

# **INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE**

## **GLOBAL IMAN FUND**

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FOR THE SIX MONTHS ENDED JUNE 30, 2019

This interim 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 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 June 30, 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 June 30, 2019, net assets attributable to holders of redeemable units in the Fund were \$62.9 million which is an increase of \$9.79 million compared to December 31, 2018. The Fund incurred total expenses of approximately \$1.1 million of which the Fund Manager has absorbed \$214,671 as disclosed in the Statement of Income and Comprehensive Income in the June 30, 2019 Interim Financial Statements. The management expense ratio ("MER") for Series A during the fiscal year was 2.77% (Series F - 1.66%). The MER for Series A unit holders before waivers or absorptions was 3.49% (Series F - 2.38%). 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, has an overweight position in Communication Services (previously underweight as of December 31,

2018) and maintains an overweight position in Consumer Staples and Consumer Discretionary. There has also been a shift to a neutral position in Healthcare (previously overweight as of December 31, 2018).

From a regional perspective, the Fund's Portfolio Advisor maintained its overweight position in Europe and China and underweight in Japan and Great Britain, while they are now underweight in United States (previously overweight as of December 31, 2018).

Significant changes to the Portfolio are as follows:

### **SELLS:**

Sold Takeda Pharmaceutical. The company is no longer a member of the Dow Jones Islamic Market Titans 100 Index.

Sold EOG Resources Inc. The company is no longer a member of the Dow Jones Islamic Market Titans 100 Index.

Sold AstraZeneca, as UBS Investment Bank issued a 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 is no longer a member of the Dow Jones Islamic Market Titans 100 Index.

### **BUYS:**

Bought Eli Lilly & Co. Eli Lilly is one of 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 are 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, and Messenger and WhatsApp. Facebook generates substantially all of its revenue from advertising (approximately 98% of fiscal year 2018 revenue) 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 are forecast to grow approximately 24% in fiscal year 2019 and 21% in fiscal year 2020.

The Fund series A and series F for the interim period posted a positive return of 11.51% and 12.12% net of management fees, expenses and taxes respectively.

## Recent Developments

The 1st quarter of 2019 was characterized by a market rally, while the second quarter exhibited increasing volatility with positive returns across global equity markets. For the first six months of 2019 the S&P 500 index was up 13.92% while the S&P/TSX Composite Index and the MSCI World Index posted a positive return of 16.22% and 12.81%, respectively,

In June, Markets roared back as sentiment on the trade dispute between the U.S. and China improved while investors started to discount an imminent rate cut by the U.S. Federal Reserve. The recent ceasefire between the U.S. and China on trade following the G20 meeting at the end of June has further reinforced the potential for a resolution. Negotiations should continue, leading eventually to an agreement on trade, but is likely to take more time than previously anticipated.

The Portfolio Advisor's base case scenario anticipates global growth to stabilize in the second half of the year. Global equity valuations look fair rather than expensive and with an attractive equity risk premium, stocks remain attractively valued relative to bonds. In a scenario of prolonged uncertainty with lower consumer confidence and slowing investments, the Portfolio Advisor sees risk of the global economy growing below trend over the short term. This should prompt central banks to provide further stimulus. Furthermore the Portfolio Advisor does not foresee an end to the current business cycle thus does not anticipate any threats of a global recession in the near future.

Subsequent to the reporting period ending June 30, 2019, the U.S. Federal Reserve cut interest rates by 25 basis points and indicated that they would continue to monitor data and would act as needed to support the economy.

## Independent Review Committee

Subsequent to June 30<sup>th</sup>, 2019, the following changes to the composition of the Independent Review Committee ("IRC") occurred:

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

## Related Party Transactions

The Fund paid \$769,497 HST included (2018 - \$653,228)] in management fees to the Fund Manager for the six month period ended June 2019.

Expenses, other than management fees, are expenses incurred for the Fund's operations. During the six months period, the Fund Manager absorbed \$214,671 (2018 - \$227,646) 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 the six month period ended June 30, 2019 and for each of the past five years.

