give more profits when selling the units at higher price in the future.

Thank You !