



**Changing the way people
feel about Takaful**

FWD Takaful Investment-Linked Funds
Annual Funds Performance Report for
the year ended 31 December 2018

Message from FWD Takaful Berhad

Dear Valued Customers,

On behalf of FWD Takaful Berhad, I would like to express our sincere appreciation for your trust and loyalty towards our product and services. On 22 March 2019, we have changed our company name from HSBC Amanah Takaful (Malaysia) Berhad to FWD Takaful Berhad following the completion of FWD Life Insurance Company (Bermuda) Limited (“FWD”)’s acquisition of HSBC Insurance (Asia Pacific) Holdings Ltd.’s 49% stake in HSBC Amanah Takaful (Malaysia) Berhad. The investment-linked Funds’ names have also changed on the effective date to reflect the change of the company’s name. FWD has now officially become the largest shareholder of the company. This tremendously exciting acquisition marks FWD’s ninth market in Asia and as FWD’s second venture into Takaful, the acquisition complements the existing Shariah compliant operations of FWD in Indonesia.

Since 2013, FWD has adopted a customer-led, technology-driven mindset to deliver fresh experiences and easy to understand products that help our customers live their lives to the fullest. FWD is a new, different kind of insurance company, with a technology-driven mindset and a vision to change the way people feel about insurance. We believe that insurance should be a source of empowerment, not a constraint. It should instil optimism and confidence, not fear and worry. And that’s because we think insurance should help people to celebrate living and live their lives without hesitation. Since FWD was launched in our established markets of Hong Kong, Macau and Thailand, it has added Indonesia, the Philippines, Singapore, Vietnam, Japan and Malaysia to our portfolio of companies. FWD now has more than 16,000 tied agents and 4,600 staff, serving over 3 million customers in Asia.

FWD Takaful Berhad is a registered Takaful Operator under the Islamic Financial Services Act 2013 and is regulated by Bank Negara Malaysia. We are ambitious to ride on FWD’s strengths to serve you with the best Takaful products ever in Malaysia and to change how people feel about Takaful. We constantly seek to improve our offerings to match customers’ needs by communicating with our customers openly, honestly and straightforwardly; and ensuring we deliver our brand experience with consistency – regardless of where or how our customers connect with us. Your support during the past year has made the company a success. It gives me great pleasure to present to you the 2018 Annual Fund Performance Report. We hope you find this report informative and helpful for you to understand the Funds offered by FWD Takaful Berhad.

In our aim to be the premier Takaful provider in Malaysia, we remain committed to providing our customers with strong performing and innovative products to meet their financial needs. The company has performed well and will continue to grow. Our accomplishments over the years are a credit to the professionalism and dedication of our employees in providing only the best propositions to our customers. On behalf of the team, I would like to express our sincere appreciation for your trust placed in us. With your unwavering support we will continue to strive for excellence and forge ahead with success.

With warmest regards,
Salim Majid Zain
Chief Executive Officer
FWD Takaful Berhad

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MARKET REVIEW 2018

Equity

The year began with an optimistic outlook that the economic growth is projected to remain strong, with benign inflationary pressures, higher trending oil prices, voter-friendly 2018 budget and China-funded infrastructure spending that would keep domestic demand chugging along beyond the 14th General Election. Ahead of the general elections on 9 May 2018, the KLCI peaked at 1,895.

However, the unexpected change of government in general election held in May 2018 halted the upbeat sentiment in the market. The new government reviewed existing economic policies, cancelled/deferred large infrastructure projects and removed key personnel from public office. Investors anticipated the transition phase of change to be disruptive for economic and stock market earnings growth in near term, which weighed on market sentiment. Externally, sentiment towards emerging market was affected by rising US interest rates, growing trade tensions between the US and China, as well as slowing growth in China.

The benchmark FBM KLCI ended up losing 5.91% through 2018 to end at 1,690.58 points - the index's worst annual performance in ten years. The FTSE Bursa Malaysia Shariah Emas Index (FBMS) closed the year under review at 11,504.43 points, lower by 13.52%. The broader FTSE Bursa Malaysia EMAS Index (FBMEMAS) closed the period under review lower by 10.93% while the MSCI Asia Pacific ex-Japan Index was down by 16.25% (USD terms).

Fixed Income

Malaysia's bond market performed favorably in 2018 against the backdrop of monetary policy tightening by major central banks, uncertainty with regards to US & China trade war, outflows from foreign investors, geopolitics, surprise win by opposition during local election and weakening of the RM, higher than expected budget deficit announced amongst others. Malaysian government bonds (govvies) bear flattened on Year-to-Date (YTD) basis after the Overnight Policy Rate (OPR) hike in early 2018.

Corporate bonds performed more favorably than govvies due to the lack of supply especially from Government Guaranteed (GG) issuances. In 2018, corporate bond issuances 2018 grossed around RM104 billion, lower compared to RM122 billion in 2017. Bank Negara Malaysia (BNM) raised the OPR by 25 basis points to 3.25% from 3% at its Monetary Policy Committee (MPC) meeting in January 2018 as the economy was on a steady growth path. The OPR was maintained at 3.25% for the rest of the year due to lower growth and inflation expectations thereafter.

We saw a more muted foreign participation in the MGS market for 2018 on the back of cautious sentiment brought upon by monetary policy tightening by major central banks, uncertainty with regards to US & China trade war, geopolitics and heightened uncertainty brought upon by the surprise change in government on the local front. On a full year basis, 2018 recorded total outflows of MYR21.9 billion, the largest since 2008 and it was mostly due to MGS (-MYR18.3 billion). Foreign share of MGS dropped to 38% from 45% the year before.

INVESTMENT OUTLOOK 2019

Equity

While 2018 started out with hopes of a strong global growth, it ended up with heightened global economic, policy and political uncertainty. Moving into 2019, we expect global headlines to be likely dominated by (1) continued intensity of an economic fallout from the US-China trade dispute and (2) the US Federal Reserve's rate tightening decisions and its impact on emerging markets.

External headwinds seem to be getting stronger, with a lot of uncertainties likely to prevail and fuel more volatility. The weak China Purchasing Managers' Index (PMI) numbers and the growing expectation of the US economy faltering are legitimate concerns we need to be mindful of. Malaysia's economy should be relatively resilient, but not immune. Weak global growth numbers will likely lead to weak demand for commodities such as crude oil and palm oil, commodities that Malaysia relies upon quite heavily.

We remain cautious over the near-term given the many challenges but are still hopeful for the long-term outlook. With near term catalysts lacking for Malaysia, we expect this sort of volatility to continue; be it from domestic politics or policies, made more challenging by external noises from the ongoing US-China trade war/truce, US monetary policy, and volatilities in oil prices. We need to tread carefully as the external headwinds are often events beyond our control. As such we continue to advocate focusing on companies with strong fundamentals and a good track record of adapting well even in challenging environments.

Fixed Income

We anticipate Malaysia's GDP growth to moderate to 4.0 - 4.6% in 2019 due to slower global growth and trade war, which would impact Malaysia's exports. At the same time, the lack of growth policy and austerity measures on the public sector will impact domestic growth. As growth is still expected to be modest in 2019 and inflation outlook remains benign, our base case outlook for OPR is unchanged at 3.25%. However, we note that the downside risk to global growth is increasing and as such, we believe that BNM's bias is towards cutting the OPR.

Apart from expectation of a rate cut by BNM, the fixed income market would also be supported due to continued lack of supply of corporate bonds whilst market is flushed with liquidity. Another form of support might be coming from foreign inflows after a large foreign outflow we observed last year. This could materialise if the US Federal Reserve takes an easier stance on its monetary policy.

In 2019, Government issuance is expected to be around RM115 billion with 32 public auctions, equally split between MGS and MGII with 16 auctions each. The larger supply of sovereign securities may create a surplus pressure in the market, but we expect domestic sovereign securities to remain supported by ample liquidity and strong investor demand. On the corporate front, the market is expected to see a decent supply as issuers have stayed sidelined in the past several months. We expect demand for corporate securities to be strong in 2019 due to scarcity of quality corporate securities supply.

FWD TAKAFUL LIFESELECT FIXED INCOME FUND

(formerly known as HSBC AMANAH LIFESELECT FIXED INCOME FUND)

Investment Objective

The Fund aims to achieve capital growth in the medium to long term by investing in a diversified portfolio of Shariah compliant collective investment schemes (“Target Funds”) that invest primarily in Sukuk and any other permissible liquid assets under the Shariah principles.

Fees and Charges

Fund Management Fees is 1.00% per annum of the Fund’s value.
(This is the fee charged for ongoing portfolio management.)

These fees are calculated based on the Fund’s value. It is accrued daily when determining the unit price of the Fund. No soft commission arrangement is applied to the management of this Fund.

Investment Strategy Review of FWD Takaful LifeSelect Fixed Income Fund (1 January 2018 to 31 December 2018)

The Fund’s name was changed from HSBC Amanah LifeSelect Fixed Income Fund to FWD Takaful LifeSelect Fixed Income Fund effective 22 March 2019 following the change of the company’s name from HSBC Amanah Takaful (Malaysia) Berhad to FWD Takaful Berhad. Nonetheless, there were no changes made on the investment objectives, strategies, restrictions and limitation of the Fund.

In 2018, FWD Takaful LifeSelect Fixed Income Fund increased 4.80%, outperformed its benchmark Maybank GIA Tier II 12-Month rate (3.56%) by 1.24%. There was no income distribution proposed and/or made during the year.

