

# Unit Trusts Service in PIB System

## Frequently Asked Questions

### Unit Trust

#### 1. What is a unit trust?

A unit trust is a pool of money from individual investors managed collectively by a professional fund manager. The pool of money is then invested in a portfolio of assets to achieve the investment objective of the unit trust fund.

#### 2. What are the benefits of investing in a unit trust?

- **Low minimum investment**

The minimum investment amount varies and may start from as low as S\$1,000.

- **Professional management**

Unit trusts will be managed by experienced fund managers who are required to monitor the fund's performance to meet the investment objective of the fund. They will have access to the latest information about markets and companies, and make investment decisions based on research and analytical tools that you may not have access to.

- **Diversification**

Investing in unit trust allows you to spread the risks of your investments, as the unit trust is invested in a diversified portfolio of assets. You will also have the opportunity to invest in specialised and overseas market.

- **Liquidity**

Most unit trusts are valued daily with daily dealing frequency. In some cases, unit trusts may be valued weekly, monthly or quarterly. The unit trust will be redeemed at the Net Asset Value (NAV) of the unit trust.

#### 3. How can I monitor the performance of unit trusts?

You can check the Net Asset Value (NAV) of the unit trust fund at [uob.com.sg](http://uob.com.sg) for unit trusts funds distributed by UOB. Alternatively, if you have access to Personal Internet Banking (PIB), the NAV of the unit trust funds will be located under the 'View Funds' section. You can access this page via the "View and Purchase Funds" link.

Please note that unit trusts are based on forward pricing.

#### 4. Are there fees and charges when I invest in unit trusts?

Generally, the following fees apply:

**a. Initial sales charge**

This is a fee charged for the purchase of a unit trust fund. This is charged by the distributor of the fund for providing its services to process the purchase of the unit trust.

**b. Annual Management Fee**

This is an annual fee charged by the fund manager for the management of the unit trust. This fee is reflected in the Net Asset Value (NAV) of the unit trust fund.

**c. Trailer fee** is a percentage of the annual management fee that is earned by the distributor. This is not an additional fee charged to customer.

**d. Switching fee**

This fee will be charged when you switch from an existing unit trust investment into another unit trust offered by the same fund manager.

**e. Redemption fee**

This fee will be charged when you sell the fund. This fee may not be applicable for all unit trusts. Please check the fund prospectus to determine if the fund has a redemption fee.

**f. Trustee Fee**

This is the fee charged by the trustee for the provision of trustee and custody services for the fund's assets.

You should always refer to the prospectus of the unit trust fund available from the fund managers or its distributors to understand the type of fees charged and the amount of fees payable.

#### 5. Are the returns guaranteed?

Investment in unit trusts involves risk. The value of units in the unit trusts, and any income accruing to the units from the unit trusts, may fluctuate. Investors should read the prospectus of the unit trust fund which sets out the risks associated with investing in the unit trust fund before making any investment.

## 6. What are the risks of investing in a unit trust?

Some of the risks of investing in a unit trust include:

- **Market Risk** – Fluctuation in the market caused by uncertainties in the economy, political and social environment will affect the NAV of the unit trust.
- **Equity Investment Risk** – The value of equity investment is mainly determined by its potential growth in earnings, amongst other factors. Failing to achieve the expected earnings would result in declining investment value, hence affecting the performance of the unit trust.
- **Fund Management Risk** – The performance of any unit trust depends on the experience and expertise of the fund managers. Poor management of the unit trust may jeopardise its performance.
- **Credit / default risk** – Credit risk refers to the possibility that the issuer of an underlying asset will not be able to make timely payments of interest on the coupon payment date or principal repayment on the maturity date. This may lead to a default in the payment of principal and interest and ultimately a fall in the value of the unit trust.
- **Interest rate risk** – The level of interest rates has an impact on the value of investments and economic growth of a country. The value of debt securities move in the opposite direction of interest rates, any increase in rates will lead to a fall in the value of debt securities, thus affecting the value of the unit trust.
- **Currency risk** – This is also known as foreign exchange risk. Unit trusts that invest in foreign currency-denominated assets while being priced in Singapore dollars will be exposed to foreign exchange risks. This is also true for unit trusts that are priced in foreign currencies. Depending on the direction of exchange rate movements, the unit trust may be subject to foreign exchange gains or losses.

