

# Annual Management Report of Fund Performance

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## Global Iman Fund

December 31, 2017



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This annual management report of fund performance contains financial highlights, but does not contain annual or interim financial statements of the investment fund. You can get a copy of the annual or interim financial statements at your request, and at no cost, by calling 1-866-680-4734, by writing to us at 100 Mural Street, Suite 201, Richmond Hill, Ontario, L4B 1J3 or by visiting our website at [www.globalgrowth.ca](http://www.globalgrowth.ca) or SEDAR at [www.sedar.com](http://www.sedar.com). Security holders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

#### **A Note on Forward-looking Statements**

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

*Global Growth Assets Inc. ("GGAI" or the "Fund Manager") has retained the services of UBS Investment Management Canada Inc. to act as the portfolio advisor (the "Portfolio Advisor") for the Fund.*

*The views of the Portfolio Advisor contained in this report are as of December 31, 2017 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date.*

### Investment Objective and Strategies

The fundamental investment objective of the Fund is to provide investors with long-term growth by investing primarily in a diversified portfolio of global equities that are in accordance with Islamic investment principles.

To achieve its goal, the Fund invests primarily in equity securities of publically traded companies from around the world. These companies must pass numerous ethical and financial screening procedures before being eligible for investment by the Fund. The Fund may utilize other types of securities deemed to be in compliance with Islamic investment principles.

The Fund's Portfolio Advisor will be actively managing all securities in the portfolio. From among the companies that are eligible for investment by the Fund, the Portfolio Advisor, selects securities of global issuers in various industry sectors considered to: (a) represent good value in relation to the market price of the issuer's securities; (b) have experienced and capable senior management; (c) offer potential for future growth; and (d) are otherwise in compliance with Canadian securities laws regulating mutual fund investments.

### Risk

The Fund Manager has implemented the new Investment Risk Classification Methodology recently mandated by the Canadian Securities Administrators, which is used to determine the investment risk level of the Fund. The investment risk level of the Fund has changed from Medium to Low-to-Medium as a result of the implementation. There were no significant changes to the investment objective and strategies of the Fund that would affect the Fund's overall level of risk. The risks of investing in the Fund remain as discussed in the most recent simplified prospectus. As this is an equity fund, investors should have the ability to invest for the medium to long term and be able to accept fluctuations in the market value of the securities.

### Results of Operations

The global expansionary economic cycle remained firm, with most developed economies experiencing stronger growth in 2017. Globally, the growth data surprised positively during the final quarter of the year as better domestic demand was supported by improving consumer fundamentals, with labor markets close to full employment in most major economies. Furthermore, equity markets appear to have remained relatively immune to political risks, as evidenced by their strong performance in the fourth quarter. Canadian equities, on the other hand, have significantly underperformed global equities in 2017, in large part due to the steep decline in oil prices in the first half of 2017.

For 2017, the Fund's Series A returned 12.90% while Series F returned 14.15% versus a return of 17.00% for the Dow Jones Islamic Market Titans 100 Index ("IMXL") and 18.50% for the Dow Jones Sustainability World Index ("DJSWI"). The return of each index takes into account

currency adjustment and assumes reinvestment of gross dividends into the index. The returns of the Benchmark indices however do not include any costs of investing.

Notable changes to the portfolio included the following:

- Sold Coca Cola and bought PepsiCo Inc. which has a more attractive risk/return profile within the sector;
- Sold Industria de Diseno Textil, Novartis, FANUC and Monsanto to reduce the number of companies in the portfolio and move into other stocks with a more attractive risk/return profile;
- Sold Qualcomm as it continued to face headwinds in its key technology licensing segment and legal risks from Apple's lawsuit and Federal Trade Commission investigations;
- Sold United Parcel Service after weak fourth quarter in 2016 and lower than expected fiscal year 2017 guidance due to shifts in its business strategy;
- Sold Thermo Fisher as UBS Investment Bank discontinued coverage of the company;
- Sold Singapore Telecom as it was removed from the Sharia investment universe and purchased positions in Eli Lilly, one of the world's largest pharmaceutical company;
- Bought Medtronic a global medical technology, services and solutions company with strong fundamentals and solid sales growth outlook driven by a robust product pipeline;
- Bought Starbucks due to continued disciplined expansion of its global store base
- Bought 3M, one of the highest quality industrial companies with a more defensive business model; and
- Bought Texas Instruments and Pfizer due to improving fundamentals in a volatile market environment.

