

A tailor-made solution for retirement

BY AHMED MUZNI MOHAMMED

M **AYBANK ASSET MANAGEMENT** started off 2023 with the launch of a new unit trust fund, the Maybank Global Wealth Conservative-I, to help Malaysians better save and invest for their retirement.

What is unique about the fund is that it aims to consistently distribute 7% income per year to investors based on the net asset value (NAV). This would provide a lot more convenience for them to plan their personal finances, in particular for retirement.

The fund targets to consistently distribute income to investors at a fixed rate each year as it is a fund under the decumulation share class, which is allowed to pay incomes out of investment returns and investors' capital.

For instance, when the fund makes a 5% return in a good year, it would pay investors an income of 7%, consisting of 5% investment return and 2% being paid out of the investors' capital.

If the market rallies and the fund makes 8% in a specific year, it would then pay investors 7% income, fully derived from its investment returns without touching investors' capital. The remaining 1% of return would be reinvested into the fund.

What if the market falls and the fund underperforms? The fund would pay out more or less of the 7% income from investors' capital, and keep the remaining funds in search of better investment opportunities in the global markets.

All in all, the fund aims to generate

5% per annum to investors. It is also worth noting that the income paid out of the Maybank Global Wealth Conservative-I would be fixed at 7% per annum in any circumstances.

For comparison, most other existing products in the market pay investors income sporadically at different rates, which makes it harder for them to plan their personal finances. This is because they can only distribute incomes out of investment returns, such as capital appreciation and dividend distribution of the bonds and equities they have invested in.

For further details, the fund is a mixed asset fund that invests in global equities, global sukuk and bonds.

Depending on the market and economic outlook, the Maybank Global Wealth Conservative-I invests up to 10% to 60% in global equities, 20% to 70% in global sukuk and 0% to 20% in gold. Such a flexible asset allocation approach allows it to navigate through and ride market swings for better returns.

The minimum investment amount of the fund is RM1,000

with a minimum top-up amount of RM100. It also comes with a sales charge of up to 5% and an annual management fee of 1.8%.

Another key selling point of the fund is flexibility, which means it does not come with any lock-up periods that restrict investors from withdrawing any amount of money from the fund. They can withdraw their money from the fund with no penalty charges in an emergency.

The Maybank Global Wealth Conservative-I is one of the three investment products under Maybank Flexible Retirement Solution (MFRS).

The other two funds, which were launched last year, are the Maybank Global Wealth Moderate-I and Maybank Global Wealth Growth-I. The Maybank Global Wealth Moderate-I Fund has accumulation and distribution classes while the Maybank Global Wealth Growth-I Fund has an accumulation share class. Any returns from the accumulation class would be reinvested into the fund so that investors can benefit from long-term capital appreciation.

The three funds aim to complement each other and provide a full solution for investors to save and invest for their retirement. Imagine Nur, a young lady and a marketing manager at a local firm.

Upon securing her first job, Nur is advised to invest in the Maybank Global Wealth Growth-I Fund as she wants to grow her smaller pool of money faster by taking on higher investment risk. She knows she has several years ahead to ride through market cycles and gain better returns.

However, when she gets married with a housing loan to repay in each month, Nur switches her investment funds into the Maybank Global Wealth Moderate-I Fund as her needs have





	Maybank Global Wealth Conservative-I	Maybank Global Wealth Moderate-I	Maybank Global Wealth Growth-I
Target Return (p.a)	5.0%	6.0%	8.0%
Benchmark	12m Maybank Islamic FD + 2%	12m Maybank Islamic FD + 3%	12m Maybank Islamic FD + 5%
Expected Income Distribution (p.a)	7%*	2.0% - 2.5%	N/A
Share Class	MYR (H) – Decumulation Class USD – Decumulation Class	MYR (H) – Accumulation Class MYR (H) – Distribution Class USD – Accumulation Class USD – Distribution Class	MYR (H) – Accumulation Class USD – Accumulation Class

Source: Maybank Asset Management; Schroders.

^ There is no guarantee that respective Funds will achieve their investment objective

* Distribution generated from yield and/or capital for decumulation class

Fund	Risk Profile	Share Class
Maybank Global Wealth Moderate-I Fund	Moderate	Accumulation For investors with relatively lower risk appetite, looking for long term capital appreciation
Maybank Global Wealth Growth-I Fund	Growth	Accumulation For investors with relatively higher risk appetite, looking for long term capital appreciation
Maybank Global Wealth Conservative-I Fund	Conservative	Decumulation For investors with relatively lower risk appetite, looking for higher income payouts, by drawing down capital to convert assets to income in a systematic manner



changed. Instead of chasing for higher returns, she wants steadier returns with consistent incomes to pay her mortgage and other bills.

Then, there comes a time when Nur gives birth to a child and quits her job to become a full-time mother. With a child to support, Nur wants to make sure her capital is protected in exchange for low returns, but still higher than fixed deposits. She then moves her funds from the moderate to conservative portfolio, which is the Maybank Global Wealth Conservative-I Fund.

On a later date, Nur might want to start a business and grow her income more aggressively. She can then switch her funds into the

moderate portfolio again. Or when she retires, she can invest her money in the conservative portfolio that focuses more on capital protection and fixed income distribution.

It goes without saying that saving and investing for retirement is critical for Malaysians, especially when many of them have withdrawn a rather significant portion of their retirement savings from their Employees Provident Fund (EPF) account during the pandemic period of 2020 to 2021.

According to the EPF, 73% of its members had less than RM240,000 in their accounts in 2021, up from 64% the year before. The amount is the basic savings amount for

retirement as defined by the EPF.

Even so, RM240,000 might not be sufficient to sustain Malaysians throughout their retirement life due to inflation and a longer lifespan on average.

For instance, healthcare cost went up by 12% in 2021 from a year earlier, which means retirees seeking health and medical services were required to pay a lot more than before. Malaysians are also living longer with a life expectancy of 75.6 years in 2021, as compared to 63.6 years five decades ago.

Another lesson that Malaysians have learnt from the pandemic is to build up an extra portion of savings for retirement that is more flexible, so that they can use those funds for emergencies to put food on the table. It is partly due to such an idea that MFRS was launched.

The three funds under MFRS aim to supplement savers' existing retirement nest egg by providing them with the flexibility to meet their retirement and other financial goals.

Investors who are interested in MFRS can find out more from www.maybank-am.com.my, or visit the nearest Maybank branch to speak to a relationship manager or personal finance adviser

Disclaimer: This article contains a brief description of the Funds and is not exhaustive. Investors are advised to request, read and understand the Prospectus before deciding to invest. The Prospectus for Maybank Global Wealth Conservative-I Fund dated 13 February 2023, Maybank Global Wealth Moderate-I Fund and Maybank Global Wealth Growth-I Fund dated 15 February 2022, and their supplementaries if any ("Prospectuses") have been lodged with the Securities Commission Malaysia ("SC"), who takes no responsibility for its contents. Copies of the Prospectuses can be obtained at our office or at our distributor's branches. Investors are again advised to read and understand the content of the Prospectuses before investing. Among others, investors should consider the fees and charges involved. The price of units and distribution made payable, if any, may go down as well as up. The past performance of the Funds should not be taken as indicative of future performance.

SC's approval or authorisation, or the registration, lodgement or submission of the Prospectuses does not amount to nor indicate that the SC has recommended or endorsed the Funds or the advertisement, nor reviewed this article.