

Plan to raise ETF awareness among investors

I-VCAP, Management Sdn Bhd wants to raise awareness about exchange traded fund (ETF) among local investors.

It will focus its investor awareness programmes to both institutional and retail investors.

"Our plan is to go directly to potential investors and inform them about the benefits of ETF.

"We will also participate in forums and seminars to share our views," i-VCAP chief executive officer Zainal Izlan Zainal Abidin said in an interview.

The benefits of ETF are similar to that of conventional unit trusts, except for the generally lower upfront and management fees for ETF, and the method of investment, which is not through agents.

Zainal Izlan attributed the lack of awareness among Malaysians about ETF to the relatively new existence of the product and the small number of ETFs available in the market.

"There are currently only three ETFs in the country. If we introduce more ETFs in the market, investors will likely notice them," he said, adding that ETFs are more popular in the US and several European countries.

In 2006, five out of 10 most actively traded counters on the US stock exchange were ETFs.

Besides i-VCAP's MyETF Dow Jones Islamic Market Malaysia Titans 25 (MyETF-DJIM25) fund, the other two ETFs listed on Bursa Malaysia are the ABF Malaysia Bond Index Fund, which was listed in July 2005, and the FTSE Bursa Malaysia Large 30 Index ETF, listed in July 2007.

Globally, ETF is one of investment products that is gaining popularity.

As at March 31 this year, the total value of ETFs globally stood at US\$633 billion (US\$1 = RM3.50).

"There are more than 1,600 ETFs globally, of which only about 10 are syariah-compliant. As such, the potential (for growth) in syariah ETFs is tremendous," he said.

On the market-making framework for ETFs announced by Bursa Malaysia recently, he said indirectly the framework helps towards enhancing investor awareness in the long term.