Investors should read the prospectus of the unit trust fund which sets out the risks associated with investing in the unit trust fund before making any investment.

## 7. Will dividends be paid?

This depends on the type of unit trust you invested in. Dividends, if any, are generally paid out at the discretion of the fund managers.

## 8. Who can invest in unit trusts and how?

You need to be at least 21 years of age at the date of application for the purchase of the unit trust fund. To open a unit trust account, please visit one of our UOB branches and speak to one of our Personal Bankers for further assistance

## 9. What documents should I look for before investing in a unit trust?

You should read all of the documents applicable to the unit trust fund including the fund prospectus, fund factsheet and product highlight sheet before making any investment. The documents are available from the fund managers or its distributors.

## **Investments – Unit Trusts via UOB Personal Internet Banking**

### **1. Can I check my holdings online?**

- You can view your existing holdings purchased with cash and CPF monies on UOB Personal Internet Banking:-
  - for details of your existing holdings purchased with cash, please go to Unit Trust > Manage Holdings.
  - For details of your existing holdings purchased with CPF monies, please click on Account Summary > CPFIS Account > View Holding.

### **2. How do I search and view funds?**

- From left navigation menu, under “Investments” click on unit trust – view and purchase funds.
- Search for the fund you wish to view using the following search criteria:
  - Investment Type
  - Fund House
  - Fund Name
  - Asset Class
  - Specialist Sector
  - Geographical Region

## **Subscription**

### **3. How do I buy unit trust via UOB Personal Internet Banking?**

- You will need to have an existing unit trust account with the bank before you can buy unit trust funds online.
- To open a unit trust account, please visit one of our UOB branches and speak to one of our Personal Bankers for further assistance.
- From left navigation menu, under “Investments” click on unit trust – view and purchase funds.
- Search for the unit trust fund you wish to buy, select the name of the unit trust fund and click ‘Buy’

Note: Investors should read the prospectus, available from the fund manager or its distributors, before deciding to subscribe for or purchase units in any of the funds. Investments in unit trusts involves risk and such investments in unit trusts are not obligations of, deposits in, or guaranteed or insured by the Bank, the fund managers or any subsidiary or associate of the Bank or any of their affiliates, or by any distributors of the funds, and are subject to risks, including the possible loss of the principal amount invested.

- You must complete and pass the Customer Knowledge Assessment (CKA) in order to proceed with your online purchase of unit trust.
- Enter all mandatory fields.
- At the confirmation screen, ensure all details you entered are accurate.
- Click confirm to complete the transaction.

#### **4. Can I see my holdings immediately after I buy online?**

- Unit trust purchased with cash will likely be reflected in the “Manage Holdings” screen after three business days. Your application for the purchase of any unit trust, if submitted after the Bank’s cut-off time at 2.45pm, shall be deemed to have been submitted on the next Business Day.
- The total unit holdings in the “Manage Holdings” section only represent your holdings purchased with cash and exclude holdings purchased with CPF and/or SRS monies. The purchase of any unit trust may not be reflected immediately.
- For complete and accurate information, please refer to the statements, confirmations and advices for the amount of total unit holdings held with the Bank which will be sent to you in due course.

#### **5. How will I be informed of the status of my transaction?**

The status of your application will be notified to you by post to the address you have specified to the Bank.

#### **6. Can I use my CPF / SRS monies to buy unit trust online?**

You can only purchase unit trust with CPF / SRS monies where the agent bank for such CPF / SRS account is UOB.

#### **7. What are the unit trusts that are offered in PIB?**

Only daily-traded unit trusts available to retail investors are offered in PIB. Funds applicable to accredited investors only are not offered via PIB. Please visit one of our UOB branches and speak to one of our Personal Bankers for further assistance if the fund you are interested in is not found in PIB.

