

FWD Takaful Investment-Linked Funds

Annual Funds Performance Report
for the year ended 31 December 2021



Message from FWD Takaful Berhad

Dear Valued Customers,

Another challenging year has gone by, and I'm grateful to present you with our Annual Fund Performance Report for the year ended 31 December 2021. It has been an action-packed year for us as we navigate through the uncertainties of an unprecedented pandemic. We hope that you'll find this report informative and helpful in understanding the investment-linked plans we offer. In addition, we'd like to share with you some of the achievements we've accomplished in 2021 to continuously create value for our customers while changing the way people feel about Takaful.

In 2021, FWD Takaful registered significant financial growth compared to the previous financial year, contributed by growth across all distribution channels despite the pandemic. Our Agency force continued to expand and became the fourth largest agency force in the industry with 5,614 agents. Meanwhile, we're pleased to conclude the year with awards won, including winner of Top Agent (Rank 1st), Member Companies' Top Agent/Agency/Intermediaries, Million Dollar Round Table - Top of the Table (MDRT TOT), Young Takaful Manager and Innovation Award at the Malaysian Takaful Association's (MTA) Takaful Star Awards 2021 and second Most Preferred Employer for the Insurance Sector (Life, General & Takaful) in the GRADUAN Brand Awards 2021. We also introduced 13 new products and riders to support our customers and successfully registered commendable growth for our new businesses, backed by strong performance in all channels.

FWD Takaful continues to give back to the local community while growing its business. Our collaboration with Arus Academy aims to create financial literacy awareness among adults and children. Some of the activities launched were "Keluargaku, Inspirasiku" and "Kejar Impian" programmes, "Innovasi Kewangan" contest, "Kecil-Kecil Celik Duit" quiz, "TikTok Tips" challenge and "Keluarga Bijak Wang" webinar. On top of that, we collaborated with Universiti Sultan Azlan Shah ("USAS") to launch the Takaful Academy, which aims to contribute by building competencies and fostering capable leaders for the takaful industry.

Our parent company, FWD Group continued to grow and expand with its new entrance into Cambodia in September 2021 marking its life insurance business growth for #10 markets across Asia in a span of 8 years with more than 10.7 million customers, 6,675 employees, 39,200 agents and assets under management of US\$63.7 billion as at the end of 2021. As part of the group and a fast-growing Takaful provider, we're focused on making the Takaful journey simpler, faster, smoother with innovative propositions and easy-to-understand products to support your financial portfolio and enrich your experience with us.

Finally, yet importantly, I'd like to express my heartfelt appreciation to all of you for your continuous support and confidence in FWD Takaful, which motivates us to continue providing innovative and value-added services to you. As we move forward into an endemic phase with an economy in recovery mode, please take care, stay safe and best wishes for a fabulous 2022!

With warmest regards,

Salim Majid Zain
Chief Executive Officer
FWD Takaful Berhad

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MARKET REVIEW 2021

Equity

Global equities climbed higher in 2021, with the US S&P 500 Index hitting a series of 70 all-time highs with a year-on-year (YoY) growth of +26.89% while the tech-heavy Nasdaq composite increased 21.39% in 2021. In addition to the effective vaccines, the macro recovery, the near zero interest rates, strong corporate earnings, increased consumer spending and booming labour market are the underlying reasons for the gain in 2021 for the US. However, higher inflation and worries that it might derail economic growth and the stock market performance remained one of the key concerns in 2021. MSCI AC Asia Ex-Japan Islamic Index only increased 2.97% in 2021 mainly due to fresh lockdowns in the region amid the spread of the Delta variant and weaker China performance attributed to regulatory crackdowns in technology, education and e-commerce sectors.