As of December 31, 2017, Net assets attributable to holders of redeemable units in the Fund were \$46 million which is an increase of \$11 million compared to December 31, 2016. The Fund incurred total expenses of approximately \$1.65 million of which Fund Manager has absorbed \$372,601 as disclosed in the Statement of Income and Comprehensive Income. The management expense ratio ("MER") for Series A during the fiscal year was 2.81% (Series F – 1.69%). The MER for Series A unit holders before waivers or absorptions was 3.70% (Series F – 2.57%). The Fund Manager intends to continue to reimburse the Fund until the Fund grows its net asset to a level which will absorb the expenses but still result in competitive Management Expense Ratios.

### Recent Developments

The Fund's Portfolio Advisor expects global GDP to grow to 3.9% in 2018. Solid underlying companies' earnings growth is expected to continue to support equity markets. Within the U.S., the Fund's Portfolio Advisor expects the earnings growth outlook to remain healthy, driven by solid US consumer spending, secular growth drivers in technology stocks and a potential tax reform package that could provide a further boost to corporate profits. As such, further interest rate increases can be anticipated by the U.S. Federal Reserve Bank in 2018.

In the Eurozone, economic growth is expected to continue its strong trend. However the economy is expected to lose some momentum in the second half of 2018 as the result of possible rising inflation, which, combined with the potential anticipation of rising rates, may lead to a strengthening euro. Accordingly, the Fund's Portfolio Advisor anticipates the European Central Bank will end its quantitative easing ("QE") program in September 2018 and to start raising interest rates in 2019.

The Fund's Portfolio Advisor recommends an overweight to equities versus an underweight in investment grade bonds within its tactical asset allocation. Within equities, the Fund's Portfolio Advisor favors global equities, as it views the global business cycle being at a stage where

equity risk is more attractive than credit risk. The preferred sectors are energy, financials and technology. Energy is expected to benefit from the prospect of higher oil prices - stemming from robust demand and constrained supply. Financials are among the beneficiaries of an increase in nominal economic growth vis-a-vis higher U.S. interest rates and a rise in credit growth, while technology stocks have potential for above-

average earnings growth in the current market environment. In addition to global equities, the Fund's Portfolio Advisor is initiating an overweight position in emerging markets, as companies within emerging countries are the main beneficiaries of strong global growth which can lead to favorable earnings.

### **Related Party Transactions**

The Fund paid \$1,114,101 (HST included) in management fees to the Fund Manager for the year ended December 31, 2017.

Expenses, other than management fees, are expenses incurred for the Fund's operations. During the year, the Fund Manager absorbed \$372,601 of the Fund's expenses as disclosed in the Statement of Income and Comprehensive Income.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for each of the past five years or, if shorter, the periods since inception. The information in the tables below is for the period from January 1 to December 31 of each year or the inception date to December 31 in the inception period, unless otherwise indicated.

### The Fund's Net Assets per Unit<sup>1</sup> (\$)

SERIES A	December	December	December	December	December
	2017 (IFRS)	2016 (IFRS)	2015 (IFRS)	2014 (IFRS)	2013 (CGAAP)
Net Assets Beginning of Year	\$17.83	\$18.21	\$16.03	\$14.37	10.99
<b>Increase (Decrease) from Operations</b>					
Total Revenue	0.42	0.41	0.37	0.28	0.27
Total Expenses	(0.59)	(0.58)	(0.50)	(0.43)	(0.36)
Realized Gains (Losses)	0.74	0.57	1.27	0.61	0.47
Unrealized appreciation (depreciation)	1.65	(0.27)	1.85	1.30	3.09
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>2.22</b>	<b>0.13</b>	<b>2.99</b>	<b>1.75</b>	<b>3.47</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	(0.09)
From dividends	-	-	-	-	-
From capital gains	(0.44)	(0.37)	(0.89)	(0.10)	-
Return of capital					-
<b>Total Annual Distributions<sup>3</sup></b>	<b>(0.44)</b>	<b>(0.37)</b>	<b>(0.89)</b>	<b>(0.10)</b>	<b>(0.09)</b>
<b>Net assets, end of period</b>	<b>\$19.69</b>	<b>\$17.83</b>	<b>\$18.21</b>	<b>\$16.03</b>	<b>\$14.37</b>

