

Chapter 5

FEES, CHARGES AND EXPENSES

5.01 A prospectus must disclose and explain the cost of investing in the fund.

Charges

5.02 A prospectus must include a description of the charges directly incurred by investors when purchasing or redeeming units of the fund, including:

- (a) The maximum rate or amount of charges imposed by each distribution channel;
- (b) Basis on which the charges are calculated; and
- (c) Illustration on how the charges are calculated.

5.03 Policy on rounding adjustment adopted must also be disclosed.

Fees

- 5.04 A prospectus must describe the fees indirectly incurred by investors when investing in the fund which include, among others, management fee and trustee fee. The description must include the annual rate imposed.
- 5.05 A prospectus must also describe any other fee that may be imposed.

Expenses

- 5.06 There must be a list of expenses incurred or to be incurred by the fund (e.g. commission paid to brokers, auditors fee, valuation fee, taxes, custodial charges, etc.) in the prospectus.

Others

- 5.07 A prospectus must disclose the management company's policy on rebates and soft commissions.
- 5.08 The following statement must appear under this section:

"There are fees and charges involved and investors are advised to consider them before investing in the fund."