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

#### Series A

	June 2019	December 2018	December 2017	December 2016	December 2015	December 2014
Net Assets Beginning of Year:	\$20.03	\$19.69	\$17.83	\$18.21	\$16.03	\$14.37
<b>Increase (Decrease) from Operations:</b>						
Total Revenue	0.26	0.41	0.42	0.41	0.37	0.28
Total Expenses	-0.33	-0.61	-0.59	-0.58	-0.5	-0.43
Realized Gains (losses)	0.75	0.92	0.74	0.57	1.27	0.61
Unrealized appreciation (depreciation)	1.59	0.09	1.65	-0.27	1.85	1.3
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$2.27</b>	<b>\$0.81</b>	<b>\$2.22</b>	<b>\$0.13</b>	<b>\$2.99</b>	<b>\$1.75</b>
<b>Distributions:</b>						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	-0.47	-0.44	-0.37	-0.89	-0.1
Return of capital	—	—	—	—	—	—
<b>Total Annual Distributions<sup>3</sup></b>	<b>—</b>	<b>-0.47</b>	<b>-0.44</b>	<b>-0.37</b>	<b>-0.89</b>	<b>-0.1</b>
<b>Net Assets, end of period</b>	<b>\$22.34</b>	<b>\$20.03</b>	<b>\$19.69</b>	<b>\$17.83</b>	<b>\$18.21</b>	<b>\$16.03</b>

#### Series F

	June 2019	December 2018	December 2017	December 2016	December 2015	December 2014
Net Assets Beginning of Year:	\$22.15	\$21.52	\$19.27	\$19.35	\$16.85	\$14.94
<b>Increase (Decrease) from Operations:</b>						
Total Revenue	0.29	0.46	0.49	0.24	0.37	0.44
Total Expenses	-0.37	-0.69	-0.69	-0.34	-0.32	-0.28
Realized Gains (losses)	0.83	1.03	0.86	0.34	1.27	0.99
Unrealized appreciation (depreciation)	1.78	0.11	1.94	-0.16	1.85	0.85
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$2.53</b>	<b>\$0.91</b>	<b>\$2.60</b>	<b>\$0.08</b>	<b>\$3.17</b>	<b>\$2.00</b>
<b>Distributions:</b>						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	-0.52	-0.48	-0.40	-0.95	-0.11
Return of capital	—	—	—	—	—	—
<b>Total Annual Distributions<sup>3</sup></b>	<b>—</b>	<b>-0.52</b>	<b>-0.48</b>	<b>-0.4</b>	<b>-0.95</b>	<b>-0.11</b>
<b>Net Assets, end of period</b>	<b>\$24.83</b>	<b>\$22.15</b>	<b>\$21.52</b>	<b>\$19.27</b>	<b>\$19.35</b>	<b>\$16.85</b>

1 This information is derived from the Fund's June 30, 2019 interim unaudited financial statements and for the previous five years from the Fund's 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

	June 2019	December 2018	December 2017	December 2016	December 2015	December 2014
Total net asset value (000's) <sup>1</sup>	\$51,566	\$44,259	\$40,740	\$30,291	\$26,316	\$16,918
Number of units outstanding	2,308,298	2,209,175	2,069,178	1,698,907	1,445,457	1,055,646
Management expense ratio (MER) <sup>2</sup>	2.77%	2.84%	2.81%	2.82%	2.81%	2.84%
MER before waivers or absorptions	3.49%	3.67%	3.70%	3.72%	3.78%	4.00%
Trading expense ratio <sup>3</sup>	0.00%	0.02%	0.03%	0.05%	0.04%	0.05%
Portfolio turnover ratio <sup>4</sup>	27.12%	23.00%	31.74%	29.36%	61.10%	61.37%

### Series F

	June 2019	December 2018	December 2017	December 2016	December 2015	December 2014
Total net asset value (000's) <sup>1</sup>	\$11,358	\$8,871	\$5,228	\$4,685	\$5,707	\$4,201
Number of units outstanding	457,440	400,602	242,952	243,065	294,929	249,329
Management expense ratio (MER) <sup>2</sup>	1.66%	1.70%	1.69%	1.69%	1.69%	1.71%
MER before waivers or absorptions	2.38%	2.53%	2.57%	2.60%	2.61%	3.50%
Trading expense ratio <sup>3</sup>	0.00%	0.02%	0.03%	0.05%	0.04%	0.05%
Portfolio turnover ratio <sup>4</sup>	27.12%	23.00%	31.74%	29.36%	61.10%	61.37%

- 1 This information is provided as at June 30 2019 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 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
Series A	2.50%	35%	65%
Series F	1.50%	0%	100%