Back home, Malaysia's equity markets began 2021 on a downbeat tone with a surge in COVID-19 cases, which led to the declaration of a State of Emergency and the reintroduction of the Movement Control Order (MCO) in 1Q 2021. Subsequently, the government launched PERMERKASA, a RM20 billion stimulus plan, of which RM11 billion is a direct fiscal injection to support the economy. The FBM KLCI lost 3.67% in 2021, which was the second worst-performing market in Asia, after Hong Kong (-14.08%). Meanwhile, the FTSE Bursa Malaysia Emas Shariah index fell 6.81%. Generally, a series of negative developments caused the underperformance of local equities such as the reimposition of lockdowns amid rising COVID-19 cases, the political uncertainties that resulted in the change of the country's Prime Minister, the forced labour allegations against certain listed companies including glove players and the announcement of higher taxes in the tabling of Budget 2022.

Fixed Income

2021 was a year of continued global fiscal and monetary support where the US Federal Reserve maintained its federal funds rate at 0%-0.25% throughout the year as expected, while it announced the tapering of bond purchases in December to zero net purchases by March 2022. In general, bond markets had to contend with a rocky 2021 characterised by rising inflation, a bumpier economic recovery, and the start of tighter monetary policy. The US 10-year Treasury yield rose about 65% from 0.91% at the beginning of the year to 1.512% as of 31 December 2021 amid concerns on rising inflation and the sooner than expected end of pandemic-era easy monetary policy. The Bloomberg Global Aggregate Bond Index registered -1.39% in 2021 in line with the Morningstar U.S. Core Bond Index (a proxy for typical U.S. bond exposure), which fell 1.6% for the same period. Meanwhile, credit spreads ended 2021 at levels generally narrower than pre-pandemic levels after widening in 2020, indicating improving economic conditions and lower overall risk.

The Bank Negara Malaysia ("BNM") maintained its Overnight Policy Rate at a record low of 1.75% in 2021 as the balance of risks to the global growth outlook remains tilted to the downside. Given the uncertainties surrounding the pandemic, BNM remains committed to utilising its policy levers as appropriate to foster enabling conditions for a sustainable economic recovery. The local sovereign yield curve ended the year flatter as the yield for 3-, 5-, 10-, 15-year MGS increased 93bps, 106bps, 91bps, 75bps YoY while the MGII for the same tenure rose 98bps, 95bps, 81bps, 61bps respectively. Generally, the local fixed income funds recorded a negative return in 2021, with the average Islamic bond fund return at around -1.01% (Lipper ranking) due to spillover effects from global market concerns and speculations on interest rates hikes, inflationary pressure and a surge in US Treasury yields.

INVESTMENT OUTLOOK 2022

Equity

In the 1Q 2022, the US S&P 500 Index and Nasdaq Index fell 4.95% and 9.1% respectively amid increased market volatility due to high inflation, the Federal Reserve raised interest rate by 25bps in March and Russia shocked the world with military invasion of Ukraine that led to geopolitical risk, increased commodity prices and supply chain disruptions. The Federal Reserve has projected the Fed Fund Rate to be in the range of 1.6-2.4% by end 2022, which reflects at least another 4-7 hikes in 2022 to about 1.90%. The tightening monetary policy (interest rates hikes with quantitative tapering), rising inflation, and increasing yields will be the main concerns for global investors in 2022 as a potentially more aggressive rate hikes could lead to stagflation or even recession while external uncertainties caused by Russia-Ukraine war and a slowing China may also affect how equities perform in the rest of the year.

For domestic equities, some of the corporate earnings may be hit in assessment year 2022 due to the Cukai Makmur announced in Budget 2022, lowering earnings growth for yet another year. Nonetheless, Malaysia's macro-outlook for 2022 should be more positive, given the high vaccination rate, declining infection cases and reopening of the country's international borders on 1 Apr 2022. The BNM has projected Malaysia's economy to grow by between 5.3% and 6.3% in 2022 underpinned by continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. Some research analysts expect the KLCI to trade above 1,700 by year-end from 1549 in the beginning of 2022. Nonetheless, the likelihood of 15th General Election to be called in 2022 has increased after recent state elections, and political uncertainties may drag the market performance in 2022.