The Fund invested up to 100% of its net asset value (NAV) in its Target Funds, Affin Hwang Aiiiman Income Plus Fund. The Fund performed well in 2018, outperforming its benchmark by 1.24% giving a net return of 4.80% year on year as at December 2018. The performance was driven by strong market technical, namely the demand on corporate bonds amid expectation of reduced supply following the change in government of Malaysia. Other factors that helped the underlying Fund’s performance during the year were 1) the Fund’s long duration (above 6 years); and 2) high invested levels with cash holding averaging only around 5%.

The Fund has maintained its investment focus within the Malaysian Sukuk space. It remains highly invested over the period under review, focused on quality issuances. The Fund is structured to be actively managed while the trading strategy, in terms of its frequency, would depend on market conditions and will be driven by market outlook as well. The Fund has met its objective of providing steady income stream over the medium to long-term period and will continue to be managed in this manner to fulfil its objective.

**Asset Allocation of Target Fund –
Affin Hwang Aiiman Income Plus Fund (as at 31 December 2018)**

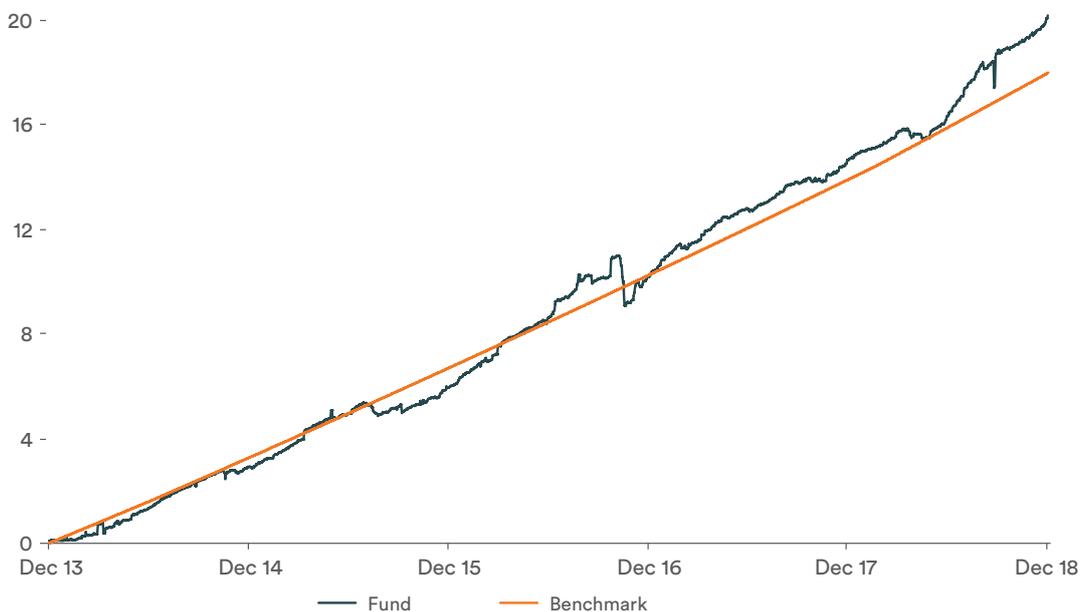
Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	6.50%
Unquoted Sukuk	93.50%

Top Holdings of Target Fund as at 31 December 2018:

Securities	Holdings (%)
YTL Power International Bhd	3.1
MEX II Sdn Bhd	2.1
Jimah East Power Sdn Bhd	1.4
Bank Pembangunan Malaysia Bhd	1.4
Sarawak Energy Bhd	1.3
Celcom Networks Sdn Bhd	1.3
RHB Islamic Bank Bhd	1.3
Kapar Energy Ventures Sdn Bhd	1.3
Axis REIT Sukuk Bhd	1.3
Ambank Islamic Bhd	1.3

**Performance Graph – Cumulative Return Over the Period (%)
(5-Years Percentage Growth vs Benchmark)**

**FWD Takaful LifeSelect Fixed Income Fund
5-Years Percentage Growth Total Return**



Performance Table

FWD Takaful LifeSelect Fixed Income Fund	2018	2017*	2016	2015	2014
Total NAV (RM'000)	107,293	110,187	111,930	114,127	118,297
Units in Circulation	77,829	84,532	89,162	94,339	100,567
NAV per Unit (RM)	1.379	1.303	1.255	1.210	1.176
Highest NAV per unit (RM)	1.379	1.316	1.274	1.217	1.182
Lowest NAV per unit (RM)	1.316	1.265	1.217	1.182	1.150
Annual Return	4.80%	4.02%	3.94%	2.94%	2.90%

Cumulative Total Returns	6 months	1 Year	3 Years	5 Years	10 Years [#]
FWD Takaful LifeSelect Fixed Income Fund	3.29%	4.80%	13.31%	20.02%	37.26%
Benchmark (Maybank GIA Tier II 12-Month)	1.80%	3.56%	10.51%	17.86%	37.92%

* Effective 1st Sept 2017, the Fund removed one of its previous Target Funds, Pacific Dana Murni.
[#] 10 years net return as at end-2018.

The basis of calculation for the past performance:

NAV Return = (End Period NAV per Unit/Begin Period NAV per Unit) - 1

Past performance of the Fund is not an indication of its future performance.

This is strictly the performance of the investment Fund, and not the returns earned on the actual contributions paid of the investment-linked product.

FWD TAKAFUL LIFESELECT EQUITY FUND

(formerly known as HSBC AMANAH LIFESELECT EQUITY FUND)

Investment Objective

The Fund aims to achieve capital growth in the medium to long term by investing in Shariah compliant collective investment schemes (“Target Funds”) which invest in Shariah compliant equities and equity related securities and other permissible liquid assets under the Shariah principles.

Fees and Charges

Fund Management Fees is 1.50% per annum of the Fund’s value.
(This is the fee charged for ongoing portfolio management.)

These fees are calculated based on the Fund’s value. It is accrued daily when determining the unit price of the Fund. No soft commission arrangement is applied to the management of this Fund.

Investment Strategy Review of FWD Takaful LifeSelect Equity Fund (1 January 2018 to 31 December 2018)

The Fund’s name was changed from HSBC Amanah LifeSelect Equity Fund to FWD Takaful LifeSelect Equity Fund effective 22 March 2019 following the change of the company’s name from HSBC Amanah Takaful (Malaysia) Berhad to FWD Takaful Berhad. Nonetheless, there were no changes made on the investment objectives, strategies, restrictions and limitation of the Fund.

In 2018, FWD Takaful LifeSelect Equity Fund declined 7.19% but outperformed its benchmark, FBM Emas Shariah Index (FBMS) which fell 13.52%. As a Fund of Funds, the Fund invested up to 100% of its net asset value (NAV) in its two Target Funds, namely Affin Hwang Aiiman Growth Fund and Eastspring Investments Dana Al-Ilham. There was no income distribution proposed and/or made during the year.

Target Fund 1: Affin Hwang Aiiman Growth Fund

The Target Fund registered a return of -9.90% in 2018 above the benchmark FBMS by 3.62%. Its return was impacted on two fronts in 2018, Technology and Construction. The Technology sector had an early downturn in 2018 due to the regulatory issues for Facebook which spiraled down to the region. Slowdown in smartphone growth and higher inventory also impacted the sector. The Construction sector took a hit post 14th General Election after the new coalition won the elections, as the new government cut back on infra spending to improve the government’s balance sheet. The Small cap market declined by 35% which gave further negative sentiments to the broader market.

**Asset Allocation of: Target Fund 1 –
Affin Hwang Aiiman Growth Fund (as at 31 December 2018)**

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	22.70%
Quoted Shariah Compliant Equities	72.30%

Top Holdings of Target Fund 1 as at 31 December 2018:

Securities	Holdings (%)
Tenaga Nasional Bhd	5.2
Dialog Group Bhd	4.7
Sunway Bhd	4.6
Petronas Chemicals Group Bhd	4.5
Scientex Bhd	3.9
Petronas Dagangan Bhd	3.8
Fraser & Neave Holdings Bhd	3.0
KLCCP Stapled Group	2.8
UOA Development Bhd	2.6
Axis Real Estate Unit Trust	2.4

Target Fund 2: Eastspring Investments Dana Al-Ilham

During the period under review, the Target Fund fell by 6.19% but outperformed the FBMS by 7.33%, supported by its high cash position as well as positive stock selection. The outperformance was mainly driven by the Fund's overweight positions in defensive stocks such as Nestle and Dialog. The Target Fund also maintained its underweight positions in telecommunications and plantation sectors. Telecommunication sector was hit by the rising competition and negative regulatory changes especially in the fixed broadband space, while the plantation sector continued to underperform due to declining crude palm oil prices. The Target Fund's overweight positions in selective oil & gas and glove stocks also helped drove performance.

