

Message from the Chairman



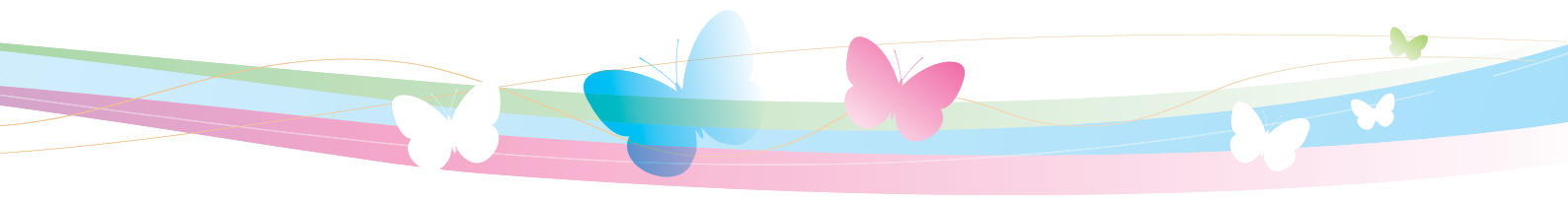
size returned to NTD1.9750 trillion while off-shore fund returned to NTD2.0 trillion from its record low of NTD1.0 trillion in 2008.

Looking forward, besides the joy of a stronger SITE and SICE industry that survived the financial crisis, we also hope that our members can gain a firm footing and develop the current cross-strait opportunity to strengthen international exchange, improving competitiveness, and facing future challenges.

Grasp cross-strait opportunities and expand asset management business

Limited by the size of the domestic market, the asset management size of the SITE and SICE industry has almost ceased growing in recent years. Fortunately, under the government's progressive cross-strait policies, the huge Mainland China market has brought a ray of hope to the domestic businesses. For that, the SITCA was active in promoting the interaction between the cross-strait businesses to find cooperative opportunities through regular visits to and from Beijing and Shanghai. However, we have realized that although the opportunities are great, there are many challenges, from the inconsistency in regulations governing cross-strait fund products, the difference between the asset size of the companies and level of deregulation to recognition of cross-strait financial qualifications. These

The year 2009 was dramatic and full of challenges. From an economy that was in despair, confidence crisis and the stimulus plans by governments to save the economy, to the quick rebound in the stock markets and a recovering economy, we have seen the vast changes in the financial market. What is comforting is that under such difficult conditions, our members were all able to survive this rare financial crisis. Moreover, when investors panicked during the crisis, we strived towards the right path and continued our efforts in education and promotion to regain the confidence of customers in the SITE and SICE industry. Since then, the onshore fund size has gradually recovered since the beginning of the year, and by the end of December, onshore fund



challenges do not only test the determination and wisdom of the SITEs and SICEs when entering the China market, but also becoming the most important work for SITCA. In the new year, besides continuing to lobby cross-strait authorities for further deregulation, the SITCA will also continue to fulfill its responsibility as the bridge of communication hoping to deepen the understanding between the cross-strait fund industry in legal structures, operating conditions and market to assist the businesses in obtaining cross-strait development opportunities and expand their asset management business.

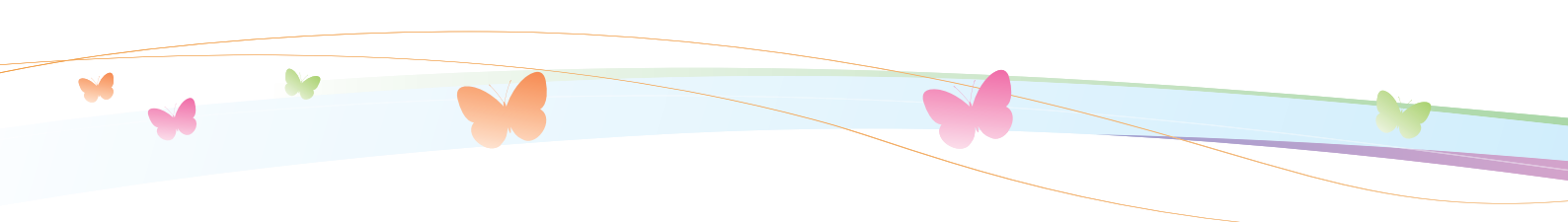
Strengthening international exchange, improve members' competitiveness

In July 2009, the regulator approved the first futures fund, and in August, the market issued the first feeder fund tracking the broad-based CSI 300 Index measures the financial performance of companies across all major industries in China. The diversification of the products on the market is something we are happy to see, and it helps to liven the market and inject energy into the industry, but at the same time, the strengthening of product innovation and improvement in quality of talents is an issue that can't be delayed. In order to improve our members' competitiveness and their international perspective, the SITCA has continued to engage in experience exchanges

with international asset management institutions, associations from other countries, and related institutions. Furthermore, international symposiums with international finance companies on industry development trends, product innovation and pension structures were organized by the Association. Additionally, in order to learn and observe the reform in other capitalistic markets, SITCA, after visiting Hong Kong and China, is planning to visit Korea in 2010, to gather the valuable experience on improving industry competitiveness to assist the members in gaining competitive advantage in the inevitable globalization through developing innovative products and developing professional talents.

Promote the right investment principles, and promote the labour-choice product platform

Besides assisting the members to develop cross-strait opportunities, enhance international exchange, and leading them to globalization, the SITCA will also continue to promote the correct investment principles to domestic investors that include hosting fund exhibition, country-wide seminars, and promotional events about the SITEs and SICEs to ultimately assist in the growth of the sector. Additionally, the labour-choice product platform that SITCA and the Pension Fund Association of ROC jointly pro-



moted for many years was finally included on the agenda of 「the Supervisory Committee Managing Retirement, Compensation, Resignation and Severance Matters for Private School Teachers and Staff」. In the future, besides actively assisting its development, the SITCA will continue recommending a hybrid of public and private sector investment. Other than the guaranteed fund by the government, for self-selective labors ,private fund products would be available as additional investment vehicles, ultimately satisfying their different retirement needs.

Since taking office as Chairman, I have set two major goals, “assisting industry upgrade to the scope of asset management ” and “integrating with international practice to position as the expert of asset management in Asia ”. What is worth celebrating is that in my last year in office, we finally saw the breakthrough in cross-strait deregulation. From signing the MOU to deregulating China QDII investing in Taiwan , China fund companies all show their willingness to cooperate with domestic businesses in developing offshore products and consulting cross-strait investment . I sincerely hope that within my remaining period in office, I would have the opportunity to lead our members to take on the opportunities and challenges after the cross-strait deregulation, include striving to obtain the QDII con-

sultant status, QFII quota and the deregulation of cross-strait fund sales.

The pursuit of growth is a never-ending process; I would like to extend my gratitude to the members' dedication and endeavor in the development of the SITE and SICE industry as well as your support to SITCA. Similarly, I hope we would continue our passion and work hand-in-hand to pursue the next milestone in the industry.

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