

# **ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

---

**GLOBAL IMAN FUND**  
**December 31, 2019**

This annual management report of fund performance contains financial highlights, but does not contain the complete annual or interim financial statements of the investment fund. You can get a copy of the annual 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 interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure

**GLOBAL IMAN FUND****A Note on Forward-looking Statements**

This report may contain forward-looking statements about the Global Iman Fund (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 REPORT 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, 2019 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**

There were no significant changes to the investment objective and strategies which would affect the Fund's overall level of risk during the reporting period. 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**

As of December 31, 2019, net assets attributable to holders of redeemable units in the Fund were \$73 million which is an increase of \$19.87 million compared to December 31, 2018. The Fund incurred total expenses of approximately \$2.28 million of which the Fund Manager has absorbed \$0.41 million as disclosed in the Statement of Income and Comprehensive. The management expense ratio ("MER") for Series A during the fiscal year was 2.82% (Series F - 1.69%). The MER for Series A unit holders before waivers or absorptions was 3.47% (Series F - 2.34%). The Fund Manager intends to continue to reimburse the Fund until the Fund grows its net assets to a level which will absorb the expenses but still result in competitive management expense ratios.

From a sector allocation perspective, the Fund's Portfolio Advisor, changed to an overweight position in Information Technology and Telecommunications (both

previously underweight as of December 31, 2018) while also shifting to an underweight position in Healthcare (previously overweight as of December 31, 2018). The Fund's Portfolio Advisor maintained its overweight position in the Consumer Discretionary, Consumer Staples, Industrials and Materials sectors.

From a regional perspective, the Fund's Portfolio Advisor most notable change was shifting to an underweight position in the United States (previously overweight as of December 31, 2018). The Fund's Portfolio Advisor maintained its overweight position with respect to China, Switzerland, Denmark and the Netherlands, while also maintaining its underweight position in Japan and the United Kingdom.

Significant changes to the Portfolio are as follows:

### **SELLS:**

Sold McDonald's Corp. McDonald's Corp was sold in January 2019 as there were other companies within the investment universe that featured a more attractive risk/reward profile.

Sold Celgene Corp. The company was sold in January 2019 due to underperformance. Over the previous twelve months Celgene's shares had underperformed the Dow Jones Islamic Market Titans 100 Index by -9.9%.

Sold BASF SE. The company was sold in January 2019 due to underperformance. Over the previous twelve months BASF's shares had underperformed the Dow Jones Islamic Market Titans 100 Index by -25.3% (in EUR).

Sold Takeda Pharmaceutical. The company was sold in May 2019 as it was no longer a member of the Dow Jones Islamic Market Titans 100 Index.

Sold EOG Resources Inc. The company was sold in April 2019 as it was no longer a member of the Dow Jones Islamic Market Titans 100 Index.

Sold AstraZeneca, as UBS Investment Bank issued a new sell rating on the company. Relative to the DJ Islamic Market Titans 100 Index as of April 23, 2019, the shares underperformed year-to-date by -12.9% (in USD) but outperformed over the last twelve months by +0.8% (in USD).

Sold Broadcom Inc. The company was sold in June 2019 as it was no longer a member of the Dow Jones Islamic Market Titans 100 Index.

Sold Pfizer Inc. The company was sold in early October 2019 in order to avoid a potential negative tax impact due to a pending M&A transaction. In July, the company announced a definitive agreement to combine its Upjohn segment (Pfizer's off-patent branded and generic established medicines business) with Mylan. The transaction is anticipated to close in mid-2020.

### **BUYS:**

Bought Eli Lilly & Co. (Eli Lilly is one the largest pharmaceutical companies in the world, discovering, developing, manufacturing and marketing human pharmaceutical products and animal health products. The company is well positioned for sustainable growth and in the early stages of a new product cycle with encouraging prescription trends from a number of product launches. As a result, the company's earnings per share were forecast to grow 2% in fiscal year 2019 and 17% in fiscal year 2020.)

Bought Taiwan Semiconductor Manufacturing Co. Ltd. (The company is the world's largest dedicated foundry in the semiconductor industry. It manufactures semiconductors on silicon wafers based on proprietary circuitry designs provided by its customers or third party designers. It remains the world's largest foundry in terms of output capacity and fabrication process technologies. Its long term business outlook stays healthy beyond the current industry slowdown and the global semiconductor foundry market is forecast to grow at a 6% consolidated annual growth rate up to 2022.)

