NEWS

You can shop for unit trusts online soon

By Celine Tan

Things seem to be heating up on the online unit trust front. Last year, we reported on the emergence of two major players, Tune Money Capital Sdn Bhd, a wholly-owned subsidiary of Tune Money Sdn Bhd, and iFast Capital Sdn Bhd, a joint venture between OSK Investment Bank and iFAST Corp Pte Ltd. However, since then, unit trust investors — eager to invest in funds with lower entry fees and monitor their investments online — have been kept waiting.

That should change in the next few months. Tune Money, which received its fund management licence from the Securities Commission earlier this year, is scheduled to launch four funds within the next six months. According to its CEO, Tengku Zafrul Aziz, Tune Money is awaiting the approval of licences to conduct online transactions and activities before it can officially launch its products. Service fees for the funds, which include upfront and management fees, are expected to be low, but details are dependent on the product approval by the Securities Commission.

Meanwhile, iFast Capital, a holder of the Capital Market Services Licence for Investment Advice, is expected to launch the Fundsupermart online transaction platform by early September. iFast's platform will enable investors to make their own investments directly, probably at a cost lower than the current full-service fees of 5% to 7%. Service charges for funds to be offered online from one fund house are as low as 2%, says a source. "As investors would be using the platform without financial intermediaries, you would need to make your own decisions," says K P Bose, a licensed financial planner with Standard Financial Planner Sdn Bhd.

Sources say that close to 100 funds are expected to be made available when the website is launched, and fund companies that will distribute funds online include TA Investment Management Bhd and OSK-UOB Unit Trust Management Bhd. An industry player says he expects more than half of the fund houses in the market to distribute some, if not all, of their funds through the online platform.

As the Internet is still a relatively untested channel in the country, fund houses with productive agency forces are stepping cautiously as they risk alienating their agents if they offer the same funds at a lower distribution cost through alternative channels. Gary Gan, general manager, business development & marketing, at Pacific Mutual Fund Bhd, says the company would first observe how other players adapt to the new channel of distribution. Yeoh Kim Hong, CEO of Public Mutual Bhd, says it is developing its own online platform and has no plans to join i-Fast at the moment. CEOs of Apex Investment Services Bhd and Pheim Unit Trust Bhd, Tan Keah Huat and Phua Lee Kerk, say they are in the midst of reviewing the proposals. Danny Wong, CEO of Areca Capital Sdn Bhd, signals keen interest, but adds that "the fees are unlikely to be reduced given that ours are already low".

Meanwhile, financial planners looking to tap into iFast as a financial adviser platform may face a roadblock — the Corporate Unit Trust Adviser (Cuta) licence appears to be a requirement. "The financial planning associations are verifying this issue with the regulator, and hence, it currently remains a grey area," says Bose. Alfred Sek, CEO of Standard Financial Planner, the only firm holding the Cuta licence, says it would adopt a "wait and see" approach before committing to iFast. ■