



FundSuperMart (FSM) recently introduced a “ [Platform Fee](#) ”, which is effectively a wrap fee, on its customers. However, other fund distributors are not following suit.

Instead, distributors such as PhillipCapital appear to be actively targeting FSM’s existing clients by running the below print advertisement: “***NO platform fees, NO transfer costs, Enjoy 0.75% sales charge on all equities funds till 30 Jun 2010***”.

The exception to the free transfer promotion applies to Pinebridge (former AIG) funds.

DollarDEX has also stated explicitly on its website that it has “no equivalent platform fees and no plans to introduce any”. It has an on-going policy of offering 1% sales charge permanently to clients and does not currently impose a transfer fee.

Trailer Fees the Motive

Yet, why would other fund distributors have an incentive to attract investors to transfer their funds? The answer lies in trailer fees, which are annual service fee that the manager of a unit

trust pays to the person who sold the fund (or acted as the adviser) to the investor.

With such a competitive fund distribution landscape, it would be most interesting to see if FSM would soon backtrack from its decision to introduce a wrap fee.

Note: It is this website's policy to not promote or provide links to the websites of fund distributors or financial institutions. The relevant sites can be found via a search engine.

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