

# Investment Planning

## Unit Trust Basic

version 1.0

“...what your investors know”

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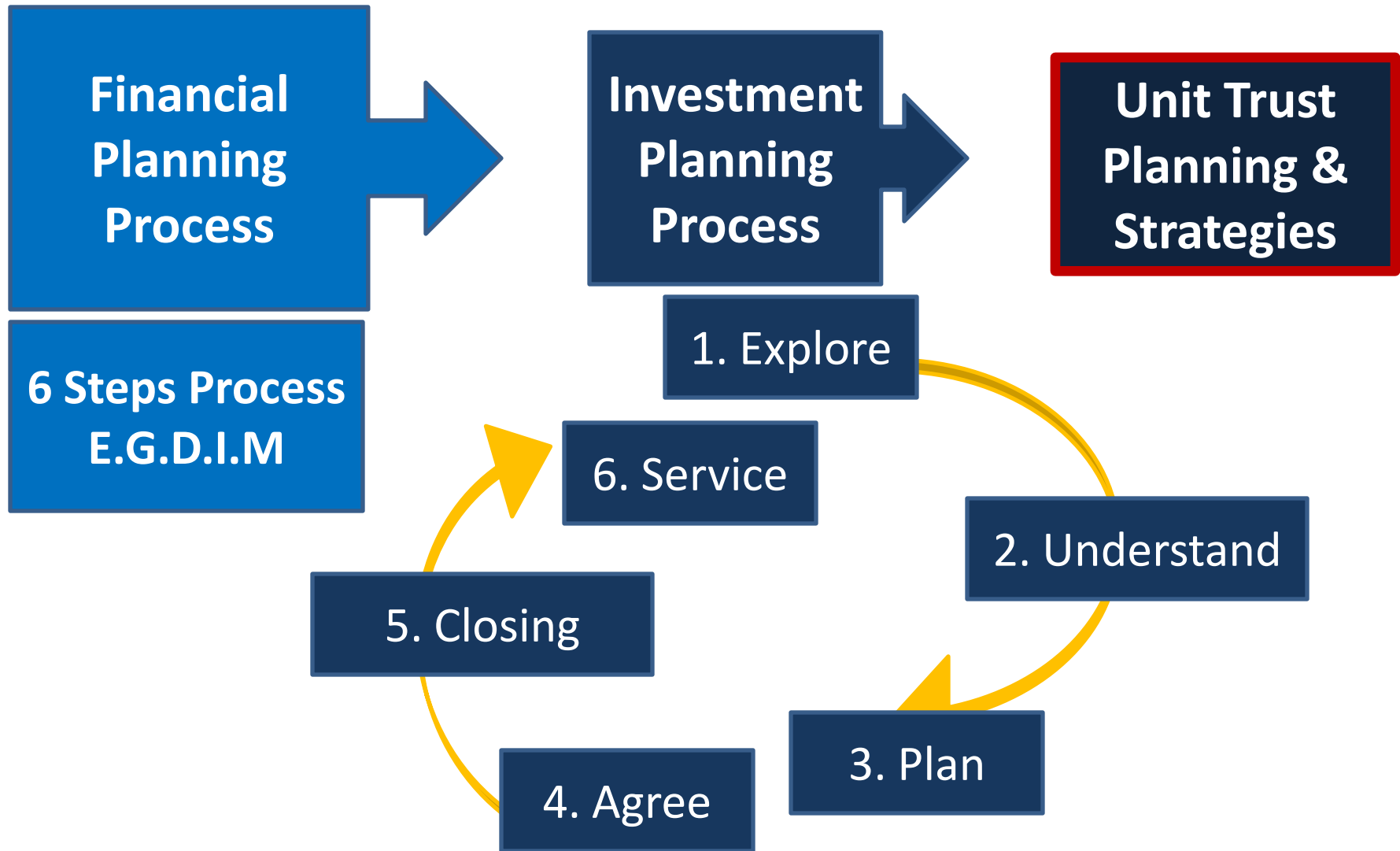


*“A ship in the harbour is safe,  
but  
that is not what ships are built for.”*



# Introduction

How they are connected...



# Dear Investors

***“Thou shall never lose thou investment as long as it is not disposed of, especially during falling price movement!”***

- The wealth of investors should not be the RM\$ in investments – but rather the number of his/her units ?? Thou must have
  - ✓ Faith – in FM, UTMC and the fund itself.
  - ✓ Persistence & patient especially during global economic challenges and recovery.
  - ✓ Action plan, basic understanding,.
  - ✓ Anticipation & self-control – quick and decisive action.

# Dear Investors – some advice

Investors should leave investment decision-making to fund manager (FM) and UTC. Good FM are

- equipped with latest information, data, experience, network & research team.
- able leverage risk by spreading investments across many companies and asset class.
- are full-time involved in investment activities.
- able buy blue-chip counters beyond reach of average investor. And enable investors be part-owner of such blue-chip counters.

# UT Returns & Benefits

Why is UT a viable form of investment ?

1. Opportunity :

## Cash distribution

Returns from ability FM make profits on investment paid in *cash*. Example “15sen/unit” or “15% distribution”.

😊 discuss impact to NAV per unit (price)

✘ Taxable (Malaysia) at source

✓ Best to re-invest (to build more units) usually at no cost

# UT Returns & Benefits

Why is UT a viable form of investment ?

1. Opportunity :

## **Unit Split**

Returns from ability FM make profits on investment paid in **units**. Will increase total units held by investor and realized upon redemption. Uses a ratio system.

☺ discuss impact to NAV per unit (price)

- ✓ More recommended practice as units are non-taxable (although price adjusted lower)
- ✓ Usually the NAV price adjusted lower, recovers over time for most performing UTFs

# UT Returns & Benefits

Why is UT a viable form of investment ?

1. Opportunity :

## **Capital Gain**

Returns from difference buying and redemption price.

- ✓ Non-taxable (Malaysia)
- ✓ Usually no exit fee charged (unless stated otherwise)

# UT Returns & Benefits

## 2. Price fluctuation – an advantage

### **Falling Price movement**

- ✓ Fixed sum of investment will generate more units
- ✓ or units can be purchased at lower cost (DCA)

### **Rising Price movement**

- ✓ Potential for capital gains

### **Irregular Price movement**

- ✓ Potential for better cost averaging (DCA)

# UT Returns & Benefits

3. Reduces risk by spreading investment portfolio across different

- prices of shares
- various UT funds overseas
- geographical area
- sector/industry
- asset class

UT in developed countries – Medical fund (pharmaceutical), REITs, Poultry (Ostrich), E-Commerce (Dot com companies), Emerging Markets.

# UT Returns & Benefits

4. A long-term investment
5. Managed professionally, legal business and regulated & rated industry.
6. Allows for “regular top-ups” and affordability (blue-chips counters & government bonds).
7. Provides “synergy” of resources (\$) and economies of scale (large funds size)
8. Transparent – prices listed and accountability – audited by public auditors.
9. Proven track record (past performance)

*stay **J**ust  
**U**nique  
**S**avvy & **S**treet-smart  
**T**rustworthy*