Fixed Income

In 2022, the global fixed income markets will focus on economic growth normalisation, persistent inflation, and monetary policy tightening. The pandemic, high inflation, tight labour markets, and supply chain disruption have proved more challenging for central banks thus far. With inflation running high YoY (Dec 2021) for US 7%, UK 5.4%, and Europe 5%, more interest rates hike is likely to be seen in 2022. US Fed is expected to terminate its quantitative easing programme in 1Q 2022 while China may continue to ease in 2022 due to a liquidity crunch among housing developers and a steep slowdown in growth outlook with more lockdowns under its- zero-COVID policy. As markets pricing in more aggressive rate hikes, the 10-Year US Treasury yield may be pushed to higher level in the range of 2.1% to 3% in 2022. The climate of a rising yields environment (bond prices move in opposite directions) is likely to be less favourable for long-term bonds going forward.

In the domestic market, the BNM may only raise interest rates in the 2H 2022 amid the Russia-Ukraine war, other geopolitical risks and slowing growth in China that may affect the early stage of economic recovery. The pandemic situation is expected to improve and remain under control backed by an overall high vaccination rate and the import of Pfizer's antiviral pill for COVID treatment. The BNM is expected to raise its Overnight Policy Rate by at least 25bps to 50bps in 2022, in order to rebuild its policy buffers and maintain the Ringgit stability. The 10-year MGII and Islamic AAA bonds' indicative yields have increased by 32bps and 26bps in 1Q 2022. The local corporate bond market in a capital-raising environment may become less conducive attributed to rising financing costs as the central bank tightens its monetary policy. Nevertheless, the country's economic recovery is expected to remain on track with the reopening of international borders and corporate bond issuance may moderate slightly to between RM 100 and RM 110 billion in 2022.

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 2021 to 31 December 2021)

In 2021, there were no changes made on the investment objectives, strategies, restrictions, or limitations of the Fund. There was no income distribution proposed and/or made for the Fund during the year.

The Fund invests almost 100% of its net asset value (NAV) in its Target Fund, Affin Hwang Aiiman Income Plus Fund with a small portion of assets in cash to cater for liquidity requirements. The FWD Takaful LifeSelect Fixed Income Fund recorded -1.78% in 2021, better than the target fund return of -2.02% but underperformed the benchmark 12-month Maybank General Investment Account (GIA) i-rate return of 1.95%. The Target Fund’s return was negatively impacted by the sell-off in global rates on speculation of interest rate hikes in US that spilled over to the domestic fixed income market. The Target Fund’s return was also affected due to its long-term positioning and the full impairment of exposures in MEX II sukuk due to the prolonged delay in fund raising and debt restructuring exercises.

The Target Fund started the year with a duration of close to 7 years. Subsequently, the Target Fund’s manager shortened the duration slightly to be more defensive amidst the rise in global yields. As long-term bonds performed relatively better in 2Q onwards, the Target Fund managed to also recoup some of the losses it suffered in 1Q. Throughout the year, the Target Fund focused on extracting value in the corporate bond segment as bond yields had corrected significantly higher. For 2022, the Target Fund is likely to maintain a slightly defensive duration strategy as interest rates are expected to increase. The focus of the Target Fund’s manager will remain on finding value in the corporate bond segment while also looking for trading opportunities in the government bond space.

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, depends on market conditions and will be driven by the market outlook as well. The Fund aims to meet its investment objective of providing a steady income stream over a medium to long-term period and will continue to be managed closely in a manner to fulfil its long-term objective.