Bought Facebook Inc. (Facebook is an online social media and networking company with a mission to make the world more open and connected. Its products include: Facebook, Instagram, Messenger and WhatsApp. Facebook generates substantially all of its revenue from Advertising and profits from the fact that ad spending continues to shift to digital platforms and away from traditional offline formats. Facebook has plenty of long-term growth opportunities across messaging, off-platform advertising, e-commerce and virtual reality and continues to generate strong cash flows while aggressively investing in future growth opportunities. As a result, Facebook revenues were forecast to grow approximately 24% in fiscal year 2019 and 21% in fiscal year 2020.)

Bought Amgen Inc. (Amgen is a world leading Biotechnology company focused on the development, manufacturing, and commercialization of novel bio- therapeutics. Its strategy is to focus on areas of high unmet medical need. It develops innovative medicines that improve health outcomes in six therapeutic areas, including oncology & hematology, cardiovascular disease, inflammation, nephrology, neuroscience and bone health. Amgen should continue to profit from secular industry growth trends including aging population and improved health care access.)

The Fund series A and series F for the entire 12 month period posted a positive return of 26.63% and 28.06% net of management fees, expenses and taxes, respectively.

## **Recent Developments**

Following the fallout in the 4th quarter of 2018, global equity markets rebounded significantly in 2019, posting new all-time highs in some regions. For the year, the S&P 500 Index was up 31.5% (in U.S. dollar terms) while the S&P/ TSX Composite Index increased by 22.9% (in Canadian dollar terms).

With a meaningful trade deal reached between the U.S. and China that includes the removal of tariffs on Chinese goods in stages and expectations that improved trade visibility may support economic growth, global equity markets in particular Emerging Markets performed quite well over the final quarter of 2019.

The Fund's Portfolio Advisor views two key financial market drivers for 2020. The first being Central Banks Policies and the second being global companies' earnings growth.

Major central banks, such as the U.S. Federal Reserve Bank, the European Central Bank and even the Bank of Canada kept policy accommodative in 2019, meaning that interest rates were either reduced or at a minimum maintained as is, despite improving economic data, such as extremely low unemployment rates in the U.S. Essentially this is acting as an insurance policy against any potential prolonged strain on the global economy.

In the case of earnings growth, the Fund's Portfolio Advisor sees corporate profits improving in 2020. U.S. companies' earnings growth, for example had been under pressure in 2019 due to rising tariffs, lower commodity prices and a strong U.S. dollar. However a material decline in company profits looks unlikely as access to capital remains supportive, suggesting that profit growth should improve in 2020.

### **Independent Review Committee**

Subsequent to December 31, 2018 the following changes to the composition of the Independent Review Committee ("IRC") occurred:

- Bruce Monus' term on the IRC expired August 2nd, 2019
- Mark Weaver was then appointed as the Chair of the IRC, replacing Mr. Monus, effective August 2nd, 2019; and
- Harry Mohabir was appointed as an IRC member on July 25th, 2019 for 3 years, expiring July 25th, 2022;

### **Related Party Transactions**

The Fund paid \$1,662,767 including HST, (2018 - \$1,375,911) in management fees to the Fund Manager for the year ending December 31, 2019.

Expenses, other than management fees, are expenses incurred for the Fund's operations. During the year, the Fund Manager absorbed \$414,982 (2018 - \$432,609) 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. The information in the tables below is for the period from January 1 to December 31 of each year.

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

<b>Series A</b>	<b>December 2019</b>	<b>December 2018</b>	<b>December 2017</b>	<b>December 2016</b>	<b>December 2015</b>
Net Assets Beginning of Year:	\$20.03	\$19.69	\$17.83	\$18.21	\$16.03
<b>Increase (Decrease) from Operations:</b>					
Total Revenue	0.43	0.41	0.42	0.41	0.37
Total Expenses	-0.67	-0.61	-0.59	-0.58	-0.5
Realized Gains (losses)	0.84	0.92	0.74	0.57	1.27
Unrealized appreciation (depreciation)	4.72	0.09	1.65	-0.27	1.85
<b>Total Increase (decrease) from operations<sup>2</sup></b>	<b>\$5.32</b>	<b>\$0.81</b>	<b>\$2.22</b>	<b>\$0.13</b>	<b>\$2.99</b>
<b>Distributions:</b>					
From income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	-0.35	-0.47	-0.44	-0.37	-0.89
Return of capital	—	—	—	—	—
<b>Total Annual Distributions<sup>3</sup></b>	<b>-0.35</b>	<b>-0.47</b>	<b>-0.44</b>	<b>-0.37</b>	<b>-0.89</b>
<b>Net Assets, end of period</b>	<b>\$25.02</b>	<b>\$20.03</b>	<b>\$19.69</b>	<b>\$17.83</b>	<b>\$18.21</b>