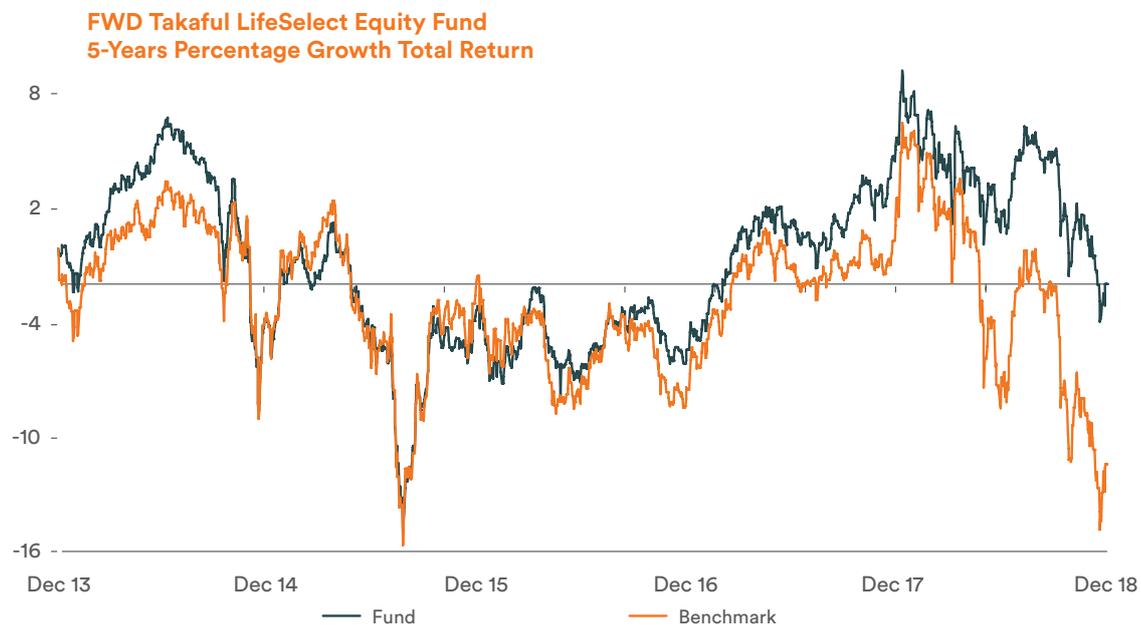
**Asset Allocation of Target Fund 2 –
Eastspring Investments Dana Al-Ilham (as at 31 December 2018)**

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	14.80%
Quoted Shariah Compliant Equities	85.20%

Top Holdings of Target Fund 2 as at 31 December 2018:

Securities	Holdings (%)
Tenaga Nasional Bhd	8.6
Nestle (Malaysia) Bhd	6.7
Dialog Group Bhd	5.5
Petronas Chemicals Group Bhd	5.1
TIME dotCom Bhd	3.1

**Performance Graph – Cumulative Return Over the Period (%)
(5-Years Percentage Growth vs Benchmark)**



Performance Table

FWD Takaful LifeSelect Equity Fund	2018	2017*	2016	2015	2014
Total NAV (RM'000)	139,636	161,609	157,301	165,753	156,079
Units in Circulation	83,517	89,761	97,580	100,391	95,409
NAV per Unit (RM)	1.672	1.800	1.612	1.651	1.636
Highest NAV per unit (RM)	1.861	1.8015	1.669	1.726	1.819
Lowest NAV per unit (RM)	1.639	1.6156	1.573	1.452	1.559
Annual Return	-7.19%	11.63%	-2.34%	0.89%	-3.86%

Cumulative Total Returns	6 months	1 Year	3 Years	5 Years	10 Years [#]
FWD Takaful LifeSelect Equity Fund	-3.71%	-7.19%	1.19%	-1.86%	98.69%
Benchmark (FBMS)	-4.86%	-13.52%	-9.97%	-11.26%	94.40%

* Effective 1st Sept 2017, Eastspring Investments Dana Al-Ilham replaced Pacific Dana Aman as the Target Fund.

10 years net return as at end-2018.

The basis of calculation for the past performance:

NAV Return = (End Period NAV per Unit/Begin Period NAV per Unit) - 1

Past performance of the Fund is not an indication of its future performance.

This is strictly the performance of the investment Fund, and not the returns earned on the actual contributions paid of the investment-linked product.

FWD TAKAFUL DYNAMIC FUND

(formerly known as HSBC AMANAH TAKAFUL'S DANA DIVIDEN)

Investment Objective

The Fund aims to achieve capital appreciation by investing in the Eastspring Investments Dana Dinamik ("Target Fund"), a Shariah compliant collective investment scheme that seeks to provide investors with capital appreciation by actively investing in Shariah approved equities and equity related securities. For defensive considerations, the Fund may invest in Shariah approved debentures and money market instruments.

Fees and Charges

Fund Management Fees is 1.50% per annum of the Fund's value.
(This is the fee charged for ongoing portfolio management.)

These fees are calculated based on the Fund's value. It is accrued daily when determining the unit price of the Fund. No soft commission arrangement is applied to the management of this Fund.

Investment Strategy Review of FWD Takaful Dynamic Fund Target Fund: Eastspring Investments Dana Dinamik (1 January 2018 to 31 December 2018)

The Fund's name was changed from HSBC Amanah Takaful's Dana Dividen to FWD Takaful Dynamic Fund effective 22 March 2019 following the change of the company's name from HSBC Amanah Takaful (Malaysia) Berhad to FWD Takaful Berhad. Nonetheless, there were no changes made on the investment objectives, strategies, restrictions and limitation of the Fund.

In 2018, FWD Takaful Dynamic Fund registered a negative return of -6.55% but underperformed its benchmark, 50% FBMS + 50% MBB GIA Tier II 12-month Rate by 1.37%.

This underperformance was mainly due to the Target Fund's asset allocation and stock selection. The Target Fund's average equity exposure during the period under review was about 80% compared to Benchmark's 50%. There was no income distribution proposed and/or made during the year.

For the equity portion, the underperformance was due to the Target Fund's overweight positions in technology, utilities, construction and building materials sectors. The Target Fund's overweight positions in selective gloves, consumer and oil & gas stocks as well as underweight positions in plantation and telecommunication sectors had helped to partly offset the impact.

For the fixed income portion, the Target Fund's exposure remained low and relatively unchanged. It had not added any more fixed income exposure given the unfavorable outlook in view of the rising interest rate environment.

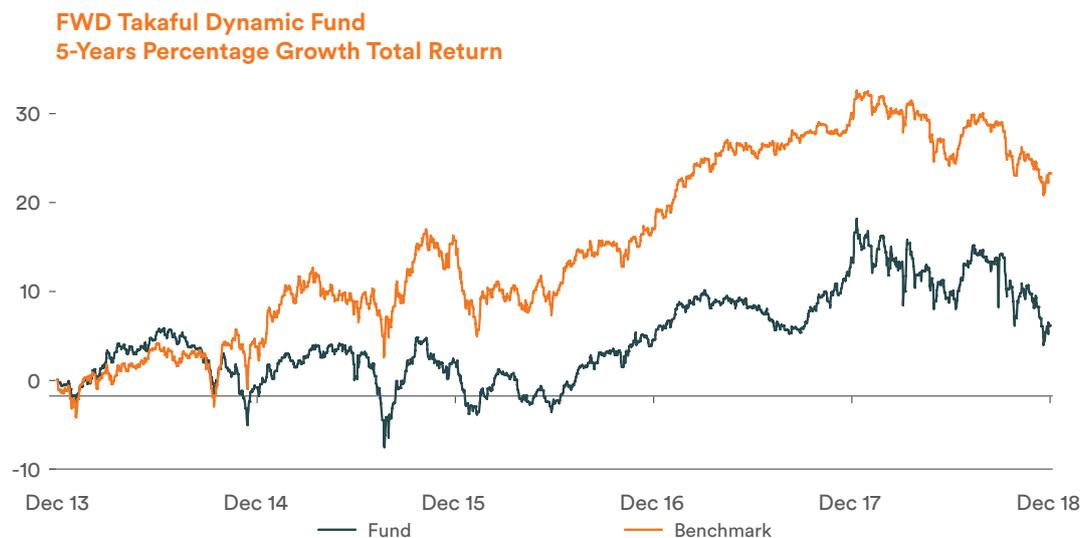
**Asset Allocation of Target Fund –
Eastspring Investments Dana Dinamik (as at 31 December 2018)**

Asset Category	Asset Allocation (% of NAV)
Unquoted Fixed Income Securities	1.65%
Cash & Cash Equivalents	15.76%
Quoted Shariah Compliant Equities	82.59%

Top Holdings of Target Fund as at 31 December 2018:

Equity	Holdings (%)
Tenaga Nasional Bhd	8.6
Nestle (Malaysia) Bhd	5.1
Dialog Group Bhd	4.9
Petronas Chemicals Group Bhd	3.8
Axiata Group Bhd	2.9
Fixed Income	
Islamic Issuance by Government of Malaysia	1.0
Hong Leong Islamic Bank Bhd	0.7

**Performance Graph – Cumulative Return Over the Period (%)
(5-Years Percentage Growth vs Benchmark)**



Performance Table

FWD Takaful Dynamic Fund	2018	2017*	2016	2015	2014
Total NAV (RM'000)	22,516	22,682	22,913	22,089	16,349
Units in Circulation	19,031	17,907	19,652	19,405	14,783
NAV per Unit (RM)	1.183	1.267	1.166	1.138	1.106
Highest NAV per unit (RM)	1.314	1.266	1.174	1.167	1.179
Lowest NAV per unit (RM)	1.159	1.165	1.072	1.032	1.059
Annual Return	-6.55%	8.70%	2.50%	2.72%	-0.88%

Cumulative Total Returns	6 months	1 Year	3 Years	5 Years	Since Inception [#]
FWD Takaful Dynamic Fund	-3.32%	-6.55%	4.12%	6.01%	18.49%
Benchmark (50% FBMS + 50% MBB GIA Tier II 12-month Rate) [^]	-1.51%	-5.18%	6.49%	22.81%	61.19%

* Effective 1st Sept 2017, Eastspring Investments Dana Dinamik replaced Pacific Dana Dividen as the Target Fund.

