

Taiwan

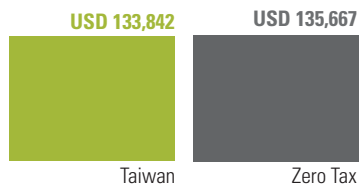
Overall Grade

A-

Area	Grade
Regulation and Taxation	C+
Disclosure	A
Fees and Expenses	D+
Sales and Media	A-

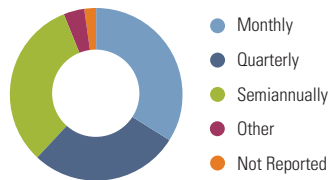
Regulation and Taxation

Growth of USD 100,000



Disclosure

Portfolio Holdings Disclosure Frequency %



Average Portfolio Release Lag (Days) 24

Fees and Expenses

Asset-Weighted Median Expense Ratios

Domiciled	% Available for Sale	%
Fixed-Income	1.36	Fixed-Income 1.46
Equity	1.76	Equity 1.83
Allocation	1.33	Allocation 1.67
Money Market	0.20	Money Market 0.21

Sales and Media

Funds Reporting Front Loads % 95

Taiwan's overall grade is an above-average A-. Taiwan has excellent taxation policies and generally beneficial disclosure requirements and sales and media practices. Taiwan's overall grade is brought down by high fund costs.

Taiwan's regulations are good, but taxation is where the country really shines. Taiwan has one of the most favorable tax policies in the survey. There are no taxes on capital gains, and there are tax incentives for investing in the public pension fund, although these incentives are not available for ordinary mutual funds. Taiwan keeps up with the rest of the world in terms of regulations but rarely exceeds the norm. Sanctions on individual funds are usually disclosed publicly, and foreign funds are made easily available to investors. Taiwan does go beyond the norm by banning soft-dollar arrangements altogether, even though most countries allow soft-dollar arrangements as long as they are used toward research.

Taiwan's disclosure is slightly better than that of most other countries, but requiring quarterly disclosure of full portfolio holdings brings it up a notch. Funds also disclose manager name and tenure information, which puts Taiwan above many countries in this report. Taiwan's simplified prospectus is concise at four pages or less. The simplified prospectus also contains key information such as a historic expense ratio and a section clearly explaining the strategy and objective of the fund. Despite these positives, Taiwan could still improve by requiring shareholder reports to be updated semiannually (as is the norm within this report) rather than annually.

Taiwan scores below average for Fees and Expenses. Fees for funds available for sale to investors in Taiwan are among the highest in the survey. It is difficult for investors in Taiwan to invest in funds without loads or trailing commissions, in fact Taiwan has the highest reported instance of front loads on funds in this study. Certain fund types are allowed to charge an asymmetrical performance fee wherein higher fees for outperformance are not offset by a similar fee reduction for underperformance.

Sales practices in Taiwan have a number of important pillars in place. Directed brokerage, or sending trade transactions to a specific firm in exchange for directed trades, is prohibited in Taiwan for the benefit of the investor. Likewise, advisors are no longer allowed to have accelerating volume bonuses (sales contests). More than 80% of funds are sold through an open-architecture system, and the variety of distribution channels is helpful for the investor. The media in Taiwan is average, somewhat promoting long-term investing and sometimes noting fund costs when they are high.