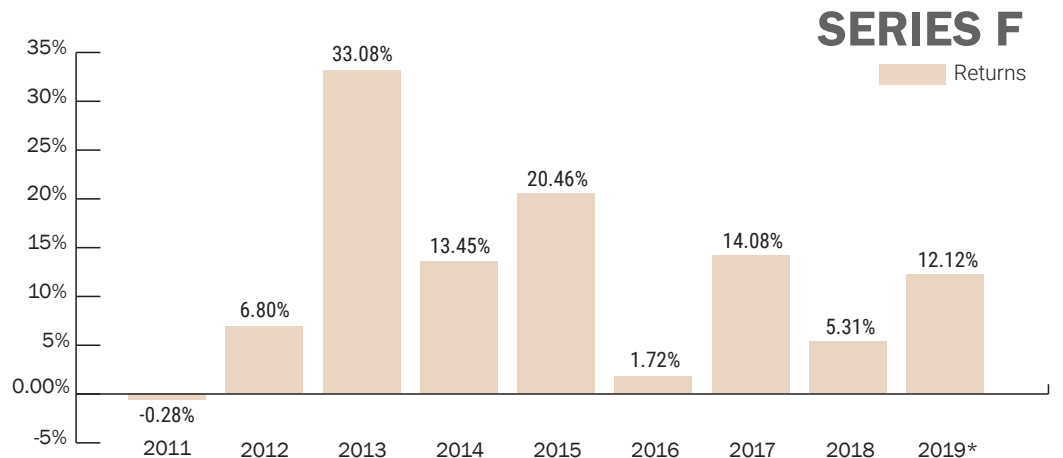
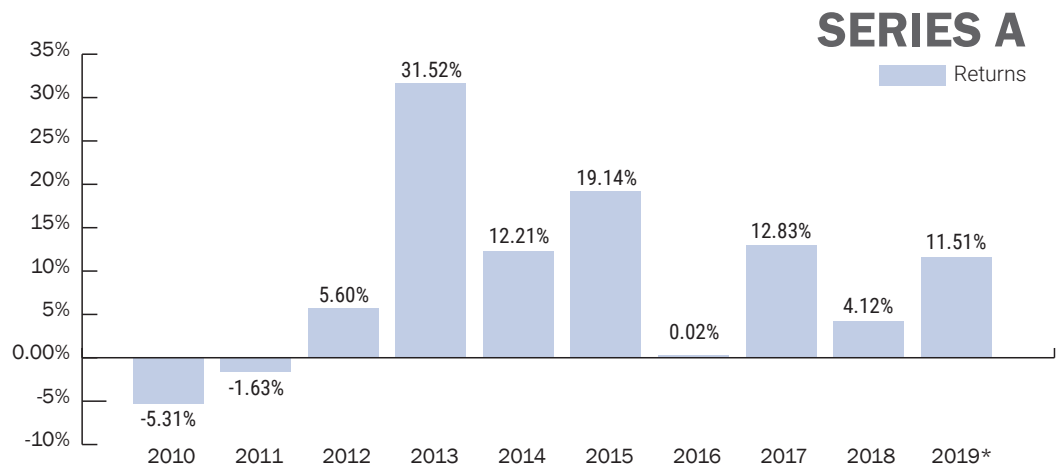
## PAST PERFORMANCE

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



\*Six month return from January 1, 2019 - June 30, 2019

## SUMMARY OF INVESTMENT PORTFOLIO

As of June 30, 2019

### Top 25 Holdings

ISSUER	% OF NET ASSET VALUE
Microsoft Corporation	9.10%
Apple Inc.	8.11%
Alphabet Inc. Class C	7.78%
Johnson & Johnson	5.02%
Visa Inc. - Class A	4.66%
Chevron Corporation	4.09%
Nestle S.A.	3.92%
Alibaba Group Holding Limited ADR	3.91%
Facebook Inc. - Class A	3.84%
SAP SE	3.78%
Pfizer Inc.	3.57%
Medtronic PLC	3.50%
The Procter & Gamble Company	3.35%
Tencent Holdings Limited ADR	3.17%
Sanofi-Aventis	3.02%
Starbucks Corporation	2.96%
Nike Inc. Class B	2.95%
Unilever NV Amsterdam	2.93%
ASML Holding NV	2.93%
Roche Holding AG	2.91%
Eli and Lilly Corporation	2.90%
PepsiCo, Inc.	2.90%
Taiwan Semiconductor	2.79%
Union Pacific Corporation	2.30%
United Parcel Service-Class B	2.22%
<b>TOTAL</b>	<b>98.61%</b>

REGION	% OF NET ASSET VALUE
North America	65.7%
Europe	23.0%
Asia	9.9%
Cash	1.4%
<b>TOTAL PORTFOLIO</b>	<b>100.0%</b>

SECTOR	% OF NET ASSET VALUE
Information Technology	31.4%
Health Care	20.9%
Communication Services	14.8%
Consumer Staples	13.1%
Consumer Discretionary	9.8%
Industrials	4.5%
Energy	4.1%
Cash	1.4%
<b>TOTAL PORTFOLIO</b>	<b>100.0%</b>

\*All holdings in the Fund are long positions as at June 30, 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)





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