SERIES F	December	December	December	December	December
	2017 (IFRS)	2016 (IFRS)	2015 (IFRS)	2014 (IFRS)	2013 (CGAAP)
Net Assets Beginning of Year	\$19.27	\$19.35	\$16.85	\$14.94	\$11.29
<b>Increase (Decrease) from Operations</b>					
Total Revenue	0.49	0.24	0.37	0.44	1.57
Total Expenses	(0.69)	(0.34)	(0.32)	(0.28)	(0.25)
Realized Gains (Losses)	0.86	0.34	1.27	0.99	2.78
Unrealized appreciation (depreciation)	1.94	(0.16)	1.85	0.85	0.07
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>2.60</b>	<b>0.08</b>	<b>3.17</b>	<b>2.00</b>	<b>4.17</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	(0.52)
From dividends	-	-	-	-	-
From capital gains	(0.48)	(0.40)	(0.95)	(0.11)	-
Return of capital					-
<b>Total Annual Distributions<sup>3</sup></b>	<b>(0.48)</b>	<b>(0.40)</b>	<b>(0.95)</b>	<b>(0.11)</b>	<b>(0.52)</b>
<b>Net assets, end of period</b>	<b>\$21.52</b>	<b>\$19.27</b>	<b>\$19.35</b>	<b>\$16.85</b>	<b>\$14.94</b>

- 1) This information is derived from the Fund's audited annual financial statements. As of 2014, the Fund adopted International Financial Reporting Standard (IFRS). Prior to fiscal year 2014, the Fund's financial statements were prepared under Canadian generally accepted accounting principles as defined in Part V of the Chartered Professional Accountants Canada Handbook (CGAAP).
- 2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
- 3) Distributions were either paid in cash or reinvested in additional units of the Fund, or both.
- 4) Series A inception date is March 6, 2009  
Series F inception date is October 28, 2010.

## Ratios and Supplemental Data

### SERIES A

	December 2017	December 2016	December 2015	December 2014	December 2013
Total net asset value (000's) <sup>1</sup>	\$ 40,740	\$ 30,291	\$ 26,316	\$ 16,918	\$ 11,612
Number of units outstanding	2,069,178	1,698,907	1,445,457	1,055,646	807,470
Management expense ratio (MER) <sup>2</sup>	2.81%	2.82%	2.81%	2.84%	2.85%
MER before waivers or absorptions	3.70%	3.72%	3.78%	4.00%	5.15%
Trading expense ratio <sup>3</sup>	0.03%	0.05%	0.04%	0.05%	0.03%
Portfolio turnover ratio <sup>4</sup>	31.74%	29.36%	61.10%	61.37%	32.80%

### SERIES F

	December 2017	December 2016	December 2015	December 2014	December 2013
Total net asset value (000's) <sup>1</sup>	\$ 5,228	\$ 4,685	\$ 5,707	\$ 4,201	\$ 825
Number of units outstanding	242,952	243,065	294,929	249,329	55,159
Management expense ratio (MER) <sup>2</sup>	1.69%	1.69%	1.69%	1.71%	1.79%
MER before waivers or absorptions	2.57%	2.60%	2.61%	3.50%	14.15%
Trading expense ratio <sup>3</sup>	0.03%	0.05%	0.04%	0.05%	0.03%
Portfolio turnover ratio <sup>4</sup>	31.74%	29.36%	61.10%	61.37%	32.80%

1 – This information is provided as at December 31 of the year shown, unless otherwise noted

2 - Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

3 - The trading expense ratio represents total transaction costs expressed as an annualized percentage of daily average net asset value during the period.

4 - The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

### Management Fees

The Fund Manager is responsible for the day-to-day management and administration of the Fund. The Fund Manager monitors and evaluates the performance of the Fund, pays for the investment management services provided by the portfolio advisor, dealer compensations (commission and trailer fees) and Independent Review Committee fees. It arranges for the other administrative services required to be provided to the Fund. As compensation for its services, the Fund Manager is entitled to receive a fee. Management fees paid by each series of the Fund are calculated at the applicable annual percentages, before HST, of the daily value of the net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Expenses Paid out of the Management fee (%)		
	Management Fees	Dealer Compensation	General Administration, Investment Advice and Profit
Series A	2.50%	38%	62%
Series F	1.50%	0%	100%