<b>Series F</b>	<b>December 2019</b>	<b>December 2018</b>	<b>December 2017</b>	<b>December 2016</b>	<b>December 2015</b>
Net Assets Beginning of Year:	\$22.15	\$21.52	\$19.27	\$19.35	\$16.85
<b>Increase (Decrease) from Operations:</b>					
Total Revenue	0.49	0.46	0.49	0.24	0.37
Total Expenses	-0.76	-0.69	-0.69	-0.34	-0.32
Realized Gains (losses)	0.96	1.03	0.86	0.34	1.27
Unrealized appreciation (depreciation)	5.40	0.11	1.94	-0.16	1.85
<b>Total Increase (decrease) from operations<sup>2</sup></b>	<b>\$6.09</b>	<b>\$0.91</b>	<b>\$2.60</b>	<b>\$0.08</b>	<b>\$3.17</b>
<b>Distributions:</b>					
From income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	-0.39	-0.52	-0.48	-0.40	-0.95
Return of capital	—	—	—	—	—
<b>Total Annual Distributions<sup>3</sup></b>	<b>-0.39</b>	<b>-0.52</b>	<b>-0.48</b>	<b>-0.4</b>	<b>-0.95</b>
<b>Net Assets, end of period</b>	<b>\$27.97</b>	<b>\$22.15</b>	<b>\$21.52</b>	<b>\$19.27</b>	<b>\$19.35</b>

1 This information is derived from the Fund's Dec 31 audited annual financial statements.

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.

## Ratios and Supplemental Data

### Series A

	December 2019	December 2018	December 2017	December 2016	December 2015
Total net asset value (000's) <sup>1</sup>	\$59,741	\$44,259	\$40,740	\$30,291	\$26,316
Number of units outstanding	2,387,807	2,209,175	2,069,178	1,698,907	1,445,457
Management expense ratio (MER) <sup>2</sup>	2.82%	2.84%	2.81%	2.82%	2.81%
MER before waivers or absorptions	3.47%	3.67%	3.70%	3.72%	3.78%
Trading expense ratio <sup>3</sup>	0.00%	0.02%	0.03%	0.05%	0.04%
Portfolio turnover ratio <sup>4</sup>	31.49%	23.00%	31.74%	29.36%	61.10%

### Series F

	December 2019	December 2018	December 2017	December 2016	December 2015
Total net asset value (000's) <sup>1</sup>	\$13,261	\$8,871	\$5,228	\$4,685	\$5,707
Number of units outstanding	474,112	400,602	242,952	243,065	294,929
Management expense ratio (MER) <sup>2</sup>	1.69%	1.70%	1.69%	1.69%	1.69%
MER before waivers or absorptions	2.34%	2.53%	2.57%	2.60%	2.61%
Trading expense ratio <sup>3</sup>	0.00%	0.02%	0.03%	0.05%	0.04%
Portfolio turnover ratio <sup>4</sup>	31.49%	23.00%	31.74%	29.36%	61.10%

1 This information is provided as at Dec 31 of the year shown.

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 Adviser. 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
<b>Series A</b>	2.50%	35%	65%
<b>Series F</b>	1.50%	0%	100%

