

FWD Takaful Investment-Linked Funds

Annual Funds Performance Report
for the year ended 31 December 2020



Message from FWD Takaful Berhad

Dear Valued Customers,

On behalf of FWD Takaful Berhad (“FWD Takaful”), I’d like to express our heartfelt appreciation for your continued trust in FWD Takaful as your preferred Takaful provider. We’re pleased to present to you our Annual Fund Performance Report for the year ended 31 December 2020. We hope you find this report informative and helpful for you to understand us better and the investment-linked plans we offer. On top of that, we’d like to share with you some of the achievements we’ve accomplished in the eventful year 2020 to create value and improve the way we serve our customers.

2020 was a year with heightened uncertainty amid the outbreak of the Novel Coronavirus (COVID-19) pandemic causing lockdowns in countries while severely damaging the global economy. Despite major advanced and emerging economies showing signs of recovery from containment measures and nationwide vaccine rollout, economic activity has yet to return to pre-pandemic levels and may take longer to normalise. As a Takaful operator, we continued to focus on our customer’s needs, manage our investment prudently and support our community proactively with our vision of changing the way people feel about Takaful.

Last year, FWD Takaful registered significant financial growth compared to the previous financial year, which was contributed by growth across all distribution channels despite the pandemic. Our Agency force continued to expand and grew three times in size to 3,364 agents. In addition, we launched two new distribution channels: particularly providing Group Hospital & Surgical coverage to members of CuepacsCare through Corporate Care and launched LPPSA MRTT in March 2020. We also introduced 13 new products and riders to support our customers who interact with us either through our agents, bancatakaful partner and digital platform. In line with our initiative to be an inclusive financial company, we’ve launched FWD Kasih in September 2020, a microtakaful product that is affordable and provides coverage for those earning less than RM5,000 per month. The plan is included under the Bank Negara Malaysia’s Perlindungan Tenang initiative. Over 3 months of launch, FWD Kasih has registered 514 cases. We also launched the MOH FWD MY Heroes Fund in 2Q20, a special RM5 million special fund as an initiative for the Ministry of Health (MOH) frontliners in recognition and appreciation of their role in the fight against the COVID-19 pandemic. Despite the current pandemic that has threatened job security, we supported Ministry Entrepreneur Development and Cooperative (MEDAC) initiative and recruited 40 Protégés last year. We developed, trained and mentor graduates with the necessary skills and experience to thrive in the takaful industry.

Our parent company, FWD Group continued to grow and expand in 2020 by completing the acquisition of MetLife Hong Kong and become a significant pan-Asian insurer covering 10 markets across Asia, with more than 9.8 million customers, 6,100 employees, 33,000 agents and US\$62.6 billion in assets under management as at end 2020. As a fast-growing Takaful provider, we’re committed to continuing serving you with enhanced product propositions and value-added services to support your financial portfolio and enrich your experience with us.

Once again, I’d like to express my deepest thanks for your trust and support, which has propelled us to succeed to where we are today. As we navigate through uncertainties, we hope you’ll continue to stay safe and be protected during these challenging times.

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

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MARKET REVIEW 2020

Equity

Global equities rose over a choppy 12 months in 2020 with a number of developments that were historically unprecedented. US-China trade deal, Brexit, Coronavirus pandemic, and US elections making 2020 undoubtedly an eventful year. The rapid spread of the COVID-19 from mainland China to other parts of the world started in 1Q20 while most countries shut their borders and imposed severe lockdowns to battle the virus. Governments and central banks worldwide tapped on fiscal and monetary tools to support flagging growth in their countries. Stock markets lost one third of their value in one-month time as the global pandemic and lockdowns hit in March thereafter markets rebounded to their previous highs in less than 6 months following encouraging news on COVID-19 vaccines. Global equities ended positively in 2020 with the US S&P 500 and Nasdaq benchmark surged to record highs in December recorded year-on-year (YoY) gain of 16.26% and 43.64% respectively. Meanwhile the MSCI AC Asia ex-Japan Islamic Index rose 22.31% in 2020, outperformed the US S&P 500 but underperformed the Nasdaq Composite.

Back home, Malaysia experienced a change in government with raising political and policy uncertainties. This was followed by the global pandemic which led to the unprecedented imposition of activity restrictions in many countries, restraining economic activities. The new government announced six economic aid packages since March 2020, with the latest announced Pemerkasa in March 2021 (RM20 billion) bringing the total value of stimulus packages to RM340 billion (circa \$81.96 billion). On the back of Government supports for the economy, increased liquidity in the market, rose of retail participant rate and the positive vaccine development, the Islamic equity benchmark FTSE Bursa Malaysia Emas Shariah Index (FBMS) rose 10.14% YoY while the FBM KLCI increased 2.42% in 2020.

Fixed Income

In an emergency move on 15 March 2020, the US Federal Reserve took quick and decisive action to cut its target range for the federal funds rate (the rate banks pay to borrow from each other overnight) by a full percentage point drop less than two weeks after being lowered to 1.00–1.25%, bringing it down to a range of 0% to 0.25% amid coronavirus-related market turmoil causing credit spreads blowing out and liquidity drying up. The central bank also announced the launch of massive USD 700 billion quantitative easing program in response to the COVID-19 pandemic. As a proxy for typical U.S. core bond exposure, the Bloomberg Barclays U.S. Aggregate Bond Index gained 7.51% in 2020, 1.2% below its 2019 return of 8.72%.

Central banks around the world have been acting more quickly than ever before cutting interest rates to historical low trying to support financial markets and the real economy during the unprecedented pandemic. In order to support the economy and increased the market liquidity, the Bank Negara Malaysia slashed its Overnight Policy Rate (OPR) by 125 bps from 3% to 1.75% and reduced the statutory reserve requirement (SRR) ratio for banking institutions by 100bps from 3% to 2%. Malaysia bond market garnered stronger monthly foreign buying interest in December 2020 despite the country's sovereign rating being downgraded by Fitch in November. The total RM223 billion of foreign holdings was the highest since November 2016, about 13.9% holdings of total outstanding local bonds, foreign inflow was mainly due to attractive yield valuations and dollar weakness. According to Lipper ranking, the average return for local Islamic fixed income funds was about 4.87% in 2020.

INVESTMENT OUTLOOK 2021

Equity

The global prospects remain highly uncertain one year into the COVID-19 pandemic with new virus mutations, resurgence of cases and increased lockdown measures in various countries. As of mid-April 2021, more than 841 million vaccine doses for COVID-19 have been administered worldwide, approximately 11 doses for every 100 people. The vaccinations rollout is likely to boost economy growth and the International Monetary Fund (IMF) projected the global economy to grow at 6% in 2021 and moderating to 4.4% in 2022. Recovery phase of the economic cycle is positive for risk assets such as equities. The U.S. passed a \$1.9 trillion stimulus bill in March 2021, which is set to supercharge the country recovery as COVID-19 restrictions were lifted while other countries could possibly benefit from the spillover effects of the huge U.S. stimulus bill. The U.S. S&P 500 and Dow Jones indexes hit record highs in mid-April 2021 amid upbeat earnings reports from companies as a strong rebound in March retail sales bolstered hopes of a broader economic rebound. Investors may expect the economy recovery to favor equities over bonds for the remainder of the year, despite expensive equities valuations as growth momentum remain supportive.

Malaysian equity market continues to face volatility in 2021 driven not only by resurgence of COVID-19 infection cases and potential implementation of stricter movement control order but also local political uncertainty which continue to be distracting. As of mid-April 2021, foreign investors had been net seller of local equities to the tune of RM1.77 billion. Despite there was a market projection in January for the FBMKLCI to end higher at 1,830 points in 2021, the Movement Control Order 2.0 in 1Q21 is likely to have an impact on the corporate earnings and the economy recovery in 2021. The FTSE Bursa Malaysia Emas Shariah Index (FBMS) and the FBM KLCI index lost 2.36% and 3.30% respectively in 1Q21.

Fixed Income

The 10-year U.S. Treasury (UST) yields rose from 0.916% in December 2020 to 1.744% in March 2021 on a combination of optimism for the economy as well as inflation fears. Generally bond investors expect the first Fed rate hike by 2022 and a further two hikes in 2023 which seems premature as the Federal Open Market Committee's mid-March indicated there the rate hikes are unlikely before the end of 2023 despite an improving outlook and higher inflation in 2021. In the March meeting, the Federal Reserve kept rates unchanged at near zero and maintained its current pace of asset purchases where the U.S. central bank buys at least USD 120 billion of bonds monthly.

Bank Negara Malaysia (BNM) maintained the OPR at 1.75% in its Monetary Policy Committee (MPC) meeting in March 2021 for the fourth consecutive meeting since Jul 2020. Economists expect BNM to maintain OPR at 1.75% in 2021 as the uncertainty of the COVID-19 pandemic remains a risk to the economy recovery hence the monetary policy will remain accommodative to support a sustainable recovery. Malaysia's sovereign yield curve has steepened sharply with the yield of the 10Y Malaysian Government Securities (MGS) increasing circa 70 basis points while the 10y Malaysian Government Investment Issue (MGII) rose 58 basis points in 1Q21 tracking US Treasury yields spike amid higher inflationary pressure. The selloff is likely overdone and bond yields may start tracing back lower in the coming months as valuations have turned attractive and interest rates are expected to remain low in the next 1-2 years at least.

