

Chapter 21

APPLICATION FORM

- 21.01 An application form must be identifiable with the prospectus and warn investors against signing the form without having read and understood the prospectus.
- 21.02 Accordingly, an application form must contain the following:
- (a) A statement that in accordance with the requirements of the CMSA, the application form should not be circulated unless accompanied by the prospectus;
 - (b) A statement that investors should read the prospectus before completing the application form; and
 - (c) Acknowledgement by an investor that he is aware of the fees and charges that he will incur directly or indirectly when investing in the fund.
- 21.03 A unit trust loan financing risk disclosure statement, where applicable, must also form part of the application form. The contents of the statement must be as follows:

Investing in a Unit Trust Fund with Borrowed Money Is More Risky than Investing with Your Own Savings

You should assess if loan financing is suitable for you in light of your objectives, attitude to risk and financial circumstances. You should be aware of the risks, which would include the following:

1. The higher the margin of financing (that is, the amount of money you borrow for every ringgit of your own money which you put in as deposit or down payment), the greater the loss or gain on your investment.
2. You should assess whether you have the ability to service the repayments on the proposed loan. If your loan is a variable rate loan, and if interest rates rise, your total repayment amount will be increased.
3. If unit prices fall beyond a certain level, you may be asked to provide additional acceptable collateral (where units are used as collateral) or pay additional amounts on top of your normal instalments. If you fail to comply within the time prescribed, your units may be sold towards the settlement of your loan.
4. Returns on unit trusts are not guaranteed and may not be earned evenly over time. This means that there may be some years where returns are high and other years where losses are experienced.

Whether you eventually realise a gain or loss may be affected by the timing of the sale of your units. The value of units may fall just when you want your money back even though the investment may have done well in the past.

This brief statement cannot disclose all the risks and other aspects of loan financing. You should therefore carefully study the terms and conditions before you decide to take a loan. If you are in doubt about any aspect of this risk disclosure statement or the terms of the loan financing, you should consult the institution offering the loan.

Acknowledgement of Receipt of Risk Disclosure Statement

I acknowledge that I have received a copy of this Unit Trust Loan Financing Risk Disclosure Statement and understand its contents.

Signature: _____

Full name: _____

Date: _____