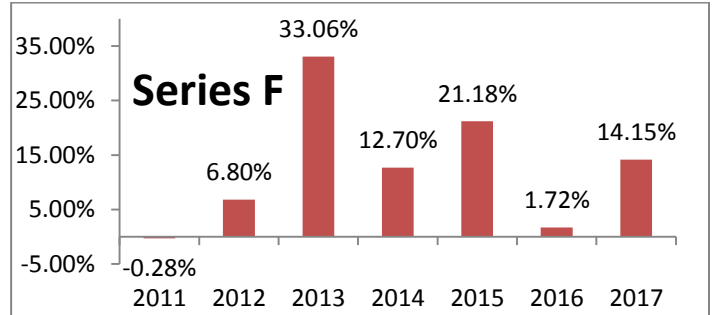
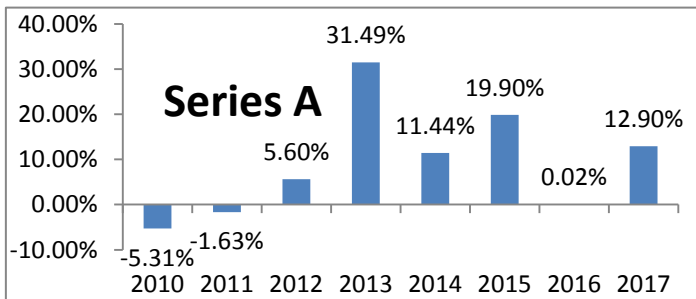
### PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not include account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance. For calculation purposes, the inception price for Series A is the NAV per share on the series inception date of March 6, 2009, the inception price for Series F is the NAV per share on the series inception date of October 28, 2010.

Past performance is not indicative of how the Fund may perform in the future.

### Year-by-Year Returns

The bar chart indicates the Fund's performance for each series of the Fund for each of the financial years shown. Annual return is the percentage change in the value of an investment from January to December 31, unless otherwise noted. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



### Annual Compound Returns

The tables that follow compare the historical annual compound returns for each series of the Fund with its benchmarks, the Dow Jones Sustainability World Index ("DJSWI") and the Dow Jones Islamic Market Titans 100 Index ("IMXL").

The DJSWI has been included in the current year as the Fund's broad-based index since it reflects the movement of the market more generally.

	Since Inception	Past 5 Years	Past 3 Years	Past Year
Series A	9.35%	14.89%	10.85%	12.90%
IMXL	14.60%	17.70%	13.00%	17.00%
DJSWI	14.20%	15.20%	12.10%	18.50%

	Since Inception	Past 5 Years	Past 3 Years	Past Year
Series F	12.97%	16.28%	12.23%	14.15%
IMXL	14.50%	17.70%	13.00%	17.00%
DJSWI	11.40%	15.20%	12.10%	18.50%

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See **Results of Operation** for a discussion of performance relative to the Benchmark indexes.

## Index Description

### Dow Jones Sustainability World Index

The DJSWI is composed of global sustainability leaders as identified by Robeco SAM through a corporate sustainability assessment. The index represents the top 10% of the largest 2,500 companies in the S&P Global BMI based on long-term economic, environmental and social criteria.

### Dow Jones Islamic Market Titans 100 Index

The IMXL reflects the price movements of the largest 100 blue chip stocks traded globally that pass rules-based screens for compliance with Islamic investment guidelines overseen by the Dow Jones Shari'ah Supervisory Board. The index returns are quoted in \$CAD terms and assumes reinvestment of gross dividends into the index.

## SUMMARY OF INVESTMENT PORTFOLIO

As of December 31, 2017

Top 25 Holdings Issuer	% of Net Asset Value
Apple Inc.	7.93%
Microsoft Corporation	7.66%
Alphabet Inc. Class C	6.38%
Tencent Holdings Ltd. ADR	6.04%
Johnson & Johnson	4.45%
Nestle SA	3.52%
Visa Inc. Class A	3.48%
Chevron Corporation	3.47%
Pfizer Inc.	3.27%
Cash	3.20%
3M Company	3.12%
Procter & Gamble Company	3.06%
Unilever PLC	3.03%
Roche Holding AG	2.96%
Texas Instruments Inc.	2.96%
PepsiCo Inc.	2.91%
ASML Holding NV	2.86%
McDonald's Corporation	2.84%
CVS Health Corporation	2.76%
SAP SE	2.46%
Nike Inc. Class B	2.37%
Sanofi SA	2.30%
Astrazeneca PLC	2.28%
Medtronic PLC	2.24%
Starbucks Corporation	2.22%
<b>TOTAL</b>	<b>89.77%</b>

Region	% of Net Asset Value
North America	68.1%
Europe	21.1%
Asia	7.6%
Cash	3.2%
<b>TOTAL PORTFOLIO</b>	<b>100.0%</b>

Sector	% of Net Asset Value
Information Technology	39.8%
Health Care	22.9%
Consumer Products	22.7%
Energy	5.1%
Cash	3.2%
Industrial Products	3.1%
Materials	1.7%
Telecommunication	1.5%
<b>TOTAL PORTFOLIO</b>	<b>100.0%</b>

\*All holdings in the Fund are long positions as at December 31, 2017

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at [www.globalgrowth.ca](http://www.globalgrowth.ca)