FWD TAKAFUL LIFESELECT FIXED INCOME FUND

Investment Objective

The Fund aims to achieve capital growth over the medium to long term by investing in one or more 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 Fee is 1.00% per annum of the Fund’s value.
(This is the fee charged for the 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 Target Fund: Affin Hwang Aiiman Income Plus Fund (1 January 2020 to 31 December 2020)

In 2020, there were no changes made on the investment objectives, strategies, restrictions, and limitation of the Fund. There was no income distribution proposed and/or made for the Fund during the year.

The Fund invested up to 100% of its net asset value (NAV) in its Target Fund, Affin Hwang Aiiman Income Plus Fund and with a small portion of assets in cash to cater for liquidity requirements. The FWD Takaful LifeSelect Fixed Income Fund gained 4.84% in 2020, outperformed its benchmark 12-month Maybank General Investment Account (GIA) i-rate by 2.40%. The Target Fund’s holdings in corporate Sukuk were the largest contributor to the gain in last year. The Target Fund has benefitted from the high-quality credit positioning as economic conditions worsened in 2020. The average allocation in corporate Sukuk was 77% in 2020.

The Target Fund preferred medium to long dated investment grade Sukuk for yield pickup while it remained cautious on the portfolio duration positioning. Meanwhile the low deposits rates in 2020 had led to continuous foreign inflows into local fixed income market and is likely to extend the net foreign inflows in 2021 amid its attractive yields versus developed market ultra-low interest rate. The Target Fund also added its position in government issuance in 2020.

The Target 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 Target 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 continued to be managed in this manner to fulfil its objective.

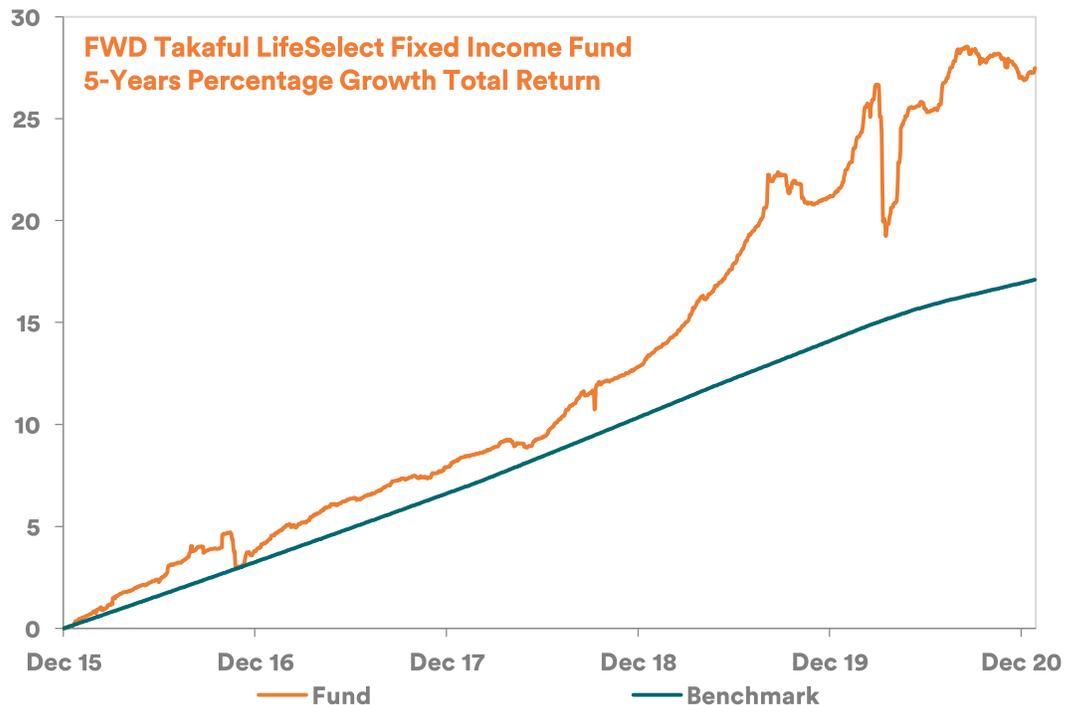
**Asset Allocation of Target Fund –
Affin Hwang Aiiman Income Plus Fund (as at 31 December 2020)**

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	11.50%
Unquoted Sukuk	88.50%

Top Holdings of Target Fund as at 31 December 2020:

Securities	Holdings (%)
YTL Power International Bhd	1.3
Government Investment Issues 12/28	1.1
Government Investment Issues 10/28	1.1
Government Investment Issues 09/39	1.0
Government Investment Issues 10/35	1.0
Government Investment Issues 09/27	1.0
Bank Pembangunan Malaysia Bhd	0.9
Government Investment Issues 08/37	0.9
Government Investment Issues 11/49	0.9
Bumitama Agri Ltd	0.8

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



Performance Table

FWD Takaful LifeSelect Fixed Income Fund	2020	2019	2018	2017*	2016
Total NAV (RM'000)	107,155	105,597	107,293	111,203	112,756
Units in Circulation	69,047	71,336	77,829	84,532	89,162
NAV per Unit (RM)	1.5519	1.4803	1.3786	1.3155	1.2646
Highest NAV per unit (RM)	1.5640	1.4890	1.3786	1.3155	1.2740
Lowest NAV per unit (RM)	1.4509	1.3795	1.3162	1.2651	1.2169
Annual Return	4.84%	7.38%	4.80%	4.02%	3.94%

Cumulative Total Returns	6 Months	1 Year	3 Years	5 Years	10 Years#
FWD Takaful LifeSelect Fixed Income Fund	1.65%	4.84%	17.97%	27.55%	46.35%
Benchmark	0.99%	2.44%	9.73%	17.10%	37.49%

* Effective 1st September 2017, the Fund removed one of its previous Target Fund, Pacific Dana Murni.
10 years net return as at end of 2020.

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

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 Fee is 1.50% per annum of the Fund’s value.
(This is the fee charged for the 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 2020 to 31 December 2020)

In 2020, FWD Takaful LifeSelect Equity Fund rose 23.84% and outperformed its benchmark, FTSE Bursa Malaysia Emas Shariah Index (FBMS), which gained 10.14% YoY. 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. The Fund has met its objective in the reporting period while there was no income distribution proposed and/or made during the year for the Fund.

Target Fund 1: Affin Hwang Aiiman Growth Fund

The Target Fund registered a return of 36.21% in 2020, 26.07% above the benchmark return. Its cash level was maintained at around 13% in end-2020, the Fund may raise its cash and went into defensive stance in extreme volatilities situations.

The Target Fund's holdings in glove makers were some of the Fund's largest contributor to returns, as the sector saw share prices spike amidst higher demand for gloves during the pandemic in 2020. The Fund's holdings of stocks within the electronic manufacturing services sector also contributed to its' returns, as investors expect higher demand for electronic devices to facilitate work from home arrangements and accelerated digitization. A positive outlook on the developments in 5G and the realignment of supply chains as a result of the US-China spat has also benefitted the sector locally. Conversely, the Fund's holdings of stocks within the Oil & Gas and Construction sector were some of the main detractors, affected by activity restrictions during the pandemic.

The Target Fund remained invested in companies with strong balance sheet, cash flows and fundamentals which would help them to ride through the uncertain environment in 2020. The Target Fund continued to invest in secular growth names, particularly in the tech sector that would benefit from the secular theme of 5G rollouts and technology developments. As the country move towards vaccine rollouts and normalization, the Target Fund will also keep an eye on recovery plays such as consumer, hospitality, and the commodity sector.

Asset Allocation of: Target Fund 1 – Affin Hwang Aiiman Growth Fund (as at 31 December 2020)

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	13.00%
Quoted Shariah Compliant Equities	87.00%

Top Holdings of Target Fund 1 as at 31 December 2020:

Securities	Holdings (%)
GHL Systems Bhd	5.1
UWC Bhd	5.1
Greatech Technology Bhd	4.7
V.S. Industry Bhd	4.6
Axis Real Estate Invt Trust	3.7

Target Fund 2: Eastspring Investments Dana Al-Ilham

During the period under review, the Target Fund gained 17.42% outperformed the FBMS by 7.28% mainly due to the Target Fund's overweight positions in glove sector as well as in selected technology and telecommunication stocks. These had helped offset the weakness in other sectors that were impacted by the COVID-19 pandemic such as oil & gas, financials, and property sector. The Target Fund continued to focus on investing in a blend of growth and value Shariah-compliant equities with relatively high-risk tolerance in an effort to achieve above market returns over the medium to long term.

During the period under review, the Target Fund gradually built up exposure in glove stocks while stayed overweight in selected technology and telecommunication stocks. Its preference shifted to cyclical/recovery plays towards the end of the year when economic re-opening themes became stronger and stronger given more positive news on vaccines. As of end-2020, the Target Fund had 9.36% in cash while top sectors exposure were Oil & Gas 12.04%, Healthcare 12.03%, Telecommunication 10.64%, Consumer 9.75% and Power/Utilities 8.49%.