[^] The Fund's benchmark was changed from 50% FBMS + 50% DJIM to 50% FBMS + 50% MBB GIA Tier II 12-month Rate following the change of Target Fund in 1st Sept 2017.

[#] Since inception: Jun 2012

The basis of calculation for the past performance:

NAV Return = (End Period NAV per Unit/Begin Period NAV per Unit) - 1

Past performance of the Fund is not an indication of its future performance.

This is strictly the performance of the investment Fund, and not the returns earned on the actual contributions paid of the investment-linked product.

FWD TAKAFUL ASIA PACIFIC ISLAMIC EQUITY FUND

(formerly known as HSBC AMANAH TAKAFUL'S ASIA PACIFIC ISLAMIC EQUITY FUND)

Investment Objective

The Fund aims to achieve long term capital appreciation by investing in the CIMB Islamic Asia Pacific Equity Fund (“Target Fund”), a Shariah compliant collective investment scheme that invests in the emerging and developed markets of Asia Pacific ex Japan region.

Fees and Charges

Fund Management Fees is 1.50% per annum of the Fund’s value.
(This is the fee charged for ongoing portfolio management.)

These fees are calculated based on the Fund’s value. It is accrued daily when determining the unit price of the Fund. No soft commission arrangement is applied to the management of this Fund.

Investment Strategy Review of FWD Takaful Asia Pacific Islamic Equity Fund Target Fund: CIMB Islamic Asia Pacific Equity Fund (1 January 2018 to 31 December 2018)

The Fund’s name was changed from HSBC Amanah Takaful’s Asia Pacific Islamic Equity Fund to FWD Takaful Asia Pacific Islamic Equity Fund effective 22 March 2019 following the change of the company’s name from HSBC Amanah Takaful (Malaysia) Berhad to FWD Takaful Berhad. Nonetheless, there were no changes made on the investment objectives, strategies, restrictions and limitation of the Fund.

In 2018, FWD Takaful Asia Pacific Islamic Equity Fund declined 15.07%, underperformed its benchmark, Dow Jones Islamic Market Asia/Pacific ex-Japan Index (-14.67%) by 0.40%. There was no income distribution proposed and/or made during the year.

The Fund invests up to 100% of its net asset value (NAV) into the Target Fund which is predominantly an equity Fund invested in equity securities of companies listed in, and/or have significant operations in the emerging and developed markets of Asia Pacific ex Japan, i.e. Hong Kong SAR, Taiwan, Korea, the People’s Republic of China, Indonesia, Malaysia, India, Thailand, the Philippines, Sri Lanka, Singapore, Australia and New Zealand.

The Target Fund continued its active management style with 94% invested as of end of 2018. It had a Beta of ~0.94x indicated a close volatility to the general market. It was overweight in Real Estate and Information Technology; underweight Materials, Consumer Discretionary and Utilities towards the end of 2018. The Target Fund turned more positive on India with the improvement of its macro outlook – lower oil price, stable bond yield and currency and more fiscal stimulus expected ahead of the National elections in mid-2019. The Fund manager continues to adopt Fundamental and valuation analysis (bottom-up) including the use of financial models to manage the investment of the Funds.

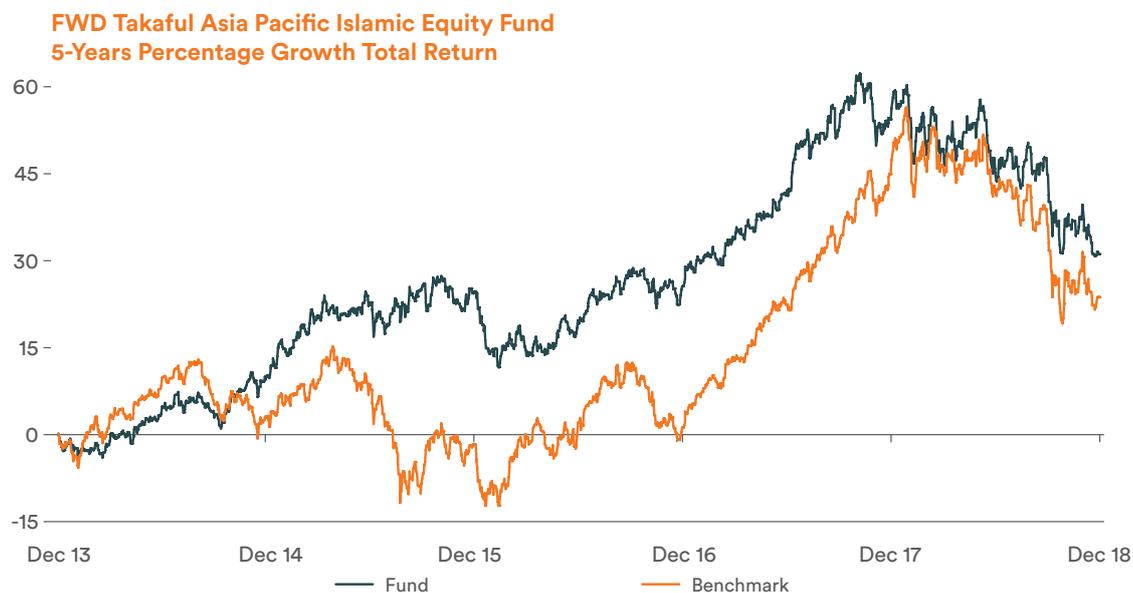
**Asset Allocation of Target Fund –
CIMB Islamic Asia Pacific Equity Fund (as at 31 December 2018)**

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	6.28%
Quoted Shariah Compliant Equities	93.72%

Top Holdings of Target Fund as at 31 December 2018:

Securities	Holdings (%)
Samsung Electronics Co Ltd	8.8
Alibaba Group Holding Ltd	8.5
Link REIT	6.0
Reliance Industries Ltd	5.7
CNOOC Ltd	5.4
Samsung Electronics Co Ltd Pfd	4.1
CapitalLand Commercial Trust	3.7
CapitalLand Mall Trust	3.6
Taiwan Semiconductor Manufacturing Co Ltd	2.7
China Mobile Ltd	2.6

**Performance Graph – Cumulative Return Over the Period (%)
(5-Years Percentage Growth vs Benchmark)**



Performance Table

FWD Takaful Asia Pacific Islamic Equity Fund	2018	2017	2016	2015	2014
Total NAV (RM'000)	83,147	82,138	46,948	38,812	15,146
Units in Circulation	54,825	45,990	32,408	26,922	11,946
NAV per Unit (RM)	1.517	1.786	1.449	1.442	1.268
Highest NAV per unit (RM)	1.854	1.878	1.489	1.472	1.28
Lowest NAV per unit (RM)	1.514	1.46	1.29	1.269	1.101
Annual Return	-15.07%	23.02%	0.66%	13.55%	9.69%

Cumulative Total Returns	6 months	1 Year	3 Years	5 Years	Since Inception [#]
FWD Takaful Asia Pacific Islamic Equity Fund	-11.19%	-15.07%	5.17%	30.99%	52.13%
Benchmark (Dow Jones Islamic Market Asia/ Pacific ex Japan Index)	-13.49%	-14.67%	25.87%	23.56%	47.25%

Since inception: Jun 2012

The basis of calculation for the past performance:

NAV Return = (End Period NAV per Unit/Begin Period NAV per Unit) - 1

Past performance of the Fund is not an indication of its future performance.

This is strictly the performance of the investment Fund, and not the returns earned on the actual contributions paid of the investment-linked product.

FWD TAKAFUL WORLD ISLAMIC EQUITY FUND

(formerly known as HSBC AMANAH TAKAFUL'S WORLD ISLAMIC EQUITY FUND)

Investment Objective

The Fund aims to achieve capital appreciation by investing in the Aberdeen Standard Islamic World Equity Fund (“Target Fund”), a Shariah compliant collective investment scheme that aims to achieve capital appreciation in the long term through investments in Shariah compliant equities and equity related securities.

Fees and Charges

Fund Management Fees is 1.50% per annum of the Fund’s value.
(This is the fee charged for ongoing portfolio management.)

These fees are calculated based on the Fund’s value. It is accrued daily when determining the unit price of the Fund. No soft commission arrangement is applied to the management of this Fund.

Investment Strategy Review of FWD Takaful World Islamic Equity Fund Target Fund: Aberdeen Standard Islamic World Equity Fund (1 January 2018 to 31 December 2018)

The Fund’s name was changed from HSBC Amanah Takaful’s World Islamic Equity Fund to FWD Takaful World Islamic Equity Fund effective 22 March 2019 following the change of the company’s name from HSBC Amanah Takaful (Malaysia) Berhad to FWD Takaful Berhad. Nonetheless, there were no changes made on the investment objectives, strategies, restrictions and limitation of the Fund.

