

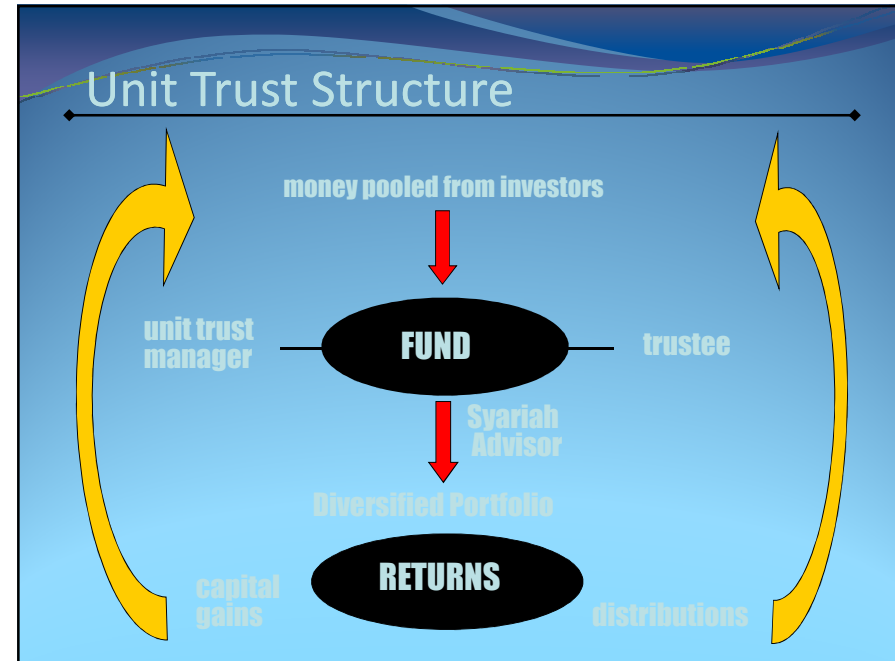


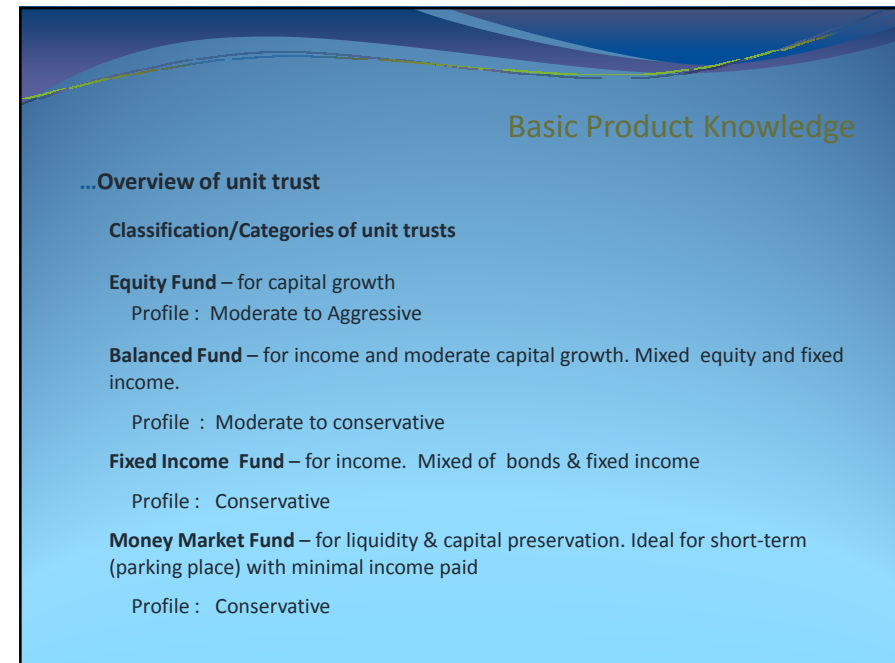
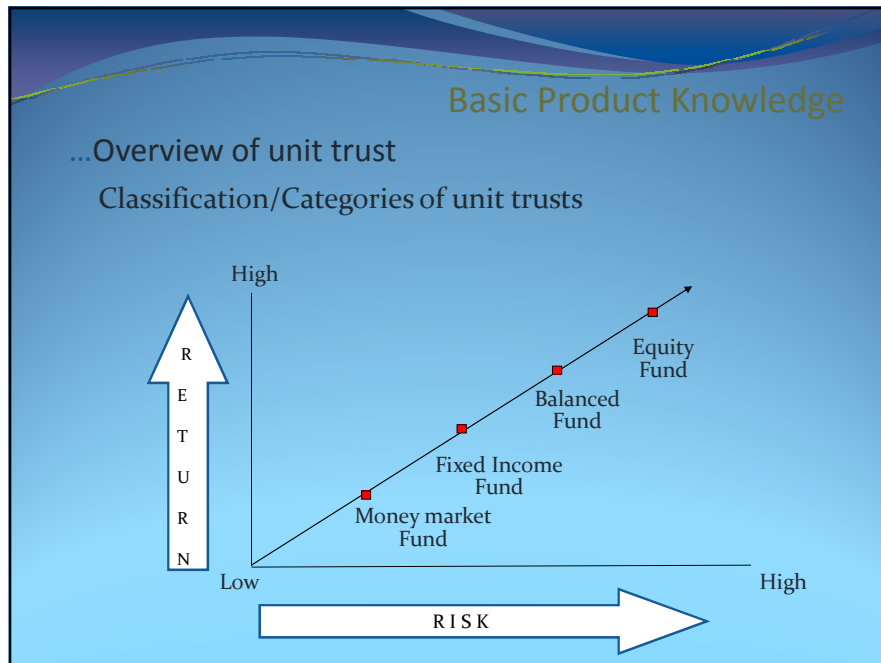
## Basic Product Knowledge