The Target Fund will continue to rotate into selected cyclical/recovery plays to ride the economy re-opening themes at the same time remain focused on technology sector to benefit from long term structural trends for longer term growth. In order to mitigate the continuous market volatilities, the Target Fund will stay invested in selected high yielders and strong cash flow generators.

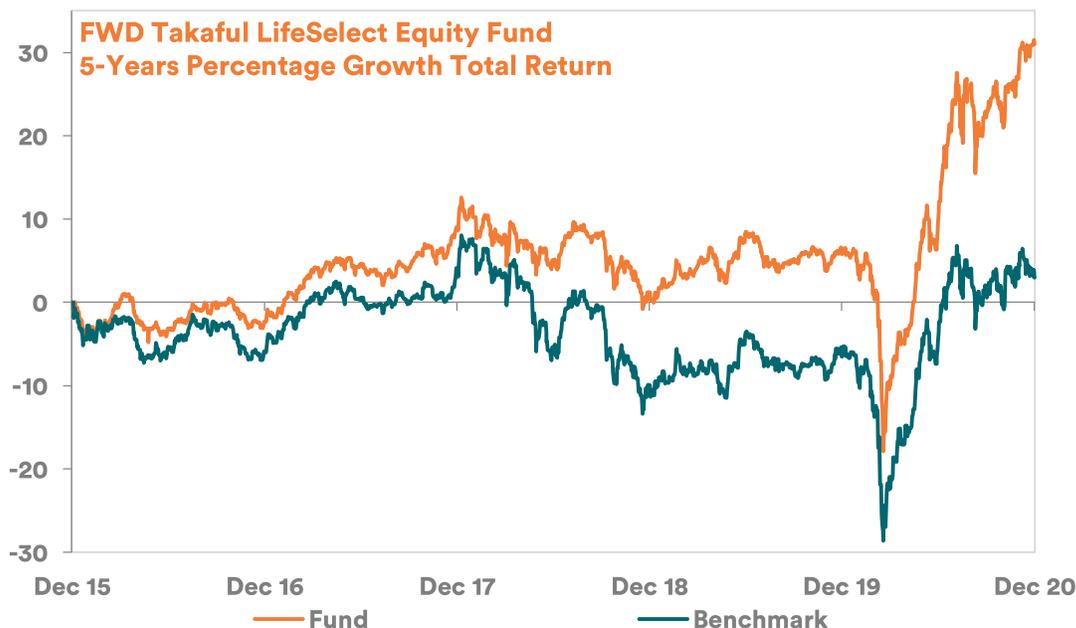
Asset Allocation of Target Fund 2 – Eastspring Investments Dana Al-Ilham (as at 31 December 2020)

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	9.36%
Quoted Shariah Compliant Equities	90.64%

Top Holdings of Target Fund 2 as at 31 December 2020:

Securities	Holdings (%)
Tenaga Nasional Bhd	8.5
Top Glove Corporation Bhd	4.7
Mr DIY Group (MY) Bhd	4.0
TIME dotCom Bhd	3.7
Syarikat Takaful Malaysia Keluarga Bhd	3.5

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



Performance Table

FWD Takaful LifeSelect Equity Fund	2020	2019	2018	2017*	2016
Total NAV (RM'000)	147,237	129,446	139,636	161,702	157,301
Units in Circulation	68,008	74,047	83,517	89,761	97,580
NAV per Unit (RM)	2.1650	1.7482	1.6720	1.8015	1.6138
Highest NAV per unit (RM)	2.1728	1.7925	1.8608	1.8015	1.6692
Lowest NAV per unit (RM)	1.3573	1.6517	1.6389	1.6156	1.5734
Annual Return	23.84%	4.56%	-7.19%	11.63%	-2.34%

Cumulative Total Returns	6 Months	1 Year	3 Years	5 Years	10 Years#
FWD Takaful LifeSelect Equity Fund	21.30%	23.84%	20.18%	31.02%	48.89%
Benchmark	9.30%	10.14%	-1.08%	2.98%	31.53%

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

10 years net return as at end of 2020.

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

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 Fee is 1.50% per annum of the Fund’s value.
(This is the fee charged for the 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 2020 to 31 December 2020)

In 2020, the Fund registered a gain of 12.77%, outperformed its benchmark by 6.13%. The Fund met its objective in the reporting period while there was no income distribution proposed and/or made during the year.

The outperformance was due to the Target Fund’s active portfolio management and its diversified asset allocations. The Target Fund has also won the Lipper Fund Awards by Refinitiv 2020 for Best Mixed Asset MYR Flexible – Malaysia Pension in the 10 years category. The Target Fund had continuously won Lipper Fund Awards every year since 2015 to 2020 in its Islamic mixed assets category.

As a tactical asset allocation fund, the Target Fund was intended to be more nimble which help to mitigate market volatilities while aiming to achieve above market returns over the medium to long term. The Target Fund adopts a flexible asset allocation strategy between the different asset classes of Shariah-compliant equities, sukuk and Islamic liquid assets, depending on the investment market outlook. In 2020, the Target Fund focus on investing in a blend of growth and value Shariah-compliant equities with medium to high risk tolerance.

The Target Fund will continue to stay overweight in equities to ride the post-pandemic recovery going forward. It shall continue to rotate into selected cyclical/recovery plays to ride the economy re-opening themes while maintaining its focus on technology sector to benefit from long term structural trends for longer term growth. For fixed income, the Target Fund would look to participate in selected quality issuances for yield pick-up, and trade on market volatility, subject to liquidity constraints.

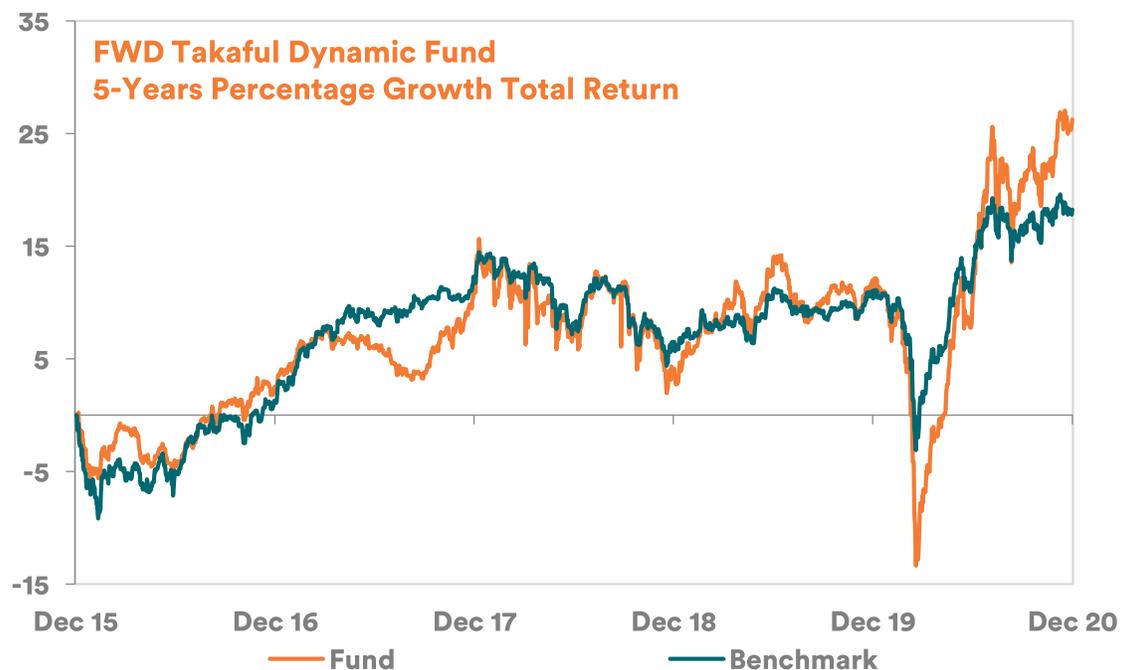
**Asset Allocation of Target Fund –
Eastspring Investments Dana Dinamik (as at 31 December 2020)**

Asset Category	Asset Allocation (% of NAV)
Unquoted Fixed Income Securities	12.50%
Cash & Cash Equivalents	6.03%
Quoted Shariah Compliant Equities	81.47%

Top Holdings of Target Fund as at 31 December 2020:

Equity	Holdings (%)
Tenaga Nasional Bhd	5.4
Mr DIY Group (M) Bhd	4.0
Inari Amertron Bhd	3.6
Telekom Malaysia Bhd	2.8
Dialog Group Bhd	2.7
Fixed Income	Holdings (%)
BSGM Management Sdn Bhd	3.2
AmBank Islamic Bhd	3.1
Affin Islamic Bank Bhd	3.1
Kuala Lumpur Kepong Bhd	3.1

