

An introduction to Unit Trusts



What is a Unit Trust?

A unit trust (or fund) is made up of money pooled from multiple investors and invested in a variety of assets to meet an investment objective*.

Investors own units (or shares) which represent a part of the unit trust's portfolio holdings.

A fund can invest in securities such as stocks, bonds and/or other instruments.

In Singapore, a unit trust may also be referred to as a collective investment scheme (CIS).



Who manages the Unit Trust?

Typically, a unit trust is managed by a professional fund manager (or a team of managers) on behalf of investors.

Guided by an investment philosophy laid out in the fund prospectus, the fund manager makes decisions about what and when to buy and sell assets.

As one of the leaders in third party unit trust distribution in Singapore, Standard Chartered offers a comprehensive suite of unit trusts to suit your investment needs.

Important Information:

Net Asset Value (NAV)

A Unit Trust's price per unit. This is calculated by using its assets minus the value of its liabilities.

* Investors should always refer to the fund's prospectus and factsheet to familiarise themselves with the investment strategy/guidelines and risks associated with the investment.

^ Dividend payment is not guaranteed and is subjected to the discretion of the fund manager. Please note that past performance is not an indicator of future returns.

Some Risks and Terms Used:

Knowing the investment risks associated with each investment is important. When you invest in a unit trust, you should receive a factsheet and prospectus which details the risks involved. Some examples are:

Principal Risk - As with any investment, your investment value may go up, down or be even completely lost in extreme cases.

Market Risk - Your investment can be impacted by changes in political, legal or economic conditions.

Credit Risk - In the event of an insolvency or default by an issuer/ counterparty/ entity of the underlying investment, you may not receive your investment amount.

Liquidity Risk - The investment product or its underlying assets may become illiquid, preventing you from exiting unfavourable positions, whereby potentially causing you to incur losses.

Foreign Exchange Risk - You should be aware that your investments can be negatively affected by foreign exchange risk if you hold unit trusts that invest in assets denominated in foreign currencies.

Forward Pricing Risk - Most unit trust NAVs* are quoted on a forward pricing basis. This is only indicative as the final price will only be determined after the respective market(s) close for the day.

Potential Risks of Hedge Funds or Alternative Funds - These funds differ from traditional unit trusts in that they can undertake more risky investment strategies than traditional fund managers e.g. they may borrow to invest which can magnify potential losses.

Potential Risks of Derivatives (if applicable) - Unit trusts which invest in derivatives may have higher volatility. An investment in derivatives may result in losses that are greater than the principal amount invested. Derivatives are also subject to a number of risks including but not limited to liquidity, interest rate, market, counterparty and credit risk. It is important that you fully understand the nature and risk exposure before investing in derivatives.

Fees and Expenses

Sales Charge - Deducted from the subscription amount and paid to the distributor.

Switching Charge - Allowed only if changing between funds under the same fund umbrella*.

Management Fees - This is typically charged to the fund for the services of the investment manager.

Tax - You may be subject to taxation according to the laws and regulations applicable to you or the unit trust/ funds, and you shall remain responsible for any such taxation. The Bank does not provide tax advice to any investor or prospective investor.

Cancellation

For unit trust constituted in Singapore and not listed on a securities exchange, you have the right to cancel your trade order within seven (7) calendar days from the date of subscription without incurring any cancellation charges but any price difference incurred between your purchase price and selling price will be borne by you (if applicable).

Disclaimer

This document does not constitute an offer, recommendation or solicitation of an offer to enter into a transaction or adopt any hedging, trading or investment strategy. It has not been prepared for any particular person or class of persons and does not constitute and should not be construed as investment advice nor an investment recommendation. It has been prepared without regards to the specific investment objectives, financial situation or particular needs of any person. You should seek advice from a financial adviser on the suitability of an investment for you, taking into account these factors before making a commitment to invest in an investment. Investment products are not deposits and each of the investment products mentioned does not qualify as an insured deposit under the Singapore Deposit Insurance and Policy Owners' Protection Schemes Act 2011.

Wealth
Management

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Diversify your investments with Unit Trusts



Why invest in a Unit Trust?



Professionally managed

Managing your investments takes time and effort, especially in the ever-changing global financial markets.

Unit trusts can make investing more convenient.

They are managed by fund managers who are equipped with deep expertise, experience and resources to make investment decisions according to the fund's investment strategy.



Achieve diversification instantly and affordably

While diversifying your investments is important, individual investors sometimes face the challenge of high investment amounts when trying to do so across multiple asset classes.

Unit trusts invest money pooled together from multiple investors. Thus, each investor can achieve diversification with lower investment amounts.

From as low as SGD\$1,000, you can buy a unit trust which invests across various asset classes, geographies and strategies*.



A wide range of solutions to meet your investment needs

Different investors have different goals. While some may prefer conservative strategies, others may seek more aggressive strategies that take on more risk with the aim of potentially larger returns. Unit trusts offer a wide array of strategies that can cater to different investors, allowing them to achieve their personal financial goals*.

Types of Unit Trusts available



Fixed Income (Bond) Funds

Typically invests in debt instruments such as government bonds or corporate bonds that aim to provide a regular rate of return.



Equity (Stock) Funds

Consisting mainly of stocks, equity funds generally carry a higher investment risk due to their aim of achieving capital growth.



Balanced / Multi-asset Funds

Generally investing in a mix of equity and fixed income securities, these funds can offer investors instant diversification across asset classes and a balanced approach to investing.



Alternative Funds

Offers greater portfolio diversification through the use of sophisticated investment instruments. As these strategies are complex in nature, they are only available to customers within our high-value client segments.

Speak to our relationship managers today to find out more about investing through unit trusts.

Frequently Asked Questions

How do I start investing in Unit Trusts?

Invest through our online unit trusts platform for greater convenience, anytime and anywhere. You can apply for online unit trusts at sc.com/sg/onlineut

Alternatively, speak to our relationship managers at any of our branches or Priority Banking centres.

How do I choose the right Unit Trust for myself?

If you are new to unit trusts, speak to our relationship managers who will help you identify your investment risk appetite and goals. Suitable unit trusts can be recommended based on your investment profile.

You can also browse our extensive range of unit trusts online at sc.com/sg/onlineut

Is investing in Unit Trusts risky*?

As with any investment, there will be associated investment risks involved, depending on the type of investment you choose. There is a possibility that you may lose part or all of the amount you have invested*.

You may refer to the back of the brochure to familiarise yourself with the risks of investing in unit trust. You can also speak to our relationship managers to find out how investing in unit trusts can benefit your portfolio.

How much do I need to invest in a Unit Trust?

The minimum investment amount for unit trusts varies. Most of them require a minimum investment of only S\$1,000*, with subsequent amounts from as low as S\$100. Investments can be made using cash, CPF or SRS monies.

If you wish to invest in a systematic and disciplined way, our relationship managers will be able to help you set up a regular investment savings plan.

What are the charges for investing in Unit Trusts?

A sales commission is charged for each of your investments. Investors also pay an annual management fee and other associated expenses in the administration of the unit trust*.

Do Unit Trusts pay out dividends to provide me with regular income?

Yes, some unit trusts allow you to select certain share classes that pay out regular distributions as determined by the investment manager*.

Please refer to the back of the brochure for further information on risks and fees associated with unit trusts.