...Overview of unit trust

Mode of operation

- the structure of unit trust industry (refer diagram)
- Regulatory Authorities – Securities Commission (SC, Act 1993), FMUTM (licensing of UT consultants), FPAM (licensing of CFPs)





## Basic Product Knowledge

## Choice of funds

- Public Mutual managed more than 60 funds
- Below are some of the funds recommended to Investors and its performance since inception.  
(However, the final choice is lay to the investors.)

## Basic Product Knowledge

**PUBLIC ISLAMIC DIVIDEND FUND**

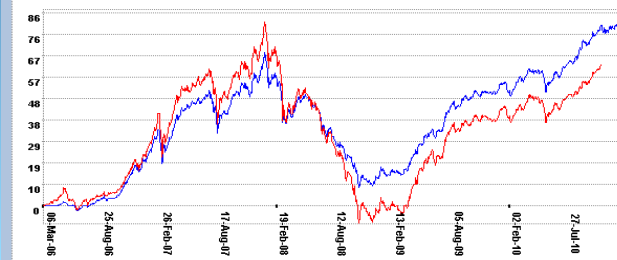
Category of Fund : Equity Fund (Shariah)

Approved Fund Size : 9.0 Billion Units

Launch Date : 14 February 2006

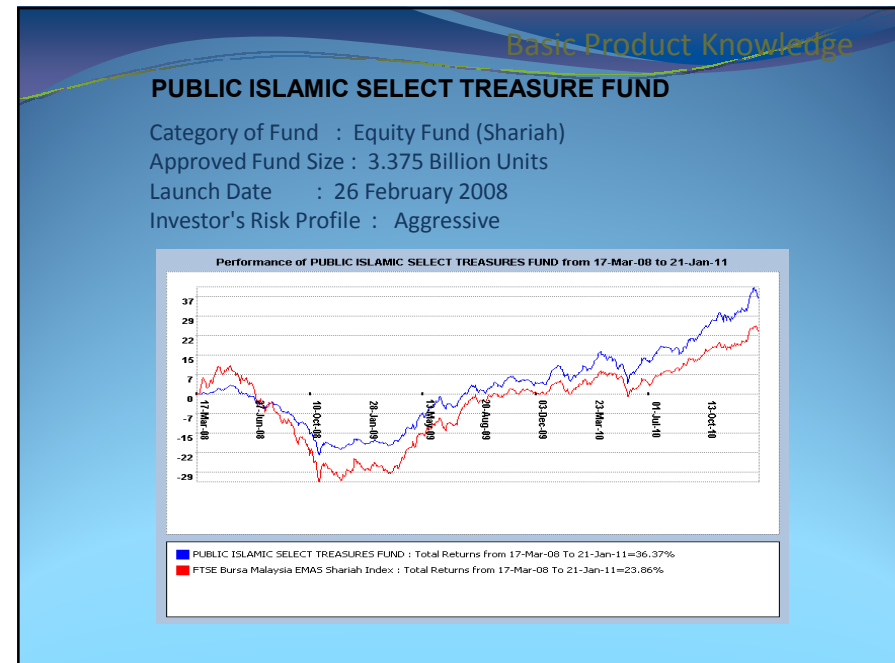
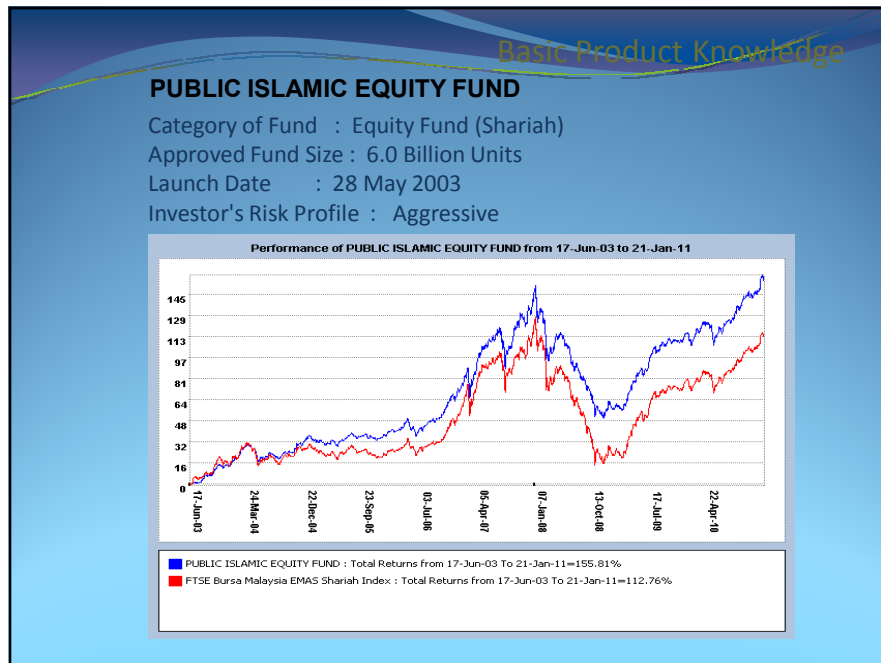
Investor's Risk Profile : Moderate