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



Performance Table

FWD Takaful Dynamic Fund	2020	2019	2018	2017*	2016
Total NAV (RM'000)	21,230	21,327	22,516	22,670	22,888
Units in Circulation	14,881	16,858	19,030	17,907	19,652
NAV per Unit (RM)	1.4267	1.2651	1.1831	1.2660	1.1647
Highest NAV per unit (RM)	1.4432	1.2979	1.3143	1.2660	1.1737
Lowest NAV per unit (RM)	0.9845	1.1675	1.1585	1.1653	1.0723
Annual Return	12.77%	6.93%	-6.55%	8.70%	2.50%

Cumulative Total Returns	6 Months	1 Year	3 Years	5 Years	Since Inception#
FWD Takaful Dynamic Fund	15.18%	12.77%	12.69%	25.56%	42.88%
Benchmark	5.21%	6.64%	4.81%	17.71%	77.16%

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

Since inception: June 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

Investment Objective

The Fund aims to achieve long-term capital appreciation by investing in the Principal Islamic Asia Pacific Dynamic 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 Fee is 1.50% per annum of the Fund’s value.
(This is the fee charged for the 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: Principal Islamic Asia Pacific Dynamic Equity Fund (1 January 2020 to 31 December 2020)

In 2020, FWD Takaful Asia Pacific Islamic Equity Fund surged 30.53%, outperformed its benchmark by 8.22%. The outperformance was due to the Target Fund's rigorous top-down overlay and bottom-up processes that guided the allocation strategy and generated forward looking ideas according to the changes in the market trend. The balanced approach of the portfolio structure within growth and cyclical had been benefited from the upside in pandemic beneficiaries and economic recovery theme. The Fund met its objective in the reporting period while 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 investing 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 93.86% invested in Shariah-compliant Equities as of end of 2020. It favored growth-oriented stocks and continued to be selective in picking companies that have long runway in terms of growth and are not overvalued. The Target Fund remained highly invested in the reporting period with cash deployed towards existing and new names such as market leaders of jewelry in India and leading optical product manufacturer for tech and healthcare industries that provided diversified business exposure to the Target Fund.

During the year, the Target Fund also added stocks in the area of global semiconductor equipment, China automation, Korean automotive parts and cement tourism in Thailand and healthcare in India. As of December 2020, the Target Fund had a Beta of 0.97 indicated a close correlation to its benchmark. It was overweight in the Information Technology and Consumer Discretionary sector with exposure of 34.80% and 19.99% respectively. The Target Fund was underweighting in Financials and Real Estate at the end of 2020. The Target Fund's manager continues to adopt fundamental and valuation analysis (bottom-up) including the use of financial models to manage the investment of the funds.

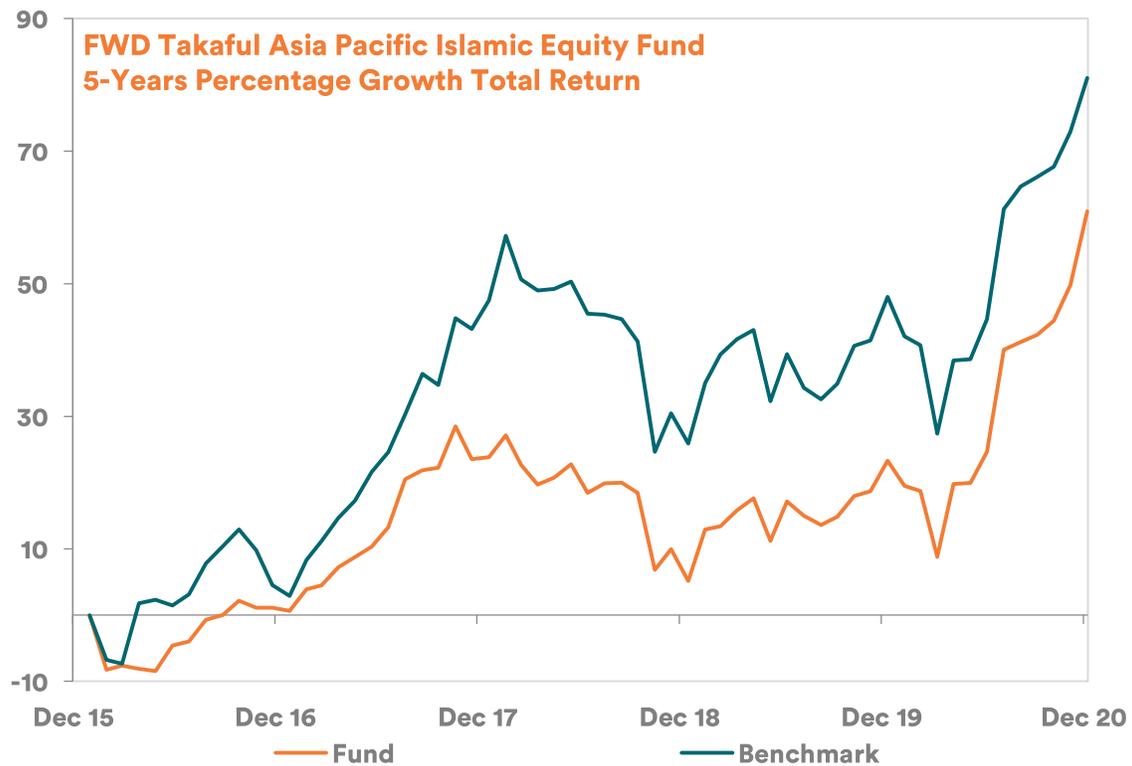
Asset Allocation of Target Fund – Principal Islamic Asia Pacific Dynamic Equity Fund (as at 31 December 2020)

Asset Category	Asset Allocation (% of NAV)
Mutual Fund	0.88%
Cash & Cash Equivalents	5.26%
Quoted Shariah Compliant Equities (Foreign)	93.86%

Top Holdings of Target Fund as at 31 December 2020:

Securities	Holdings (%)
Samsung Electronics Co Ltd	11.6
Taiwan Semiconductor Manufacturing Company Ltd	9.2
Alibaba Group Holding Ltd	6.6
Reliance Industries Ltd	5.0
Tencent Holdings Ltd	3.8
Samsung Electronic-PFD	3.8
SEA Ltd	2.9
China Tourism Group Duty Free	2.7
WuXi AppTec Co Ltd	2.5
Apollo Hospitals Ent Ltd	2.4

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



Performance Table

FWD Takaful Asia Pacific Islamic Equity Fund	2020	2019	2018	2017	2016
Total NAV (RM'000)	99,848	83,057	83,147	82,126	47,044
Units in Circulation	43,022	46,714	54,825	45,990	32,408
NAV per Unit (RM)	2.3209	1.7780	1.5166	1.7857	1.4516
Highest NAV per unit (RM)	2.3209	1.7966	1.8543	1.8779	1.4892
Lowest NAV per unit (RM)	1.4571	1.4780	1.5135	1.4601	1.2901
Annual Return	30.53%	17.24%	-15.07%	23.02%	0.66%

Cumulative Total Returns	6 Months	1 Year	3 Years	5 Years	Since Inception#
FWD Takaful Asia Pacific Islamic Equity Fund	29.10%	30.53%	29.97%	60.94%	132.81%
Benchmark	25.15%	22.31%	22.74%	81.05%	111.80%

Since inception: June 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

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 Fee is 1.50% per annum of the Fund’s value.
(This is the fee charged for the 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 2020 to 31 December 2020)**

In 2020, FWD Takaful World Islamic Equity Fund rose 15.30%, outperformed its benchmark, MSCI ACWI Islamic (Shariah) Index by 5.52%. The Fund met its objective for the reporting period while there was no income distribution proposed and/or made during the year.

The Fund's outperformance was mostly aided by its Target Fund's exposure to the US and Japan markets. The Target Fund was overweight in Healthcare (27.4%) and Information Technology (25.5%) sectors as of year-end 2020, both higher than its benchmark allocations in 2020. The Target Fund underweighted in the Energy, Financials, Communication Services, and Utilities sector as of end of 2020. The Target Fund had substantial exposures in Europe, United States and Asia Pacific Ex-Japan region with exposure of 38%, 28% and 26% respectively while the benchmark had relatively lower exposure in Europe and Asia Pacific Ex-Japan but higher exposure in the United States. The Target Fund adopted the approach of bottom-up stock pickers while the asset allocation is based on fundamental selection rather than being driven by top-down allocation. The Target Fund also aim to sufficiently diversify its holdings in terms of underlying businesses and sectors.

The Target Fund has been FSMOne Malaysia's recommended unit trust fund under Core Equity - Global (Islamic) category since 2016/17 to 2020 mainly because of its continued strong performance. The Target Fund will continue to invest in Shariah-compliant equities with global exposure spread across different markets/sectors while focus on resilient and growth sectors such as Healthcare and IT.

