
Mahathir: Beware of schemes with hefty returns

STAR 27 APR 2002

By ANTHONY TAN

ALOR STAR: The Prime Minister cautioned the people to be wary of investment schemes that promised hefty returns.

Datuk Seri Dr Mahathir Mohamad said yesterday there were even schemes which guaranteed 100% returns or more.

"There are no investments which can give such high returns. If there is anyone who guaranteed such high returns, their aim is to cheat," he said when closing the 'Malaysia Unit Trust Week 2002 here.

He said it was better to invest in unit trusts that give

reasonable returns, but were less risky.

Dr Mahathir, however, said unit trusts were like other businesses which could turn investments into profits or losses. It was unrealistic for investors to only want profits and consider losses as something that could never happen, he added.

Dr Mahathir said share prices fall during an economic recession. "As a result, investment in unit trusts can also sustain losses, major losses."

He said keeping money without investing it was also a toss as the money would depreciate with inflation.

That is why, he said, money

kept with the Tabung Haji and contributed to the Employees Provident Fund was invested.

Dr Mahathir said the size of the fund approved for the unit trust industry had grown from 55.5 billion units in Dec 31, 1997 to 110 billion units at the end of last year.

He said the net asset value of the unit trust industry was RM47.3bil at the end of last year, equivalent to 10.2% of the Kuala Lumpur Stock Exchange (KLSE) capital.

On Permodalan Nasional Bhd, he said PNB had proven its ability to give good returns by giving out more than RM35bil in profits to holders of unit trusts it managed.