Asset Allocation of Target Fund –

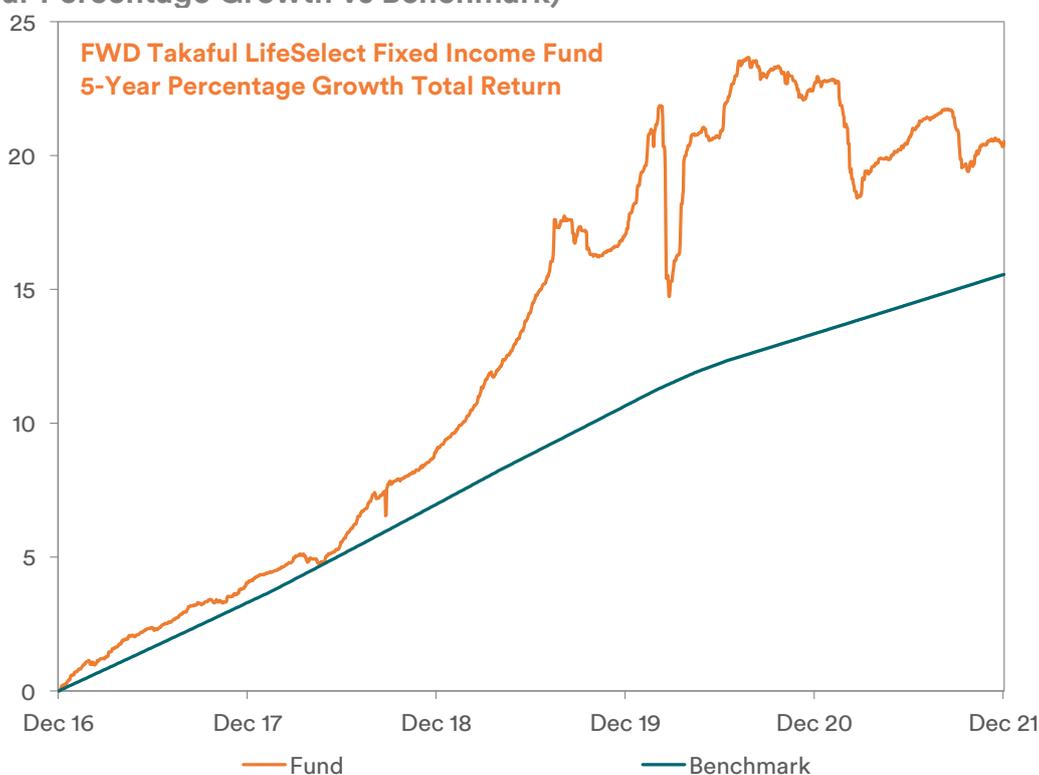
Affin Hwang Aiiman Income Plus Fund (as at 31 December 2021)

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	10.0%
Unquoted Sukuk	90.0%

Top Holdings of Target Fund as of 31 December 2021:

Securities	Holdings (%)
Government Investment Issues 09/39	1.5
YTL Power International Bhd	1.3
Government Investment Issues 10/28	1.3
Bank Pembangunan Malaysia Bhd	1.3
Government Investment Issues 10/35	1.2
Government Investment Issues 06/33	1.1
Government Investment Issues 11/34	1.1
Government Investment Issues 08/37	1.1
Kuala Lumpur Kepong Bhd	0.9
Government Investment Issues 05/47	0.9

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



Performance Table

FWD Takaful LifeSelect Fixed Income Fund	2021	2020	2019	2018	2017
Total NAV (RM'000)	105,432	107,155	105,597	107,293	111,203
Units in Circulation	69,173	69,047	71,336	77,829	84,532
NAV per Unit (RM)	1.5242	1.5519	1.4803	1.3786	1.3155
Highest NAV per unit (RM)	1.5549	1.5640	1.4890	1.3786	1.3155
Lowest NAV per unit (RM)	1.4974	1.4509	1.3795	1.3162	1.2651
Annual Return	-1.78%	4.84%	7.38%	4.80%	4.02%

Cumulative Total Returns	6 Months	1 Year	3 Years	5 Years	10 Years#
FWD Takaful LifeSelect Fixed Income Fund	-0.04%	4.84%	17.97%	27.55%	39.98%
Benchmark	0.98%	1.95%	8.03%	15.56%	35.61%

* Effective [†] September 2017, the Fund removed one of its previous Target Fund, Pacific Dana Murni.
10 years net return as at end of 2021.