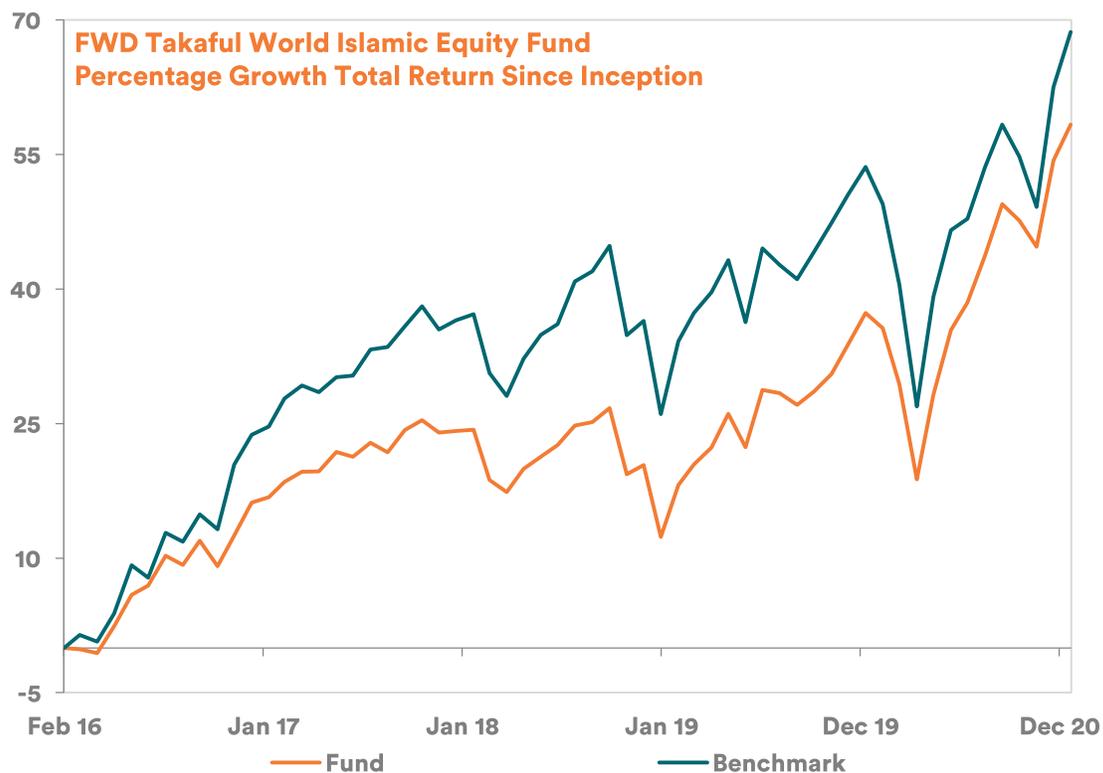
**Asset Allocation of Target Fund –
Aberdeen Standard Islamic World Equity Fund (as at 31 December 2020)**

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	5.20%
Quoted Shariah Compliant Equities	94.80%

Top Holdings of Target Fund as at 31 December 2020:

Securities	Holdings (%)
L'Oreal	3.8
Procter & Gamble Co	3.7
Taiwan Semiconductor Manufacturing	3.7
Paylocity Holding	3.4
Roche Holding	3.3
ASML Holding	3.3
Dechra Pharmaceuticals	3.0
Goodman Group Unit	3.0
NIKE	2.9
Nestle	2.9

Performance Graph – Cumulative Return Over the Period (%)
(Since Inception Percentage Growth vs Benchmark)



Performance Table

FWD Takaful World Islamic Equity Fund	2020	2019	2018	2017	2016#
Total NAV (RM'000)	63,271	57,750	56,339	54,011	17,669
Units in Circulation	39,961	42,055	50,138	43,494	15,203
NAV per Unit (RM)	1.5833	1.3732	1.1237	1.2418	1.1621
Highest NAV per unit (RM)	1.5907	1.3903	1.2716	1.2713	1.1621
Lowest NAV per unit (RM)	1.0752	1.1129	1.1109	1.1600	0.9775
Annual Return	15.30%	22.20%	-9.51%	6.86%	16.21%

Cumulative Total Returns	3 Months	6 Months	1 Year	3 Years	Since Inception#
FWD Takaful World Islamic Equity Fund	7.25%	14.31%	15.30%	27.50%	58.33%
Benchmark	8.99%	14.08%	9.78%	23.51%	68.64%

Since inception: February 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

Investment Objective

The Fund aims to achieve capital appreciation in medium to long term by investing in Principal Islamic Lifetime 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 Fee is 1.00% per annum of the Fund’s value.
(This is the fee charged for the 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: Principal Islamic Lifetime Sukuk Fund (1 January 2020 to 31 December 2020)

In 2020, FWD Takaful Islamic Sukuk Fund increased 4.68%, underperformed its benchmark, Quantshop GII Medium Index (7.42%) by 2.74%. The underperformance was due to the Malaysia fixed income market was weighed down by political uncertainties, larger fiscal deficit, and sovereign rating risk. In addition, the Bank Negara Malaysia has paused interest rate cut in July 2020 at 1.75% and indicated neutral monetary policy outlook hence the Target Fund’s return was supported by its existing running yield-to-maturity. There was no income distribution proposed and/or made during the year for the Fund.

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 was overweight on the corporate segment while its benchmark was mainly domestic sovereign bonds that rose greater than corporate segment in the reporting period. Meanwhile, the Target Fund exited the low yielding government securities and focus on high grade Sukuk for better yield pick-up while remain selective in issuers with strong and stable fundamentals as it expects periodic volatility in the market. The Target Fund manager manages an interest rate outlook through examining factors such as the Malaysian inflation rate, monetary policies, and economic growth. With an interest rate outlook and yield curve analysis, the Target Fund manager identifies the weighting of the investment tenor and investment credit. The Target Fund Manager will continue to fulfill the investment objective by aiming to gain higher than average income over the medium to long-term by investing in a diversified portfolio consisting principally Sukuk, certificates of deposit, short-term money market instruments and other permissible investments under the Shariah principles.

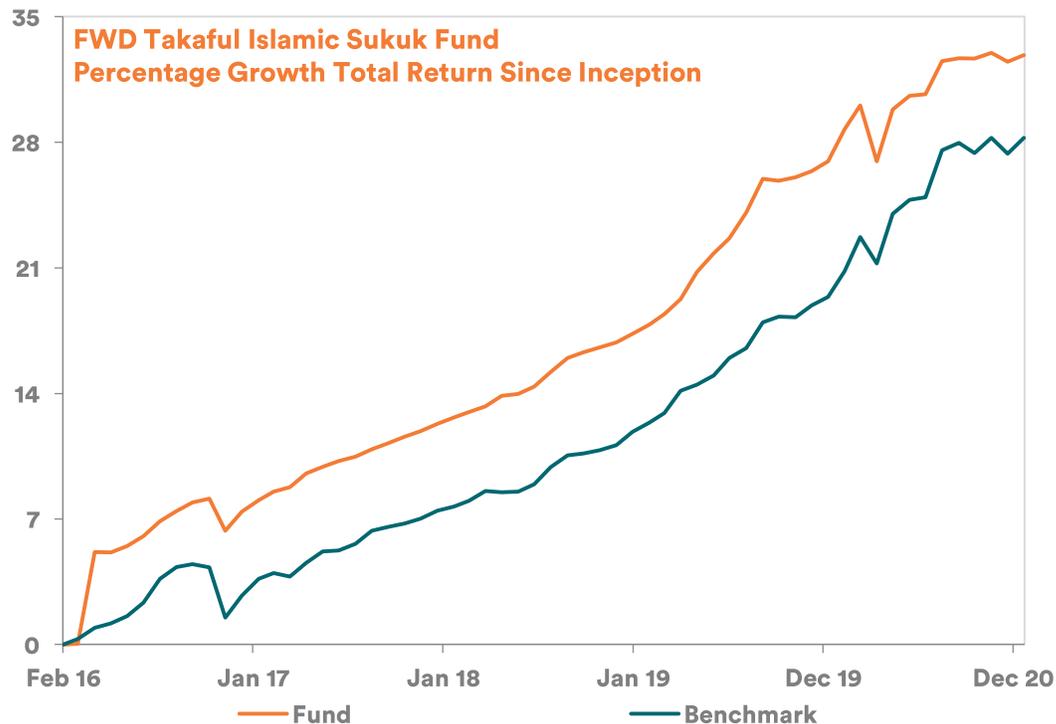
**Asset Allocation of Target Fund –
Principal Islamic Lifetime Sukuk Fund (as at 31 December 2020)**

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	4.80%
Unquoted Sukuk	95.20%

Top Holdings of Target Fund as at 31 December 2020:

Securities	Holdings (%)
DRB-Hicom Bhd	8.6
GII Murabahah	6.2
Edra Energy Sdn Bhd	5.1
Tenaga Nasional Bhd	4.6
Bank Pembangunan Malaysia Bhd	4.3
Quantum Solar Park	4.1
Mah Sing Group Bhd	3.8
YTL Power International Bhd	3.6
UEM Sunrise Bhd	3.0
Lafarge Cement Sdn Bhd	2.5

**Performance Graph – Cumulative Return Over the Period (%)
(Since Inception Percentage Growth vs Benchmark)**



Performance Table

FWD Takaful Islamic Sukuk Fund	2020	2019	2018	2017	2016#
Total NAV (RM'000)	46,569	37,505	30,274	22,300	9,028
Units in Circulation	35,051	29,551	25,805	19,856	8,404
NAV per Unit (RM)	1.3286	1.2692	1.1732	1.1231	1.0742
Highest NAV per unit (RM)	1.3304	1.2692	1.1732	1.1231	1.0822
Lowest NAV per unit (RM)	1.2440	1.1738	1.1235	1.0748	1.0000
Annual Return	4.68%	8.18%	4.46%	4.55%	7.42%

Cumulative Total Returns	3 Months	6 Months	1 Year	3 Years	Since Inception#
FWD Takaful Islamic Sukuk Fund	0.15%	1.68%	4.68%	18.30%	32.86%
Benchmark	0.66%	2.64%	7.42%	19.33%	28.24%

Since inception: February 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.