In 2018, FWD Takaful World Islamic Equity Fund fell 9.51%, underperformed its benchmark, MSCI ACWI Islamic (Shariah) Index (-7.67%) by 1.84%. There was no income distribution proposed and/or made during the year.

The Fund’s underperformance was because of negative stock selection, though this was partially mitigated by positive allocation. The portfolio’s underweight to the US market, which carries a large weighting in the index, affected its performance against the benchmark. The Fund was hurt by the energy-related holdings there, though the impact was partially cushioned by the lower exposure to the overall energy sector. The volatility in stock market provides opportunity for value purchase and the Target Fund remain highly invested.

The Target Fund manages its portfolios that are concentrated, but also diversified in terms of its holdings’ businesses. On sector weightings, the Target Fund prefers companies in the consumer staples segment, which have their exposure to domestic demand growth in emerging markets. Conversely, the Target Fund remains underweight to the consumer discretionary sector, which is dominated by developed market companies exposed to the over-indebted Western consumer. The Target Fund also has a lighter exposure to the energy sector as it is wary about the cyclical nature of earnings that typifies the sector.

In times of volatility, it provides discerning investors opportunities to take advantage of mispricing. Amid such periods of uncertainty, quality stocks with defensive characteristics should prove resilient which bodes well for our Target Fund’s portfolios.

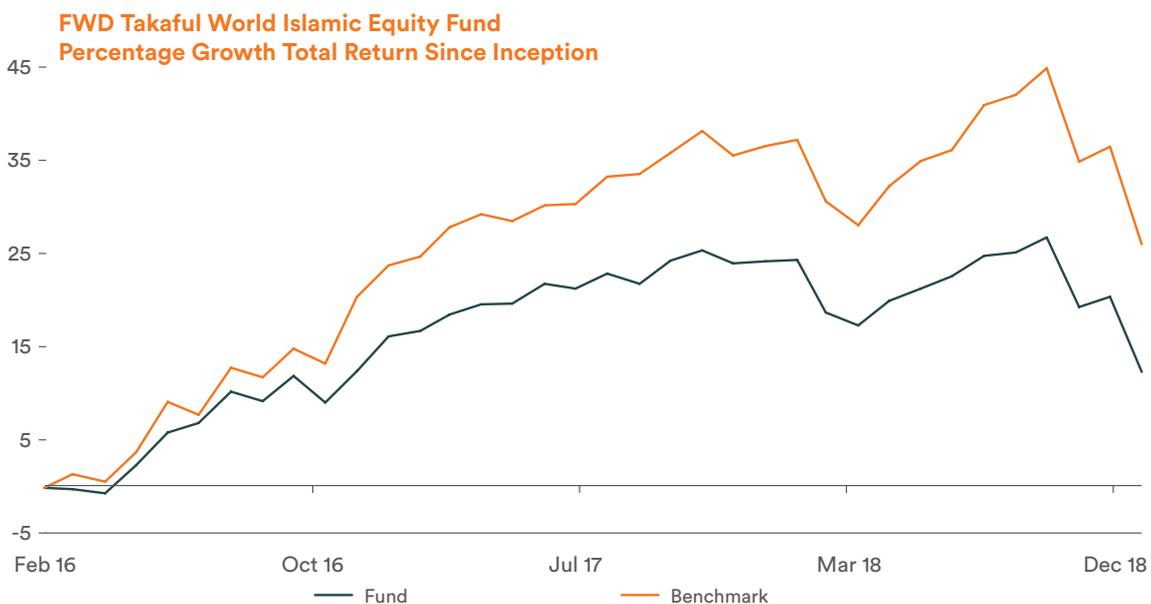
**Asset Allocation of Target Fund –
Aberdeen Standard Islamic World Equity Fund (as at 31 December 2018)**

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	1.90%
Quoted Shariah Compliant Equities	98.10%

Top Holdings of Target Fund as at 31 December 2018:

Securities	Holdings (%)
Johnson & Johnson	3.1
Norvartis	3.1
Samsung Electronics	3.0
Linde	2.9
L’Oreal	2.9
Chugai Pharmaceutical	2.8
Henkel AG & Co KGaA	2.8
Nestle	2.6
Procter & Gamble Co	2.6
Roche Holding	2.5

**Performance Graph – Cumulative Return Over the Period (%)
(5-Years Percentage Growth vs Benchmark)**



Performance Table

FWD Takaful World Islamic Equity Fund	2018	2017	2016
Total NAV (RM'000)	56,339	53,972	17,636
Units in Circulation	50,138	43,494	15,203
NAV per Unit (RM)	1.124	1.241	1.16
Highest NAV per unit (RM)	1.272	1.271	1.162
Lowest NAV per unit (RM)	1.111	1.16	0.978
Annual Return	-9.51%	6.86%	16.21%

Cumulative Total Returns	6 months	1 Year	Since Inception [#]
FWD Takaful World Islamic Equity Fund	-8.36%	-9.51%	12.37%
Benchmark (MSCI ACWI Islamic (Shariah) Index)	-7.37%	-7.67%	26.06%

Since inception: Feb 2016

The basis of calculation for the past performance:

NAV Return = (End Period NAV per Unit/Begin Period NAV per Unit) - 1

Past performance of the Fund is not an indication of its future performance.

This is strictly the performance of the investment Fund, and not the returns earned on the actual contributions paid of the investment-linked product.

FWD TAKAFUL ISLAMIC SUKUK FUND

(formerly known as HSBC AMANAH TAKAFUL'S ISLAMIC SUKUK FUND)

Investment Objective

The Fund aims to achieve capital appreciation in medium to long term by investing in CIMB Islamic Sukuk Fund (“Target Fund”), a Shariah-compliant collective investment scheme that aims to gain higher than average income over the medium to long term by investing in a diversified portfolio consisting principally of Sukuk, certificates of deposit, short term money market instruments and other permissible investment under Shariah principles.

Fees and Charges

Fund Management Fees is 1.00% per annum of the Fund's value.
(This is the fee charged for ongoing portfolio management.)

These fees are calculated based on the Fund's value. It is accrued daily when determining the unit price of the Fund. No soft commission arrangement is applied to the management of this Fund.

Investment Strategy Review of FWD Takaful Islamic Sukuk Fund

Target Fund: CIMB Islamic Sukuk Fund

(1 January 2018 to 31 December 2018)

The Fund's name was changed from HSBC Amanah Takaful's Islamic Sukuk Fund to FWD Takaful Islamic Sukuk Fund effective 22 March 2019 following the change of the company's name from HSBC Amanah Takaful (Malaysia) Berhad to FWD Takaful Berhad. Nonetheless, there were no changes made on the investment objectives, strategies, restrictions and limitation of the Fund.

In 2018, FWD Takaful Islamic Sukuk Fund rose 4.46%, outperformed its benchmark, Quantshop GII Medium Index (4.08%) by 0.38%. There was no income distribution proposed and/or made during the year.

The Target Fund invests in Sukuk which carry at least a “BBB3” or “P2” rating by RAM or equivalent rating by MARC or by local rating agencies of the country of issuance; or “BBB-” by S&P or equivalent rating by Moody's or Fitch. In line with its objective, the investment strategy and policy of the Target Fund is to invest in a diversified portfolio of Shariah-compliant fixed income securities consisting of Sukuk, aim to provide a steady stream of income from the profit of Sukuk.

The Target Fund continued to favor credit segment for stable and higher total return but also participated in the government bond market when trading opportunity arises. The Target Fund prefers AA-rated fixed income investment as supply is expected to be less compared to Government Guaranteed securities. It maintains a neutral call on duration as interest rates environment globally is still on hawkish tone. The Target Fund will continue to be invested in selective corporate sukuk with strong fundamentals in 2019 while explore into participating in government securities where it sees value.

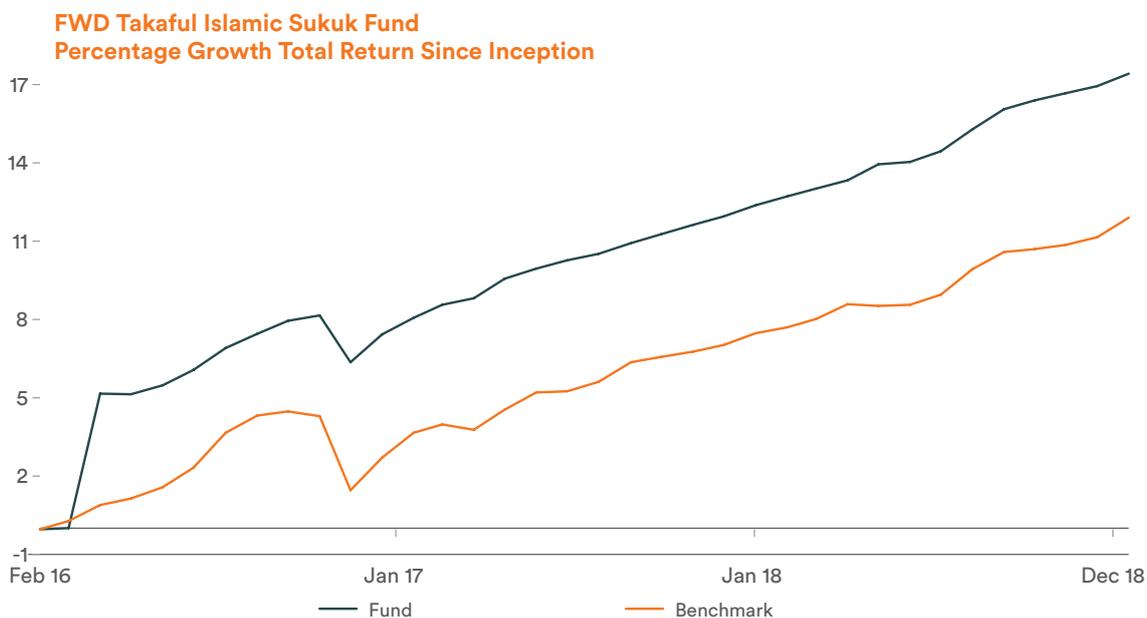
**Asset Allocation of Target Fund –
CIMB Islamic Sukuk Fund (as at 31 December 2018)**