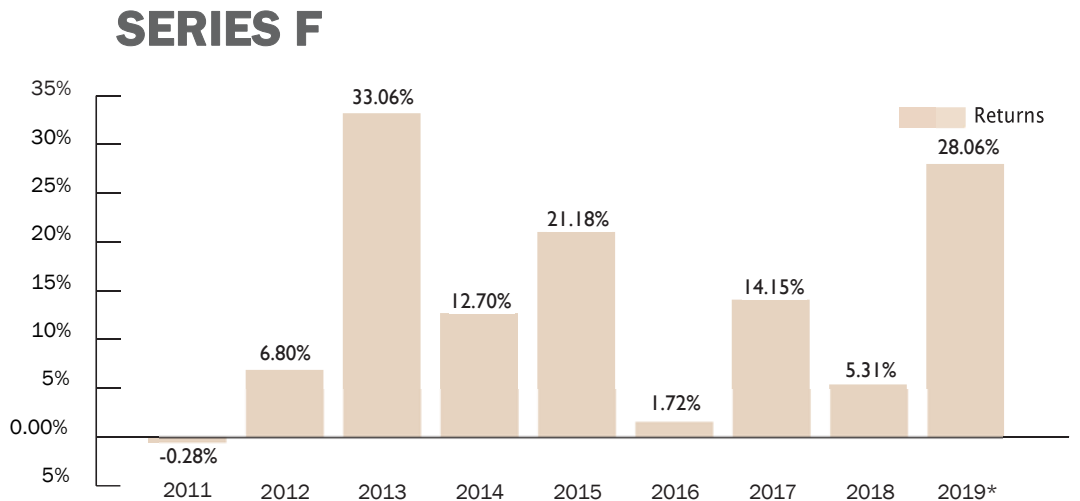
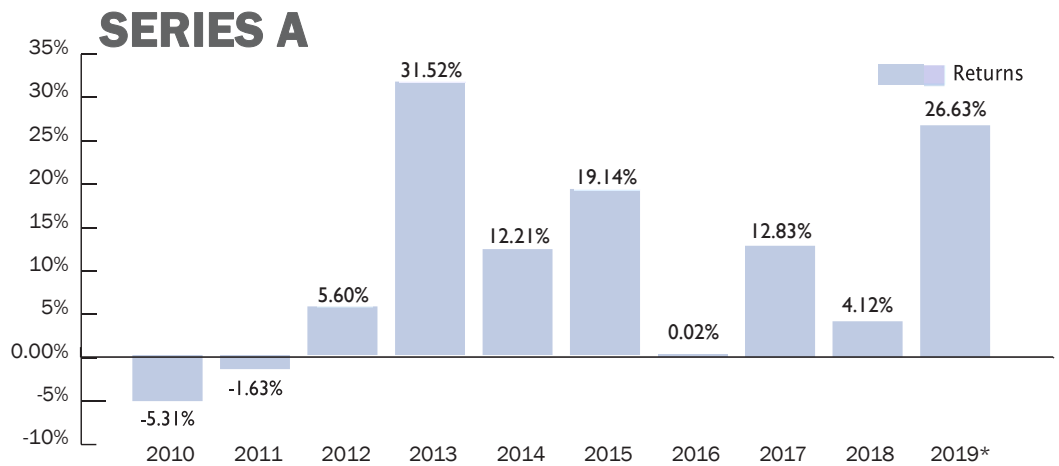
## PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the relevant series. 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 1 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.



\* Series F year-by-year returns from 2011, and include all years in which the investment fund was a reporting issuer (October 28, 2010).



## Annual Compound Returns

The tables that follow compare the historical annual compound returns for each series of the Fund with its benchmark, the Dow Jones Islamic Market Titans 100 Index Total Return ("IMXLT").

	Past 10 Years	Past 5 Years	Past 3 Years	Past Year
Series A	9.91%	12.12%	14.14%	26.63%
IMXLT	13.28%	13.84%	15.73%	27.17%

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. Unlike the Index, the plan's returns are after the deduction of its fees and expenses.

	Since Inception	Past 5 Years	Past 3 Years	Past Year
Series F	12.91%	13.51%	15.43%	28.06%
IMXLT	14.57%	13.84%	15.73%	27.17%

### Index Description:

#### Dow Jones Islamic Market Titans 100 Index Total Return

The IMXLT 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, 2019

#### Top 25 Holdings

ISSUER	% OF NET ASSET VALUE
Apple Inc.	9.49%
Microsoft Corporation	9.14%
Alphabet Inc. Class C	8.21%
Johnson & Johnson	4.48%
Visa Inc. - Class A	4.30%
Alibaba Group Holding Limited ADR	4.18%
Facebook Inc. - Class A	3.76%
ASML Holding NV	3.54%
Taiwan Semiconductor	3.53%
The Procter & Gamble Company	3.50%
Nestle S.A.	3.50%
Medtronic PLC	3.48%
Chevron Corporation	3.38%
SAP SE	3.17%
Tencent Holdings Limited ADR	3.13%
Amgen, INC.	3.12%
Nike Inc. Class B	3.04%
Sanofi	3.01%
Starbucks Corporation	2.98%
Eli and Lilly Corporation	2.94%
Roche Holding AG	2.87%
PepsiCo, Inc.	2.58%
Unilever NV Amsterdam	2.36%
United Parcel Service-Class B	2.14%
Union Pacific Corporation	2.10%
<b>TOTAL</b>	<b>97.93%</b>

REGION	% OF NET ASSET VALUE
North America	65.2%
Europe	21.9%
Asia	10.8%
Cash	2.1%
<b>TOTAL PORTFOLIO</b>	<b>100.0%</b>

SECTOR	% OF NET ASSET VALUE
Information Technology	33.2%
Health Care	19.9%
Communication Services	15.1%
Consumer Staples	11.9%
Consumer Discretionary	10.2%
Industrials	4.2%
Energy	3.4%
Cash	2.1%
<b>TOTAL PORTFOLIO</b>	<b>100.0%</b>

\*All holdings in the Fund are long positions as at December 31, 2019

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)



**HEAD OFFICE**

Global Growth Assets Inc.  
100 Mural Street, Suite 201  
Richmond Hill, Ontario, L4B 1J3

416-642-3532  
Toll Free: 1-866-680-4734  
customerservices@globalgrowth.ca  
www.globalgrowth.ca