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Disclaimer: This Annual Fund Performance Report has been prepared by FWD Takaful 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.

FWD Takaful Berhad

Registration No. 200601011780 [731530-M]
(Incorporated in Malaysia)

INVESTMENT-LINKED FUNDS

Statement by the Manager and Audited
Financial Information
31 December 2020

200601011780 (731530-M)

**FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds
Statement by the Manager**

I, K. Vithyatharan A/L V. Karunakaran, being the Director of FWD Takaful Berhad ("the Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial information of the investment-linked funds of FWD Takaful Berhad, comprising the FWD Takaful LifeSelect Fixed Income Fund, FWD Takaful LifeSelect Equity Fund, FWD Takaful Dynamic Fund, FWD Takaful Asia Pacific Islamic Equity Fund, FWD Takaful World Islamic Equity Fund and FWD Takaful Islamic Sukuk Fund set out on pages 28 to 46 have been prepared in accordance with the accounting policies as described in Note 2 to the financial information and the Guidelines on Investment-Linked Insurance/Takaful Business issued by Bank Negara Malaysia.

On behalf of the Manager,

K. Vithyatharan A/L V. Karunakaran
Director

Kuala Lumpur, Malaysia
18 March 2021

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds
200601011780 (731530-M)

Independent auditors' report to the unitholders
of the Investment-linked Funds of
FWD Takaful Berhad
(Incorporated in Malaysia)

Report on the audit of the financial information

Opinion

We have audited the financial information of FWD Takaful LifeSelect Fixed Income Fund, FWD Takaful LifeSelect Equity Fund, FWD Takaful Dynamic Fund, FWD Takaful Asia Pacific Islamic Equity Fund, FWD Takaful World Islamic Equity Fund and FWD Takaful Islamic Sukuk Fund (collectively referred to as "the Funds"), which comprise the statements of assets and liabilities as at 31 December 2020, and the statements of income and expenditure and the statements of changes in net asset value of the Funds for the year then ended, and a summary of significant accounting policies, as set out on pages 28 to 46.

In our opinion, the accompanying financial information of the Funds for the year ended 31 December 2020 are prepared, in all material respects, in accordance with the accounting policies as described 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 *Auditors' responsibilities for the audit of the financial information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 2.1 to the financial information of the Funds, which describes the basis of accounting. The financial information of the Funds are prepared to assist the Funds in complying with the Guidelines on Investment-linked Insurance/Takaful Business issued by Bank Negara Malaysia. As a result, the financial information of the Funds may not be suitable for another purpose. Our report is intended solely for the unitholders of the Funds, as a body and should not be distributed to or used by parties other than the unitholders of the Funds. Our opinion is not modified in respect of this matter.

Independence and other ethical responsibilities

We are independent of the Funds in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

200601011780 (731530-M)

**FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds
200601011780 (731530-M)**

**Independent auditors' report to the unitholders
of the Investment-linked Funds of
FWD Takaful Berhad
(Incorporated in Malaysia)**

Information other than the financial statements and auditors' report thereon

The directors of the Manager ("the directors") are responsible for the other information. The other information comprises the information contained in the Annual Report of the Funds, but does not include the financial information of the Funds and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of our auditors' report.

Our opinion on the financial statements of the Funds does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial information of the Funds, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial information of the Funds or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Manager and take appropriate action.

Responsibilities of the directors for the financial information

The directors are responsible for the preparation of financial information of the Funds in accordance with the accounting policies as described in Note 2 to the financial information and the Guidelines on Investment-linked Insurance/Takaful Business issued by Bank Negara Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial information of the Funds that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Funds, the directors are responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information of the Funds as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

200601011780 (731530-M)

**FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds
200601011780 (731530-M)**

**Independent auditors' report to the unitholders
of the Investment-linked Funds of
FWD Takaful Berhad
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial information (cont'd.)

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

- Identify and assess the risks of material misstatement of the financial information of the Funds, 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.
- Obtain an understanding of internal control relevant to the 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 Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 auditors' report to the related disclosures in the financial information of the Funds 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 auditors' report. However, future events or conditions may cause the Funds to cease to continue as a going concern.

We communicate with the directors 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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Muhammad Syarizal bin Abdul Rahim
No. 03157/01/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 March 2021

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds

Statements of Assets and Liabilities as at 31 December 2020

		2020					
		FWD Takaful LifeSelect Fixed Income Fund RM'000	FWD Takaful LifeSelect Equity Fund RM'000	FWD Takaful Dynamic Fund RM'000	FWD Takaful Asia Pacific Islamic Equity Fund RM'000	FWD Takaful World Islamic Equity Fund RM'000	FWD Takaful Islamic Sukuk Fund RM'000
	Note						
Assets							
Investments	3	106,972	148,627	21,338	100,987	63,428	45,933
Other receivables	4	80	141	25	270	150	291
Cash and bank balances		836	796	19	1,141	1,049	639
Total assets		107,888	149,564	21,382	102,398	64,627	46,863
Liabilities							
Provision for taxation		52	43	-	196	139	18
Deferred tax liabilities		519	1,984	105	2,354	1,213	134
Other payables	5	162	300	47	-	4	142
Total liabilities		733	2,327	152	2,550	1,356	294
Net asset value of funds ("NAV")		107,155	147,237	21,230	99,848	63,271	46,569
Represented by:							
Unitholders' capital		69,558	92,884	15,432	60,421	45,953	40,305
Undistributed income		37,597	54,353	5,798	39,427	17,318	6,264
Total unitholders' account		107,155	147,237	21,230	99,848	63,271	46,569
Units in circulation		69,047	68,008	14,881	43,022	39,961	35,051
NAV per unit		1.5519	2.1650	1.4267	2.3209	1.5833	1.3286

The accompanying notes form an integral part of the financial information.

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds

Statements of Assets and Liabilities as at 31 December 2020 (continued)

	Note	2019					
		FWD Takaful LifeSelect Fixed Income Fund RM'000	FWD Takaful LifeSelect Equity Fund RM'000	FWD Takaful Dynamic Fund RM'000	FWD Takaful Asia Pacific Islamic Equity Fund RM'000	FWD Takaful World Islamic Equity Fund RM'000	FWD Takaful Islamic Sukuk Fund RM'000
Assets							
Investments	3	104,981	125,643	21,142	82,597	57,200	36,845
Deferred tax assets		-	114	62	-	-	-
Other receivables	4	125	2,870	50	290	533	439
Cash and bank balances		1,109	819	260	925	754	297
Total assets		106,215	129,446	21,514	83,812	58,487	37,581
Liabilities							
Provision for taxation		211	-	-	90	103	2
Deferred tax liabilities		407	-	-	665	634	74
Other payables	5	-	-	187	-	-	-
Total liabilities		618	-	187	755	737	76
NAV		105,597	129,446	21,327	83,057	57,750	37,505
Represented by:							
Unitholders' capital		73,055	103,842	17,989	67,394	48,755	33,040
Undistributed income		32,542	25,604	3,338	15,663	8,995	4,465
Total unitholders' account		105,597	129,446	21,327	83,057	57,750	37,505
Units in circulation		71,336	74,047	16,858	46,714	42,055	29,551
NAV per unit		1.4803	1.7482	1.2651	1.7780	1.3732	1.2692

The accompanying notes form an integral part of the financial information.

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds

Statements of Income and Expenditure for the Financial Year Ended 31 December 2020

	2020					
	FWD Takaful LifeSelect Fixed Income Fund RM'000	FWD Takaful LifeSelect Equity Fund RM'000	FWD Takaful Dynamic Fund RM'000	FWD Takaful Asia Pacific Islamic Equity Fund RM'000	FWD Takaful World Islamic Equity Fund RM'000	FWD Takaful Islamic Sukuk Fund RM'000
Dividend income	3,230	4,174	812	1,918	-	982
Unrealised capital gain on investments	1,410	26,230	2,080	21,115	7,250	734
Net gain on disposal of investments	654	542	-	2,455	1,736	223
Management fee rebate, net of management fee	-	-	-	255	133	-
Other income	12	3	-	30	-	1
Total income	5,306	30,949	2,892	25,773	9,119	1,940
Net loss on disposal of investments	-	-	(109)	-	-	-
Management fee, net of management fee rebate	(5)	(52)	(52)	-	-	(26)
Fund administrative fee	(20)	(20)	(20)	(20)	(20)	(20)
Total outgo	(25)	(72)	(181)	(20)	(20)	(46)
Excess of income over outgo before taxation	5,281	30,877	2,711	25,753	9,099	1,894
Taxation	(226)	(2,128)	(251)	(1,989)	(776)	(95)
Net income for the year	5,055	28,749	2,460	23,764	8,323	1,799
Distributable income brought forward	32,542	25,604	3,338	15,663	8,995	4,465
Net income for the year	5,055	28,749	2,460	23,764	8,323	1,799
Distributable income carried forward	37,597	54,353	5,798	39,427	17,318	6,264

The accompanying notes form an integral part of the financial information.