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	8.12%
Unquoted Sukuk	91.88%

Top Holdings of Target Fund as at 31 December 2018:

Securities	Holdings (%)
YTL Power International Bhd	4.5
Gamuda Bhd	3.4
Golden Assets International Finance Ltd	3.1
UMW Holdings Bhd	2.8
UEM Edgenta Bhd	2.7
Aman Sukuk Bhd	2.3
West Coast Expressway Sdn Bhd	2.3
MMC Corporation Bhd	2.3
Manjung Island Energy Bhd	2.3
RHB Islamic Bank Bhd	2.3

**Performance Graph – Cumulative Return Over the Period (%)
(5-Years Percentage Growth vs Benchmark)**



Performance Table

FWD Takaful Islamic Sukuk Fund	2018	2017	2016
Total NAV (RM'000)	30,274	22,320	9,107
Units in Circulation	25,805	19,856	8,404
NAV per Unit (RM)	1.173	1.124	1.084
Highest NAV per unit (RM)	1.173	1.123	1.084
Lowest NAV per unit (RM)	1.124	1.075	1.000
Annual Return	4.46%	4.55%	7.42%

Cumulative Total Returns	6 months	1 Year	Since Inception [#]
FWD Takaful Islamic Sukuk Fund	2.57%	4.46%	17.32%
Benchmark (Quantshop GII Medium Index)	2.68%	4.08%	11.85%

Since inception: Feb 2016

The basis of calculation for the past performance:

NAV Return = (End Period NAV per Unit/Begin Period NAV per Unit) - 1

Past performance of the Fund is not an indication of its future performance.

This is strictly the performance of the investment Fund, and not the returns earned on the actual contributions paid of the investment-linked product.

Disclaimer: This Annual Fund Performance Report has been prepared by FWD Takaful Berhad (formerly known as HSBC Amanah Takaful (Malaysia) Berhad) strictly for general information and illustration purposes only and should not be construed as an offer, solicitation or recommendation to sell or buy any security, financial product or to conclude a Takaful Certificate. Although the materials used in preparing this presentation are obtained from sources believed to be reliable, we make no guarantee on the accuracy and completeness of the information. Any analysis, opinion, and forward-looking statement expressed are without any obligation and subject to change without notification. It is not in any way or manner intended to be or should it be treated as giving you any form of advice. Past performance is not an indication of future performance. We hereby disclaim any liability of whatsoever nature should viewers suffer losses merely relying on the information contained herein. Viewers are advised to contact FWD Takaful Berhad for further information and professional advice pertaining to the products offered by us.

HSBC AMANAH TAKAFUL (MALAYSIA) BERHAD

(Company No.731530-M)
(Incorporated in Malaysia)

INVESTMENT-LINKED PLANS FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Domiciled in Malaysia.
Registered Office:
10th Floor, North Tower
2, Leboh Ampang,
50100 Kuala Lumpur

INVESTMENT LINKED PLANS

Manager's report

The Manager has pleasure in submitting its report and the audited financial statements of the Investment-Linked Plans (hereinafter collectively referred to as "the Funds") for the financial year ended 31 December 2018.

Investment policy

The objective of the Funds is to provide participants with prospects for long term capital growth by investing in portfolio of Shariah compliant equities and other assets/investments.

Results

	RM'000
Excess of income over expenditure / (expenditure over income) before taxation	
- HSBC Amanah LifeSelect Fixed Income Fund	5,127
- HSBC Amanah LifeSelect Equity Fund	(13,120)
- HSBC Amanah Takaful's Dana Dividen	(1,958)
- HSBC Amanah Takaful's Asia Pacific Islamic Equity Fund	(16,073)
- HSBC Amanah Takaful's World Islamic Equity Fund	(6,105)
- HSBC Amanah Takaful's Islamic Sukuk Fund	1,157

Directors of the Manager

Directors who served since the date of the last report are:-

Kasim bin Zakaria

K. Vithyatharan A/L V. Karunakaran

Nor Azian binti Mohd Noor

Dr Cheah You Sum

Muhammad Ali Jinnah bin Ahmad

Tara Marie Latini (appointed on 30 October 2018)

Lim Eng Seong (resigned on 20 October 2018)

For and on behalf of the Manager,

HSBC Amanah Takaful (Malaysia) Berhad

.....
K . Vithyatharan A/L V Karunakaran
Director

Kuala Lumpur

Date: 21 March 2019

INVESTMENT LINKED PLANS

Statement of Assets and Liabilities as at 31 December 2018

	Note	LifeSelect Fixed Income Fund	LifeSelect Equity Fund	Takaful Dana Dividen	Asia Pacific Equity	World Islamic Equity	Islamic Sukuk Fund
2018							
Investments							
Collective investments scheme	3	108,691	139,285	22,961	82,625	56,185	30,291
Cash and Cash equivalents							
Cash and bank balances		-	-	-	-	-	-
Deferred tax assets		-	2,373	94	218	119	-
Other assets		-	-	1,337	768	655	185
Total assets		108,691	141,658	24,392	83,611	56,959	30,476
Provision for taxation		1	(139)	(131)	378	8	-
Deferred tax liabilities		429	-	-	-	-	29
Other liabilities		2,103	3,519	1,934	188	616	195
Total liabilities		2,533	3,380	1,803	566	624	224
Net Assets Value of the Fund		106,158	138,278	22,589	83,045	56,335	30,252
Represented by:							
Participants' Funds		81,546	119,779	20,842	81,182	58,894	28,389
Generated income/(loss) carried forward		24,612	18,499	1,747	1,863	(2,559)	1,863
		106,158	138,278	22,589	83,045	56,335	30,252
Number of units		77,829	83,517	19,030	54,825	50,138	25,805
Net Assets Value Per Unit (RM)		1.36	1.66	1.19	1.51	1.12	1.17

The accompanying notes on pages 36 to 41 form part of these financial statements.

INVESTMENT LINKED PLANS

Statement of Assets and Liabilities as at 31 December 2018 (continued)

	Note	LifeSelect Fixed Income Fund	LifeSelect Equity Fund	Takaful Dana Dividen	Asia Pacific Equity	World Islamic Equity	Islamic Sukuk Fund
2017							
Investments							
Collective investments scheme	3	111,978	161,338	23,409	83,093	53,899	22,285
Cash and Cash equivalents							
Cash and bank balances		200	112	39	38	190	39
Deferred tax assets		-	1,316	-	-	-	-
Other assets		-	-	-	401	200	15
Total assets		112,178	162,766	23,448	83,532	54,289	22,339
Provision for taxation		-	26	36	118	-	-
Deferred tax liabilities		233	-	135	1,276	317	19
Other liabilities		1,758	1,131	595	-	-	-
Total liabilities		1,991	1,157	766	1,394	317	19
Net Assets Value of the Fund		110,187	161,609	22,682	82,138	53,972	22,320
Represented by:							
Participants' Funds		90,505	131,212	19,372	65,436	50,854	21,604
Generated income carried forward		19,682	30,397	3,310	16,702	3,118	716
		110,187	161,609	22,682	82,138	53,972	22,320
Number of units		84,532	89,761	17,907	45,990	43,494	19,856
Net Assets Value Per Unit (RM)		1.30	1.80	1.27	1.79	1.24	1.12

The accompanying notes on pages 36 to 41 form part of these financial statements.

INVESTMENT LINKED PLANS

Statement of income and expenditure for the financial year ended 31 December 2018

	LifeSelect Fixed Income Fund	LifeSelect Equity Fund	Takaful Dana Dividen	Asia Pacific Equity	World Islamic Equity	Islamic Sukuk Fund
Note	Fund	Fund	Dividen	Equity	Equity	Fund
2018						
Investment Income						
Income distribution	3,780	5,356	1,094	2,212	-	1,313
Unrealised capital gain on investments	2,423	-	-	-	-	111
Net gain on disposal of investments	5	716	84	524	104	7
Total income	6,208	6,072	1,178	2,736	104	1,431
Unrealised capital loss on investment	-	(16,140)	(2,598)	(17,438)	(5,562)	-
Other outgo	(1,081)	(3,052)	(538)	(1,371)	(647)	(274)
Total outgo	(1,081)	(19,192)	(3,136)	(18,809)	(6,209)	(274)
Income/(loss) before taxation	5,127	(13,120)	(1,958)	(16,073)	(6,105)	1,157
Taxation	(197)	1,222	395	1,234	428	(10)
Income/(loss) after taxation	4,930	(11,898)	(1,563)	(14,839)	(5,677)	1,147
Generated income brought forward	19,682	30,397	3,310	16,702	3,118	716
Generated income/(loss) carried forward	24,612	18,499	1,747	1,863	(2,559)	1,863

The accompanying notes on pages 36 to 41 form part of these financial statements.