Performance of PUBLIC ISLAMIC DIVIDEND FUND from 06-Mar-06 to 19-Jan-11



■ PUBLIC ISLAMIC DIVIDEND FUND : Total Returns from 06-Mar-06 To 19-Jan-11=86.93%

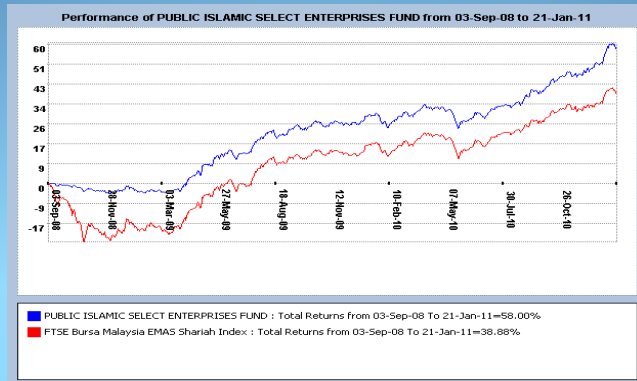
■ 90%FBMS+10%3 Mth IMM : Total Returns from 06-Mar-06 To 09-Nov-10=62.96%



Basic Product Knowledge

**PUBLIC ISLAMIC SELECT ENTERPRISE FUND**

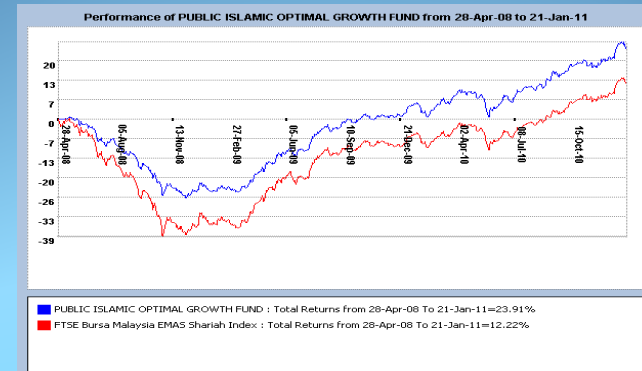
Category of Fund : Equity Fund (Shariah)  
 Approved Fund Size : 1.5 Billion Units  
 Launch Date : 14 August 2008  
 Investor's Risk Profile : Aggressive



Basic Product Knowledge

**PUBLIC ISLAMIC OPTIMAL GROWTH FUND**

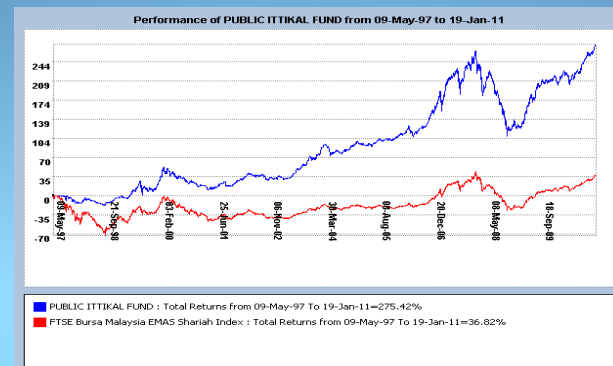
Category of Fund : Equity Fund (Shariah)  
 Approved Fund Size : 5.0 Billion Units  
 Launch Date : 08 April 2008  
 Investor's Risk Profile : Aggressive