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds

Statements of Income and Expenditure for the Financial Year Ended 31 December 2020 (continued)

	2019					
	FWD Takaful LifeSelect Fixed Income Fund RM'000	FWD Takaful LifeSelect Equity Fund RM'000	FWD Takaful Dynamic Fund RM'000	FWD Takaful Asia Pacific Islamic Equity Fund RM'000	FWD Takaful World Islamic Equity Fund RM'000	FWD Takaful Islamic Sukuk Fund RM'000
Dividend income	3,089	4,378	1,026	-	-	1,633
Unrealised capital gain on investments	4,220	2,396	748	13,434	11,403	971
Net gain on disposal of investments	672	-	-	776	1,048	52
Management fee rebate, net of management fee	21	13	-	260	172	-
Other income	-	-	14	-	-	-
Total income	8,002	6,787	1,788	14,470	12,623	2,656
Net loss on disposal of investments	-	(331)	(113)	-	-	-
Management fee, net of management fee rebate	-	-	(75)	-	-	(13)
Total outgo	-	(331)	(188)	-	-	(13)
Excess of income over outgo before taxation	8,002	6,456	1,600	14,470	12,623	2,643
Taxation	(387)	(258)	(46)	(1,028)	(1,007)	(81)
Net income for the year	7,615	6,198	1,554	13,442	11,616	2,562
Distributable income/(accumulated loss) brought forward	24,927	19,406	1,784	2,221	(2,621)	1,903
Net income for the year	7,615	6,198	1,554	13,442	11,616	2,562
Distributable income carried forward	32,542	25,604	3,338	15,663	8,995	4,465

The accompanying notes form an integral part of the financial information.

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds

Statements of Changes in Net Asset Value for the Financial Year Ended 31 December 2020

	2020			2019		
	Unitholders' capital RM'000	Distributable income RM'000	Total RM'000	Unitholders' capital RM'000	Distributable income RM'000	Total RM'000
<u>FWD Takaful LifeSelect Fixed Income Fund</u>						
NAV at the beginning of the financial year	73,055	32,542	105,597	82,366	24,927	107,293
Net income for the year	-	5,055	5,055	-	7,615	7,615
Amounts received from units created	12,608	-	12,608	12,895	-	12,895
Amounts paid for units cancelled	(16,105)	-	(16,105)	(22,206)	-	(22,206)
NAV at the end of the financial year	69,558	37,597	107,155	73,055	32,542	105,597
<u>FWD Takaful LifeSelect Equity Fund</u>						
NAV at the beginning of the financial year	103,842	25,604	129,446	120,230	19,406	139,636
Net income for the year	-	28,749	28,749	-	6,198	6,198
Amounts received from units created	10,743	-	10,743	6,156	-	6,156
Amounts paid for units cancelled	(21,701)	-	(21,701)	(22,544)	-	(22,544)
NAV at the end of the financial year	92,884	54,353	147,237	103,842	25,604	129,446

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds

Statements of Changes in Net Asset Value for the Financial Year Ended 31 December 2020 (continued)

	2020			2019		
	Unitholders' capital RM'000	Distributable income RM'000	Total RM'000	Unitholders' capital RM'000	Distributable income RM'000	Total RM'000
<u>FWD Takaful Dynamic Fund</u>						
NAV at the beginning of the financial year	17,989	3,338	21,327	20,732	1,784	22,516
Net income for the year	-	2,460	2,460	-	1,554	1,554
Amounts received from units created	1,461	-	1,461	1,231	-	1,231
Amounts paid for units cancelled	(4,018)	-	(4,018)	(3,974)	-	(3,974)
NAV at the end of the financial year	15,432	5,798	21,230	17,989	3,338	21,327
<u>FWD Takaful Asia Pacific Islamic Equity Fund</u>						
NAV at the beginning of the financial year	67,394	15,663	83,057	80,926	2,221	83,147
Net income for the year	-	23,764	23,764	-	13,442	13,442
Amounts received from units created	13,535	-	13,535	16,113	-	16,113
Amounts paid for units cancelled	(20,508)	-	(20,508)	(29,645)	-	(29,645)
NAV at the end of the financial year	60,421	39,427	99,848	67,394	15,663	83,057

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FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds

Statements of Changes in Net Asset Value for the Financial Year Ended 31 December 2020 (continued)

	2020			2019		
	Unitholders' capital	Distributable income	Total	Unitholders' capital	(Accumulated loss)/ Distributable income	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>FWD Takaful World Islamic Equity Fund</u>						
NAV at the beginning of the financial year	48,755	8,995	57,750	58,960	(2,621)	56,339
Net income for the year	-	8,323	8,323	-	11,616	11,616
Amounts received from units created	10,971	-	10,971	7,405	-	7,405
Amounts paid for units cancelled	(13,773)	-	(13,773)	(17,610)	-	(17,610)
NAV at the end of the financial year	45,953	17,318	63,271	48,755	8,995	57,750
<u>FWD Takaful Islamic Sukuk Fund</u>						
NAV at the beginning of the financial year	33,040	4,465	37,505	28,371	1,903	30,274
Net income for the year	-	1,799	1,799	-	2,562	2,562
Amounts received from units created	16,804	-	16,804	12,919	-	12,919
Amounts paid for units cancelled	(9,539)	-	(9,539)	(8,250)	-	(8,250)
NAV at the end of the financial year	40,305	6,264	46,569	33,040	4,465	37,505

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds
Notes to the financial information

1. The Manager and its Principal Activities

The Manager, FWD Takaful Berhad, is a public limited liability company, incorporated and domiciled in Malaysia. Its principal activity is the management of Family Takaful and Takaful investment-linked business. There have been no significant changes in the nature of the principal activities during the financial year.

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

Level 29, Menara Shell
No. 211 Jalan Tun Sambanthan,
50470 Kuala Lumpur, Malaysia.

The investment objective of the Funds are as follows:

- (a) FWD Takaful LifeSelect Fixed Income Fund aims to achieve capital growth over the medium to long term by investing in one or more Shariah compliant collective investment schemes ("Target Fund") that invest primarily in Sukuk and any other permissible liquid assets under the Shariah principles.
- (b) FWD Takaful LifeSelect Equity 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, equity related securities and other permissible liquid assets under the Shariah principles.
- (c) FWD Takaful Dynamic Fund aims to achieve capital appreciation by investing in Eastspring Investments Dana Dinamik Fund ("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.
- (d) FWD Takaful Asia Pacific Islamic Equity Fund aims to achieve long term capital appreciation by investing in the Principal Islamic Asia Pacific Dynamic Equity Fund ("Target Fund"), a Shariah compliant collective investment scheme that invests in the emerging and developed markets of Asia Pacific excluding Japan region.
- (e) FWD Takaful World Islamic Equity Fund aims to achieve 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.

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds

Notes to the financial information (continued)

1. The Manager and its Principal Activities (continued)

The investment objective of the Funds are as follows: (continued)

- (f) FWD Takaful Islamic Sukuk Fund aims to achieve capital appreciation in the medium to long term by investing in the Principal Islamic Lifetime 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 investments under the Shariah principles.

2. Significant accounting policies

2.1 Basis of preparation

(a) Basis of accounting

The financial information of the Funds have been prepared in accordance with the accounting policies as set out in Note 2.2 and the Guidelines on Investment-linked Insurance/Takaful Business issued by Bank Negara Malaysia ("BNM"). These financial information are only for information purpose to the participant of the Funds in accordance to Bank Negara's Guidelines.

(b) Basis of measurement

The financial information of the Funds have been prepared on a historical cost basis, unless otherwise indicated in the summary of significant accounting policies.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Investments and financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Funds become a party to the contractual provisions of the financial assets. The Funds determine the classification of its financial assets at initial recognition.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(a) Investments and financial assets (continued)

Initial recognition and measurement (continued)

At initial recognition, the Funds measure a financial asset at its fair value, plus, in the case of a financial asset not at Fair Value through Profit and Loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs for financial assets carried at FVTPL are recognised as other outgo in the statement of income and expenditure.

Classification and subsequent measurement

The Funds determine the classification of its financial assets at initial recognition and this depends on the purpose for which the financial assets were acquired or originated.