## **Redemption**

### **8. How do I redeem my existing holdings via UOB Personal Internet Banking?**

- From left navigation menu, under “Investments” click on unit trust – Manage holdings
- Click on redeem
- Enter all mandatory fields
- At the confirmation screen, ensure all details you entered are accurate
- Click confirm to complete the transaction

### **9. Is my holdings updated immediately after I redeem online?**

- Your holdings will likely be reflected in the “Manage Holdings” screen after three business days. Your application for the redemption of any unit trust, if submitted after the Bank’s cut-off time at 2.45pm, shall be deemed to have been submitted on the next Business Day.
- The total unit holdings in the “Manage Holdings” section only represent your holdings purchased with cash and exclude holdings purchased with CPF and/or SRS monies. The purchase of any unit trust may not be reflected immediately.
- For complete and accurate information, please refer to the statements, confirmations and advices for the amount of total unit holdings held with the Bank which will be sent to you in due course.

### **10. How will I be informed of the status of my transaction?**

The status of your application will be notified to you by post to the address you have specified to the Bank.

### **11. Can I redeem my holdings purchased with CPF / SRS monies via UOB Personal Internet Banking?**

Redemption of holdings purchased with CPF monies and/or SRS monies is not available online. Please visit one of our UOB branches and speak to one of our Personal Bankers for further assistance.

## **Customer Knowledge Assessment (“CKA”) for the sale of Unit Trusts**

### **1. What is the new requirement regarding the sale of unit trusts?**

To safeguard the interest of customers, the Monetary Authority of Singapore (MAS) has introduced new requirements relating to the sale of Specified Investment Products (“SIP”).

From 1 January 2012, financial institutions are required to assess whether customers have the relevant investment knowledge or experience to understand the risks and features of a SIP before offering the product to them.

As unit trusts is a form of SIP, it will be subject to this new requirement.

### **2. How will I be assessed?**

A Customer Knowledge Assessment (“CKA”) will be conducted online and you will be assessed based on your education qualifications, investment experience and working experience prior to your purchase of unit trust in PIB.

### **3. What are the criteria set for CKA?**

You will be assessed based on three criteria:

#### **1. Educational Qualifications**

- Have a diploma or higher qualification in accountancy, actuarial science, business/business administration/business management/business studies, capital markets, commerce, economics, finance, financial engineering, financial planning, computational finance and insurance; and / or
- Professional finance-related qualifications. Examples include Chartered Financial Analyst Examination conducted by the CFA Institute, USA and the Association of Chartered Certified Accountants (ACCA) Qualifications.

#### **2. Investment Experience**

- (i) Have at least six transactions in collective investment schemes (eg. unit trusts) and investment-linked life insurance policies (referred to as “ILPs”) in the preceding three years.
- (ii) Have at least six transactions in unlisted SIPs other than collective investment schemes (eg. unit trusts) and ILPs in the preceding three years.

The transactions include transactions you have made with UOB as well as with other financial institutions, if any, in the last three years.

#### **3. Work Experience**

Have a minimum of three consecutive years of working experience in the preceding 10 years in the development of structuring of, management of, sale of, trading of, research on and analysis of investment products (as defined in Section 2 of the Financial Advisers Act), or the risk management activities, provision of legal advice or possession of legal expertise on the relevant areas will also be considered relevant experience.

Support functions such as administrative and clerical work in the aforementioned areas will not be considered relevant experience. Similarly, work experience in general support functions such as operations, human resources, corporate services and information technology will not be considered relevant experience.

#### **4. Do I need to fulfill all three criteria in order to pass the CKA?**

You are required to satisfy any one of the criteria explained in question 3 to satisfy CKA requirements. Please note that in order to proceed with the purchase of unit trust in PIB, the investment experience indicated must be pertaining to transactions in unit trusts or ILPs, if you do not satisfy the criteria on Educational Qualifications and Work Experience.

#### **5. How will I be informed that I have met or have not met the CKA requirements?**

Upon your completion of the CKA, the results of whether you meet the criteria for the satisfaction of CKA will be set out in PIB. The outcome of the CKA will be displayed once you have completed it in PIB.

#### **6. Can I still purchase unit trusts in PIB if I do not pass the CKA?**

You will not be able to purchase unit trusts in PIB if you do not meet the criteria for the satisfaction of CKA. In this case, the Bank will contact you to provide you with advice for your investments. Please leave your contact details with us.

#### **7. How often do I need to complete the CKA?**

You are required to complete the CKA before any purchase of unit trust in PIB.

#### **8. Do I have to provide any supporting documents for the CKA (e.g. education certificates, relevant working experience, etc)?**

You do not need to provide any documentation for the assessment.