INVESTMENT LINKED PLANS

Statement of income and expenditure for the financial year ended 31 December 2018 (continued)

	Note	LifeSelect Fixed Income Fund	LifeSelect Equity Fund	Takaful Dana Dividen	Asia Pacific Equity	World Islamic Equity	Islamic Sukuk Fund
2017							
Investment Income							
Income distribution		4,871	7,124	331	3,051	-	607
Unrealised capital gain on investments		-	32,727	2,104	9,536	2,352	219
Net gain on disposal of investments		1,276	-	-	936	232	-
Total income		6,147	39,851	2,435	13,523	2,584	826
Unrealised capital loss on investment		(108)	-	-	-	-	-
Net loss on disposal of investments		-	(18,929)	(67)	-	-	(7)
Other outgo		(1,164)	(2,417)	(373)	(953)	(529)	(157)
Total outgo		(1,272)	(21,346)	(440)	(953)	(529)	(164)
Income before taxation		4,875	18,505	1,995	12,570	2,055	662
Taxation		(650)	(871)	(165)	(833)	(207)	(17)
Income after taxation		4,225	17,634	1,830	11,737	1,848	645
Generated income brought forward		15,457	12,763	1,480	4,965	1,270	71
Generated income carried forward		19,682	30,397	3,310	16,702	3,118	716

The accompanying notes on pages 36 to 41 form part of these financial statements.

INVESTMENT LINKED PLANS

Statement of changes in net asset value for the financial year ended 31 December 2018

	LifeSelect Fixed Income Fund	LifeSelect Equity Fund	Takaful Dana Dividen	Asia Pacific Equity	World Islamic Equity	Islamic Sukuk Fund
2018						
Net Asset Value of the Fund at beginning of the financial year	110,187	161,609	22,682	82,138	53,972	22,320
Net creation of units	4,877	8,098	4,694	29,015	15,818	9,441
Net cancellation of units	(13,835)	(19,530)	(3,224)	(13,269)	(7,777)	(2,656)
Other outgo	-	-	-	-	-	-
Income/(loss) for the financial year	4,930	(11,898)	(1,563)	(14,839)	(5,677)	1,147
Net Asset Value of the Fund at end of financial year	106,159	138,279	22,589	83,045	56,336	30,252
2017						
Net Asset Value of the Fund at beginning of the financial year	111,930	157,301	22,913	46,948	17,636	9,107
Net creation of units	8,915	10,839	1,156	34,724	38,734	14,054
Net cancellation of units	(14,883)	(24,165)	(3,217)	(11,271)	(4,246)	(1,486)
Other outgo	-	-	-	-	-	-
Income for the financial year	4,225	17,634	1,830	11,737	1,848	645
Net Asset Value of the Fund at end of financial year	110,187	161,609	22,682	82,138	53,972	22,320

The accompanying notes on pages 36 to 41 form part of these financial statements.

INVESTMENT LINKED PLANS

Statement of cash flows for the financial year ended 31 December 2018

	LifeSelect Fixed Income Fund	LifeSelect Equity Fund	Takaful Dana Dividen	Asia Pacific Equity	World Islamic Equity	Islamic Sukuk Fund
2018						
Cash flow from operating activities						
Income/(loss) before taxation	5,127	(13,120)	(1,958)	(16,073)	(6,105)	1,157
Adjustment for:-						
Income distribution	(3,780)	(5,356)	(1,094)	(2,212)	-	(1,313)
Unrealised capital (gain)/loss on investments	(2,423)	16,140	2,598	17,438	5,562	(111)
Loss from operations before changes in operating assets and liabilities	(1,076)	(2,336)	(454)	(847)	(543)	(267)
Proceeds from disposal of investments	13,180	14,562	2,763	7,386	6,927	3,220
Purchase of investments	(7,471)	(8,650)	(4,914)	(24,356)	(14,776)	(11,115)
Increase in other assets	-	-	(1,337)	(367)	(455)	(170)
Increase/(decrease) in other liabilities	345	2,388	1,339	188	616	195
Cash generated from operations	4,978	5,964	(2,603)	(17,996)	(8,231)	(8,137)
Income distribution	3,780	5,356	1,094	2,212	-	1,313
Tax paid	-	-	-	-	-	-
Net cash generated from operating activities	8,758	11,320	(1,509)	(15,784)	(8,231)	(6,824)

INVESTMENT LINKED PLANS

Statement of cash flows for the year ended 31 December 2018 (continued)

	LifeSelect Fixed Income Fund	LifeSelect Equity Fund	Takaful Dana Dividen	Asia Pacific Equity	World Islamic Equity	Islamic Sukuk Fund
2018						
Cash flows from financing activities						
Proceed from creations of units	4,877	8,098	4,694	29,015	15,818	9,441
Payment for cancellation of units	(13,835)	(19,530)	(3,224)	(13,269)	(7,777)	(2,656)
Net cash (used in)/generated from financing activities	(8,958)	(11,432)	1,470	15,746	8,041	6,785
Net (decrease)/increase in cash and cash equivalent	(200)	(112)	(39)	(38)	(190)	(39)
Cash and cash equivalents at 1 January	200	112	39	38	190	39
Cash and cash equivalents at 31 December	-	-	-	-	-	-
Cash and cash equivalents comprise	-	-	-	-	-	-
Cash and bank balances	-	-	-	-	-	-

The accompanying notes on pages 36 to 41 form part of these financial statements.

INVESTMENT LINKED PLANS

Statement of cash flows for the financial year ended 31 December 2018 (continued)

	LifeSelect Fixed Income Fund	LifeSelect Equity Fund	Takaful Dana Dividen	Asia Pacific Equity	World Islamic Equity	Islamic Sukuk Fund
2017						
Cash flow from operating activities						
Income before taxation	4,875	18,505	1,995	12,570	2,055	662
Adjustment for:-						
Income distribution	(4,871)	(7,124)	(331)	(3,051)	-	(607)
Unrealised capital loss/(gain) on investments	108	(32,727)	(2,104)	(9,536)	(2,352)	(219)
Income/(loss) from operations before changes in operating assets and liabilities	112	(21,346)	(440)	(17)	(297)	(164)
Proceeds from disposal of investments	61,181	110,671	25,215	5,044	2,863	1,776
Purchase of investments	(60,912)	(84,326)	(23,703)	(31,181)	(36,890)	(15,152)
Decrease in other assets	-	1,278	281	847	1,606	1,768
Increase in other liabilities	1,123	1,131	595	-	-	-
Cash generated from/(used in) operations	1,504	7,408	1,948	(25,307)	(32,718)	(11,772)
Income distribution	4,871	7,124	331	3,051	-	607
Net cash generated from/(used in) operating activities	5,591	13,727	2,279	(22,256)	(32,718)	(11,165)

INVESTMENT LINKED PLANS

Statement of cash flows for the financial year ended 31 December 2018 (continued)

	LifeSelect Fixed Income Fund	LifeSelect Equity Fund	Takaful Dana Dividen	Asia Pacific Equity	World Islamic Equity	Islamic Sukuk Fund
2017						
Cash flow from financing activities						
Proceed from creations of units	8,915	10,839	1,156	34,724	38,734	14,054
Payment for cancellation of units	(14,883)	(24,165)	(3,217)	(11,271)	(4,246)	(1,486)
Net cash (used in)/generated from financing activities	(5,968)	(13,326)	(2,061)	23,453	34,488	12,568
Net (decrease)/increase in cash and cash equivalent	(377)	401	218	1,197	1,770	1,403
Cash and cash equivalents at 1 January	577	(289)	(179)	(1,159)	(1,580)	(1,364)
Cash and cash equivalents at 31 December	200	112	39	38	190	39
Cash and cash equivalents comprise						
Cash and bank balances	200	112	39	38	190	39

The accompanying notes on pages 36 to 41 form part of these financial statements.

INVESTMENT LINKED PLANS

Notes to the financial statements

Information on the Funds

The Manager, HSBC Amanah Takaful (Malaysia) Berhad, is a public limited liability company, incorporated and domiciled in Malaysia. The principal activities of the Manager consist of the managing of General Takaful and Family Takaful businesses. There have been no significant changes in the nature of the principal activities during the financial year other than the disposal of General Takaful. The Family Takaful business includes management of investment-linked Funds.