Financial assets held at FVTPL are subsequently carried at fair value, with gains and losses arising from changes in fair value recognised in statement of income and expenditure. Net gains or net losses on financial assets at FVTPL do not include exchange differences and dividend income. Exchange differences and dividend income on financial assets at FVTPL are recognised separately in statement of income and expenditure as other income or outgo or investment income, as appropriate.

(b) Other receivables

Other receivables comprise balances due from brokers and other investment receivables. Other receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable.

Other receivables are derecognised when the rights to receive cash flows from them have expired or when they have been transferred and the Funds have also transferred substantially all risks and rewards of ownership.

(c) Financial liabilities and other payables

Financial liabilities and other payables are recognised in the statement of financial position when the Funds become a party to the contractual obligations of the financial instrument.

All financial liabilities are classified as other financial liabilities.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(c) Financial liabilities and other payables (continued)

Other financial liabilities are recognised when due and measured on initial recognition at the fair value of the consideration received plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains or losses are recognised in the statement of income and expenditure.

(d) Fair value measurement

The Funds measure investments and financial assets at fair value at each reporting date.

The Fund use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value.

The fair value for investments in quoted unit trusts (collective investment schemes) is determined by reference to published net asset values.

(e) Derecognition of financial assets and liabilities

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when the Funds have transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised previously is recognised in statement of income and expenditure.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of income and expenditure.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(f) Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on trade date i.e., the date that the Funds commit to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using the trade date accounting. Trade date accounting refers to:

- (i) The recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) Derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(g) Creation or cancellation of units

Net creation of units represent contributions paid by participants or unit holders as payments for new certificate or subsequent payments to increase the amount of that certificate. Net creation of units is recognised on a receipt basis.

Creation or cancellation of units is recognised in the statements of changes in net asset value at the next valuation date, after the request to purchase or sell units is received from the participants or unit holders.

(h) Revenue Recognition

Revenue is recognised at an amount that reflects the consideration to which the Funds expect to be entitled when the performance obligation is satisfied. Revenue is measured at the fair value of consideration received or receivable.

Dividend income

Dividend income is recognised when the right to receive payment is established.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(h) Revenue Recognition (continued)

Gains and losses on disposal of investments

All sales of investments are recognised on their trade dates i.e., the date the Fund Manager commits to sell the assets. Gains or losses arising from the sale of investments are calculated as the difference between net sales proceeds and the original or carrying amount and are credited or charged to the statement of income and expenditure.

(i) Income Tax Expense

Income tax in the statements of income and expenditure for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable income for the year and is measured using tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of assets and liabilities. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused taxed losses and unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

(j) Cash and bank balances

Cash and bank balances comprise cash at bank and on hand, excluding deposits with licensed financial institutions, which have an insignificant risk of changes in value.

(k) Unitholders' capital

Unitholders' capital of the Funds represent the equity in the statements of assets and liabilities.

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds
Notes to the financial information (continued)

3. Investments

	2020	2019
	RM'000	RM'000
FWD Takaful LifeSelect Fixed Income Fund		
At Cost	100,480	99,899
Unrealised capital gain	6,492	5,082
At indicative market value	<u>106,972</u>	<u>104,981</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2020 are as detailed below:

	No. of units	Cost	Fair value	Fair value
	'000	RM'000	RM'000	as % of NAV
Affin Hwang Aiiman Income Plus Fund	<u>174,963</u>	<u>100,480</u>	<u>106,972</u>	<u>99.83%</u>

	2020	2019
	RM'000	RM'000
FWD Takaful LifeSelect Equity Fund		
At Cost	123,825	127,071
Unrealised capital gain/(loss)	24,802	(1,428)
At indicative market value	<u>148,627</u>	<u>125,643</u>

The composition, cost and fair value of the Islamic collective investment schemes as at 31 December 2020 are as detailed below:

	No. of units	Cost	Fair value	Fair value
	'000	RM'000	RM'000	as % of NAV
Eastspring Investments Dana Al-Ilham Fund	101,296	67,774	72,943	49.54%
Affin Hwang Aiiman Growth Fund	54,488	56,051	75,684	51.40%
	<u>155,785</u>	<u>123,825</u>	<u>148,627</u>	<u>100.94%</u>

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds
Notes to the financial information (continued)

3. Investments (continued)

	2020	2019
	RM'000	RM'000
FWD Takaful Dynamic Fund		
At Cost	20,025	21,909
Unrealised capital gain/(loss)	1,313	(767)
At indicative market value	<u>21,338</u>	<u>21,142</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2020 are as detailed below:

	No. of units	Cost	Fair value	Fair value
	'000	RM'000	RM'000	as % of NAV
Eastspring Investments Dana Dinamik Fund	<u>20,659</u>	<u>20,025</u>	<u>21,338</u>	<u>100.51%</u>

	2020	2019
	RM'000	RM'000
FWD Takaful Asia Pacific Islamic Equity Fund		
At Cost	71,560	74,285
Unrealised capital gain	29,427	8,312
At indicative market value	<u>100,987</u>	<u>82,597</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2020 are as detailed below:

	No. of units	Cost	Fair value	Fair value
	'000	RM'000	RM'000	as % of NAV
Principal Islamic Asia Pacific Dynamic Equity Fund	<u>93,102</u>	<u>71,560</u>	<u>100,987</u>	<u>101.14%</u>

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds
Notes to the financial information (continued)

3. Investments (continued)

	2020	2019
	RM'000	RM'000
FWD Takaful World		
Equity Fund		
At Cost	48,261	49,283
Unrealised capital gain	15,167	7,917
At indicative market value	<u>63,428</u>	<u>57,200</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2020 are as detailed below:

	No. of units	Cost	Fair value	Fair value
	'000	RM'000	RM'000	as % of NAV
Aberdeen Standard Islamic World Equity Fund - Class A	<u>31,047</u>	<u>48,261</u>	<u>63,428</u>	<u>100.25%</u>

	2020	2019
	RM'000	RM'000
FWD Takaful Islamic		
Sukuk Fund		
At Cost	44,264	35,910
Unrealised capital gain	1,669	935
At indicative market value	<u>45,933</u>	<u>36,845</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2020 are as detailed below:

	No. of units	Cost	Fair value	Fair value
	'000	RM'000	RM'000	as % of NAV
Principal Islamic Lifetime Sukuk Fund	<u>33,740</u>	<u>44,264</u>	<u>45,933</u>	<u>98.63%</u>

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds
Notes to the financial information (continued)

4. Other receivables

	2020	2019
	RM'000	RM'000
FWD Takaful LifeSelect Fixed Income Fund		
Amounts due from investment brokers	12	6
Amounts due from family takaful fund	-	48
Other receivables	68	71
	<u>80</u>	<u>125</u>
FWD Takaful LifeSelect Equity Fund		
Amounts due from investment brokers	-	8
Amounts due from family takaful fund	-	2,736
Other receivables	141	126
	<u>141</u>	<u>2,870</u>
FWD Takaful Dynamic Fund		
Amounts due from investment brokers	-	16
Amounts due from family takaful fund	9	18
Other receivables	16	16
	<u>25</u>	<u>50</u>
FWD Takaful Asia Pacific Islamic Equity Fund		
Amounts due from investment brokers	35	-
Amounts due from family takaful fund	114	186
Other receivables	121	104
	<u>270</u>	<u>290</u>
FWD Takaful World Islamic Equity Fund		
Amounts due from investment brokers	-	44
Amounts due from family takaful fund	-	194
Other receivables	150	295
	<u>150</u>	<u>533</u>
FWD Takaful Islamic Sukuk Fund		
Amounts due from investment brokers	264	-
Amounts due from family takaful fund	-	417
Other receivables	27	22
	<u>291</u>	<u>439</u>

The amounts due from family takaful fund are trade in nature, unsecured, profit-free and repayable on demand.

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds
Notes to the financial information (continued)

5. Other payables

	2020	2019
	RM'000	RM'000
FWD Takaful LifeSelect Fixed Income Fund		
Amounts due to family takaful fund	162	-
	<hr/>	<hr/>
FWD Takaful LifeSelect Equity Fund		
Amounts due to family takaful fund	298	-
Other payable	2	-
	<hr/>	<hr/>
	300	-
	<hr/>	<hr/>
FWD Takaful Dynamic Fund		
Amounts due to family takaful fund	45	187
Other payable	2	-
	<hr/>	<hr/>
	47	187
	<hr/>	<hr/>
FWD Takaful Asia Pacific Islamic Equity Fund		
Amounts due to family takaful fund	-	-
	<hr/>	<hr/>
FWD Takaful World Islamic Equity Fund		
Amounts due to family takaful fund	2	-
Other payable	2	-
	<hr/>	<hr/>
	4	-
	<hr/>	<hr/>
FWD Takaful Islamic Sukuk Fund		
Amounts due to family takaful fund	142	-
	<hr/>	<hr/>

The amounts due to family takaful fund are trade in nature, unsecured, profit-free and repayable on demand.

FWD Takaful Berhad
(Incorporated in Malaysia)
Investment-Linked Funds
Notes to the financial information (continued)

6. 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 FWD Takaful 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 moves 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 2.2 (d).

FWD Takaful Berhad

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