Basic Product Knowledge

**PUBLIC ITTIKAL FUND**

Category of Fund : Equity Fund (Shariah)  
 Approved Fund Size : 3.75 Billion Units  
 Launch Date : 10 April 1997  
 Investor's Risk Profile : Moderate



Funds Performance comparison

## Portfolio Management

Purposes of management of investors' investment portfolio, among others are :

- To maximise returns
- To mitigate risk

## Portfolio Management

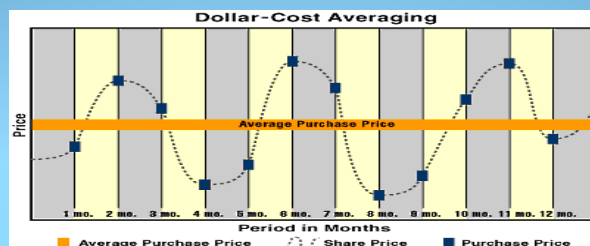
Methods :

- Dollar Cost Averaging (DCA) or Ringgit Cost averaging
- Asset Allocation
- Portfolio rebalancing (Switching)

## Dollar-Cost-Averaging (DCA)

Portfolio Management

- Regular Investment at fixed amount
- Works best in volatile markets
- For lump sum investment, to do additional investment during downturn market.
- DCA doesn't guarantee profit and doesn't protect against loss in declining markets. But it can help **reduce risk by diversifying your investments over time and reducing the volatility of your portfolio.**
- Example of DCA;



## Asset Allocation

Portfolio Management

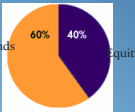
- Choosing **right mix** for long-term investments is important strategy
- A portfolio (group of assets) is diversified to take advantage of asset class that is currently in favor and, at the same time, guard against loss when that same asset class goes out of favor. Thus, hedging your bets.
- Asset allocation takes into account four important factors:
  - investors emotional response to changes in the stock market,
  - investors investing time horizon,
  - investors investing goals,
  - as well as other important aspects of investors' personal situation.

## Portfolio Management

### Asset Allocation

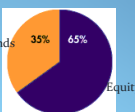
General guidelines when recommending an assets allocations;

- **Funds with Conservative Growth & Income:** for income and modest capital appreciation. This allocation is best for people who are currently in retirement and want to focus on stability (capital preservation) and income. Not a good choice for investors looking for growth potential.



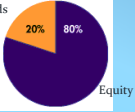
Asset Class	Percentage
Bonds	60%
Equity	40%

- **Moderate Growth :** for capital appreciation with a modest income component. The “growth” portfolio is good for investors who have a longer amount of time to invest and can withstand some volatility in the market.



Asset Class	Percentage
Bonds	35%
Equity	65%

- **Aggressive Growth:** for capital appreciation. Aggressive portfolio is designed for the investor who has long-term objectives, a longer time horizon and a high tolerance for market volatility. Concentrated mostly in stocks, this portfolio uses bonds to balance risk a little, but strives for return overall.



Asset Class	Percentage
Bonds	20%
Equity	80%

## Portfolio Management

### Asset Allocation

Exercise :

How do design Portfolio / Asset Allocation via Public Mutual Funds for the following.

- Q1. Young executive – retirement plan (additional to epf)
- Q2. Retired (professional) – preference Syariah funds
- Q3. Middle age executive – education plan for children, newborn and another age 10.

Portfolio Management

- **Portfolio rebalancing or Switching**

Portfolio rebalancing or switching normally done when there is a change in stock market situation.

It is done to avoid reduction and to preserve appreciation of the investment principal amount.

- "downside trend market" : switch from equity to fixed income fund to avoid reduction in principal
- "upside trend market" : Switch from fixed income fund to equity to ride the uptrend market.

Or, achieved target returns – to cash out on gains & put proceeds into fixed income fund before re-enter the market.

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Portfolio Management

- **Ideal situation to do portfolio rebalancing/Switching**

The chart displays the performance of two investment options: Public Islamic Dividend (red line) and Public Islamic Bond (blue line) from September 2006 to August 2009. The Y-axis represents value from -5.00 to 70.00. The X-axis shows dates from 01/09/2006 to 20/08/2009. The red line shows significant volatility, peaking at approximately 60.00 in early 2008 and dropping to about 10.00 by late 2008. The blue line shows a much more stable, gradual increase from near 0.00 to about 20.00. Annotations include: 'Switching from Equity Fund to Money Market Fund' with a green arrow pointing down at the peak; 'Switching from Money Market Fund to Equity Fund' with a green arrow pointing up at the trough; 'Profit' with a circle at the peak; and 'Loss' with a circle at the trough.

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