The address of its principal place of business and registered office are as follows:

Principal place of business	Registered office
8 th - 9 th Floor, North Tower	10 th Floor, North Tower
No. 2 Leboh Ampang,	No. 2 Leboh Ampang,
50100 Kuala Lumpur, Malaysia	50100 Kuala Lumpur, Malaysia

The investment objective of the Funds are as follows:

- (a) HSBC Amanah LifeSelect Fixed Income Fund aims to achieve capital growth in the medium to long term by investing in a diversified portfolio of Shariah compliant collective investment schemes that invest primarily in Sukuk and any other permissible liquid assets under the Shariah principles.
- (b) HSBC Amanah LifeSelect Equity Fund aims to achieve capital growth in the medium to long term by investing in Shariah compliant collective investment schemes which invest in Shariah compliant equities, equity related securities.
- (c) HSBC Amanah Takaful's Dana Dividen Fund seeks to achieve appreciation in medium to long term by investing in Shariah compliant collective investment scheme that invest primarily in a portfolio of Shariah compliant Malaysia and foreign equity securities that have the track record of paying or have the potential to pay consistent and attractive dividends.
- (d) HSBC Amanah Takaful's Asia Pacific Islamic Equity Fund seeks to achieve long term capital appreciation by investing in a Shariah compliant collective investment scheme that invests in the emerging and developed markets of Asia Pacific excluding Japan.
- (e) HSBC Amanah Takaful's World Islamic Equity Fund aims to achieve appreciation by investing in a Shariah compliant collective investment scheme that aims to achieve capital appreciation in the long term through investments in Shariah-compliant equities and equity related securities.
- (f) HSBC Amanah Takaful's Islamic Sukuk Fund aims to achieve capital appreciation in medium to long term by investing in a Shariah compliant collective investment scheme that aims to gain higher than average income over the medium to long term by investing in a diversified portfolio consisting principally of Sukuk, certificates of deposit, short term money market instruments and other permissible investment under Shariah principles.

INVESTMENT LINKED PLANS

Notes to the financial statements (continued)

Information on the Funds (continued)

The immediate holding company of the Manager is HSBC Insurance (Asia Pacific) Holdings Ltd., a company incorporated in Hong Kong. The ultimate holding company is HSBC Holdings Plc, a company incorporated in the United Kingdom.

The financial statements of the Funds were approved by the Board of Directors of the Manager on 21 March 2019.

1. Basis of preparation

(a) Basis of accounting

The financial statements of the Funds have been prepared in accordance with the accounting policies as set out in Note 2 and Bank Negara Malaysia's Guidelines on Investment-Linked Takaful Business. The accounting policies in Note 2 is an abridged version and should be read with the Audited Financial Statements of the manager, HSBC Amanah Takaful (Malaysia) Berhad, for the year ended 31 December 2018. These financial statements are only for information purpose to the participant of the Funds in accordance to Bank Negara Malaysia's Guidelines.

(b) Basis of measurement

The financial statements of the Funds have been prepared on the historical cost basis modified by the revaluation of investments as stated in Note 2(a).

(c) Functional and presentation currency

The financial statements of the Funds are presented in Ringgit Malaysia ("RM"), which is the Fund's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

There is no significant area of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than as disclosed in Note 2(a).

INVESTMENT LINKED PLANS

Notes to the financial statements (continued)

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Investments

All purchases of unit trusts (collective investment schemes) are recognised on their trade dates, i.e. the date the commitment exists to purchase the investments. The investments are initially recorded at cost, being the fair value of the consideration given.

The attributable transaction costs are recognised in the statement of income and expenditure when incurred. The fair value is determined by using open market valuation at the year-end date.

Any increase or decrease in the value of the investments at each reporting date is recognised in the statement of income and expenditure.

(b) Net Creation of Units

Net creation of units represents contributions paid by participants as payment for a new certificate and net of cancellation from inception. Net creation of units is recognised on a received basis.

(c) Net Cancellation of Units

Net cancellation of units represents cancellation of units arising from surrenders and withdrawals by participants. Net cancellation of units is recognised upon surrendering of the related takaful certificates.

(d) Income Recognition

Income distribution is recognised when the right to receive payment is established.

Profit from deposits with licensed financial institutions is recognised on an accrual basis.

Gain or loss on disposal of investments is credited or charged to the statement of income and expenditure when they arise.

INVESTMENT LINKED PLANS

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(e) Income Tax Expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the statement of income and expenditure.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances, including deposits with licensed financial institutions, that are readily convertible to known amounts of cash and which are not subject to a significant risk of changes in value.

INVESTMENT LINKED PLANS

Notes to the financial statements (continued)

3. Collective investment scheme (Fair Value)

	2018 RM'000	2017 RM'000
LifeSelect Fixed Income Fund		
At Cost	105,573	111,283
Unrealised capital gain	3,118	695
At indicative market value	108,691	111,978
LifeSelect Equity Fund		
At Cost	136,517	144,335
Unrealised capital (loss)/gain	2,768	17,003
At indicative market value	139,285	161,338
Takaful Dana Dividen		
At Cost	24,122	21,682
Unrealised capital (loss)/gain	(1,161)	1,727
At indicative market value	22,961	23,409
Asia Pacific Equity Fund		
At Cost	86,603	68,019
Unrealised capital gain	(3,978)	15,074
At indicative market value	82,625	83,093
World Islamic Equity Fund		
At Cost	58,054	50,206
Unrealised capital gain	(1,869)	3,693
At indicative market value	56,185	53,899
Islamic Sukuk Fund		
At Cost	29,929	22,034
Unrealised capital gain	362	251
At indicative market value	30,291	22,285

INVESTMENT LINKED PLANS

Notes to the financial statements (continued)

4. Financial instruments

The Funds are exposed to foreign currency, market, credit, liquidity and profit rate risks.

Market risk

Market risk arises when the value of the investments fluctuates in response to the activities of the individual companies, general market or economic conditions. The Manager manages the risk by continuous monitoring of the performance and risk profile of the investment portfolio.

Credit risk

Credit risk refers to the ability of a counterparty to make timely payments of income distribution, principle amounts and proceeds from realisation of investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

For proceeds from injection or subscription and redemption of collective investment schemes, the settlement terms are set out in the applicable operating memorandum agreement signed between HSBC Amanah Takaful (Malaysia) Berhad and the respective external Fund managers.

Liquidity risk

Liquidity risk is the risk that the Investment-Linked Fund may encounter in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquidity to meet anticipated payment and redemption of units by participants.

Profit rate risk

Profit rate risk is the risk that the value of the Investment-Linked Funds will fluctuate because of changes in market profit rates. Profit rates move in the opposite direction of Sukuk prices. When the profit rate rises, Sukuk prices fall and vice versa. The profit rate risk is monitored through periodic reviews of its assets and liabilities positions with the objective to limit the net changes in the value of assets and liabilities arising from profit rate movements.

Fair values

The fair values of investments have been disclosed in Note 3. The basis of deriving the fair values is disclosed in Note 2(a).

INVESTMENT LINKED PLANS

Statement by Manager

I, K . Vithyatharan A/L V Karunakaran, Director of HSBC Amanah Takaful (Malaysia) Berhad state that, in the opinion of the Manager, the financial statements as of 31 December 2018 and for the financial year then ended set out on pages 36 to 41, are prepared in all material respects, in accordance with accounting policies set out in Note 2 and Guidelines on Investment-Linked Insurance/Takaful Business.

For and on behalf of the Manager,

HSBC Amanah Takaful (Malaysia) Berhad

.....
K . Vithyatharan A/L V Karunakaran

Director

Kuala Lumpur

Date: 21 March 2019

INVESTMENT LINKED PLANS

INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF HSBC AMANAH TAKAFUL INVESTMENT-LINKED PLANS ("THE FUNDS")

REPORT ON THE AUDIT OF THE FINANCIAL INFORMATION

Our Opinion

We have audited the financial information of the Funds, which comprise the statement of assets and liabilities as at 31 December 2018, and the statement of income and expenditure, and statement of changes in net asset value for the financial year then ended, and notes to the financial information, including a summary of significant accounting policies, as set out in pages 36 to 41.

In our opinion, the accompanying financial information of the Funds for the financial year ended 31 December 2018 are prepared, in all material respects, in accordance with the accounting policies set out in Note 2 to the financial information and the Guidelines on Investment-Linked Insurance/Takaful Business issued by Bank Negara Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial information" section of our report. We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial information in Malaysia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to Note 1 to the financial information, which describes the basis of accounting. The financial information is prepared to assist the Funds to meet the requirements of the Guidelines on Investment-Linked Insurance/Takaful Business issued by Bank Negara Malaysia. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for the certificate owners of the Funds as a body and should not be distributed to or used by parties other than the certificate owners of the Funds. Our opinion is not modified in respect of this matter.

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PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 02.01.2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

INVESTMENT LINKED PLANS

INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF HSBC AMANAH TAKAFUL INVESTMENT-LINKED PLANS ("THE FUNDS")

REPORT ON THE AUDIT OF THE FINANCIAL INFORMATION (CONTINUED)

Responsibilities of the Manager for the financial information

The Directors of HSBC Amanah Takaful (Malaysia) Berhad ("the Manager") are responsible for the preparation of the financial information in accordance with the accounting policies set out in Note 2 to the financial information and the Guidelines on Investment-Linked Insurance/Takaful Business issued by Bank Negara Malaysia, and for such internal control as the Manager determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information, the Manager is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

The Manager is responsible for overseeing the Funds' financial reporting process.

Auditors' responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

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INVESTMENT LINKED PLANS

INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF HSBC AMANAH TAKAFUL INVESTMENT-LINKED PLANS ("THE FUNDS")

REPORT ON THE AUDIT OF THE FINANCIAL INFORMATION (CONTINUED)

Auditors' responsibilities for the audit of the financial information (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Manager's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

(d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.

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INVESTMENT LINKED PLANS

INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF HSBC AMANAH TAKAFUL INVESTMENT-LINKED PLANS ("THE FUNDS")

REPORT ON THE AUDIT OF THE FINANCIAL INFORMATION (CONTINUED)

Auditors' responsibilities for the audit of the financial information (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PRICEWATERHOUSECOOPERS PLT
LLP 0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
21 March 2019

*PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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