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, 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 2021 to 31 December 2021)

In 2021, FWD Takaful LifeSelect Equity Fund registered a gain of 0.97%, outperformed its benchmark FTSE Bursa Malaysia Emas Shariah Index (FBMS), which fell 6.81% YoY. As a Fund of Funds, the Fund may invest up to 100% of its net asset value (NAV) in two of its Target Funds, namely Affin Hwang Aiiiman Growth Fund and Eastspring Investments Dana Al-Ilham. The Fund aims to meet its investment objective over medium to long-term period and there was no income distribution proposed and/or made during the year for the Fund.

Target Fund 1: Affin Hwang Aiiiman Growth Fund

The Target Fund, Affin Hwang Aiiiman Growth Fund recorded a return of 2.23% in 2021, outperformed the benchmark FBMS by 9.04%. The target fund's cash level was maintained at around 4.9% as of end December 2021 while it may raise the cash level and switch into a more defensive stance during extreme volatilities situations.

The active sector allocation and stock selection are the main reasons for the outperformance of the target fund versus its benchmark. The sectors that performed well in 2021 include Industrial Products and Services, Technology, Transportation and Logistics, and Financial Service. Meanwhile, the worst performing sectors were Healthcare, Energy, and Plantation. The key sectors that drove performance for the target fund was Technology while its main return detractors were generally more stock specific. Throughout the year, the target fund maintained a barbell approach, which focused on Growth (technology and exporters) and Recovery beneficiaries (commodities, real estate, and financials). The positioning of the target fund exposure in these sectors has allowed the fund to overcome periods of volatility in the year of 2021. The target fund is likely to maintain its barbell strategy in 2022, with more focus on Recovery beneficiaries, with expectations of continued economic recovery.

The Target Fund will continue to adopt a top-down and bottom-up strategy investment approach in the coming years to identify investment opportunities in the prevailing market and will use fundamental analysis to determine the attractiveness of the investment ideas. The key factors used to identify potential profitable companies include analysis on sales and profit growth, historical and current financial strength, gearing levels, expected future earnings growth, share price valuation and the company's management quality.

Asset Allocation of: Target Fund 1 – Affin Hwang Aiiiman Growth Fund (as of 31 December 2021)

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	4.90%
Quoted Shariah Compliant Equities	95.10%

Top Holdings of Target Fund 1 as of 31 December 2021:

Securities	Holdings (%)
Axis Real Estate Invst Trust	5.3
Kobay Technology Bhd	4.3
Telekom Malaysia Bhd	4.2
IHH Healthcare Bhd	3.8
Bank Islam Malaysia Bhd	3.7

Target Fund 2: Eastspring Investments Dana Al-Ilham

In 2021, the Target Fund, Eastspring Investments Dana Al-Ilham gained a return of 1.04%, which outperformed its benchmark FBMS by 7.85%. The higher return of the target fund was attributed to the underweight positions in healthcare (mainly glove players) and plantation sectors as well as overweight in technology and consumer discretionary sectors. These allocations have mitigated the target fund's overweight positions in selected energy stocks and underweight in selected material stocks that have dragged its performance to a certain extent during the period under review.

As the Target Fund positioned for the post-pandemic recovery in 2021, it rotated out of the glove stocks into selected stocks within the cyclical/recovery sectors such as consumer discretionary, property and financials. These sectors were expected to perform well, riding on the gradual economic reopening as vaccination rates continued to pick up pace. As of end-December 2021, the target fund had 10.29% in Cash & Cash Equivalents while its top sector exposures were Technology 21.11%, Telecommunication 11.33%, Consumer 9.11%, Oil & Gas 8.94%, Power / Utilities 6.73%, Property 6.91% and Banking & Finance 6.27%.

The Target Fund will continue its investment in cyclical sectors to ride the economic reopening themes in 2022. Nonetheless, the Target Fund will be more selective in its investments in view of expected flat overall corporate earnings growth for 2022. The market may also see higher volatility if a general election is called. Preference would be the small-mid caps over large caps as these stocks will be less hit by the Prosperity Tax (Cukai Makmur) given their smaller earnings base. The Target Fund will also stay invested in the technology sector to benefit from the current global semiconductor upcycle and long-term structural trends for potential long-term growth.

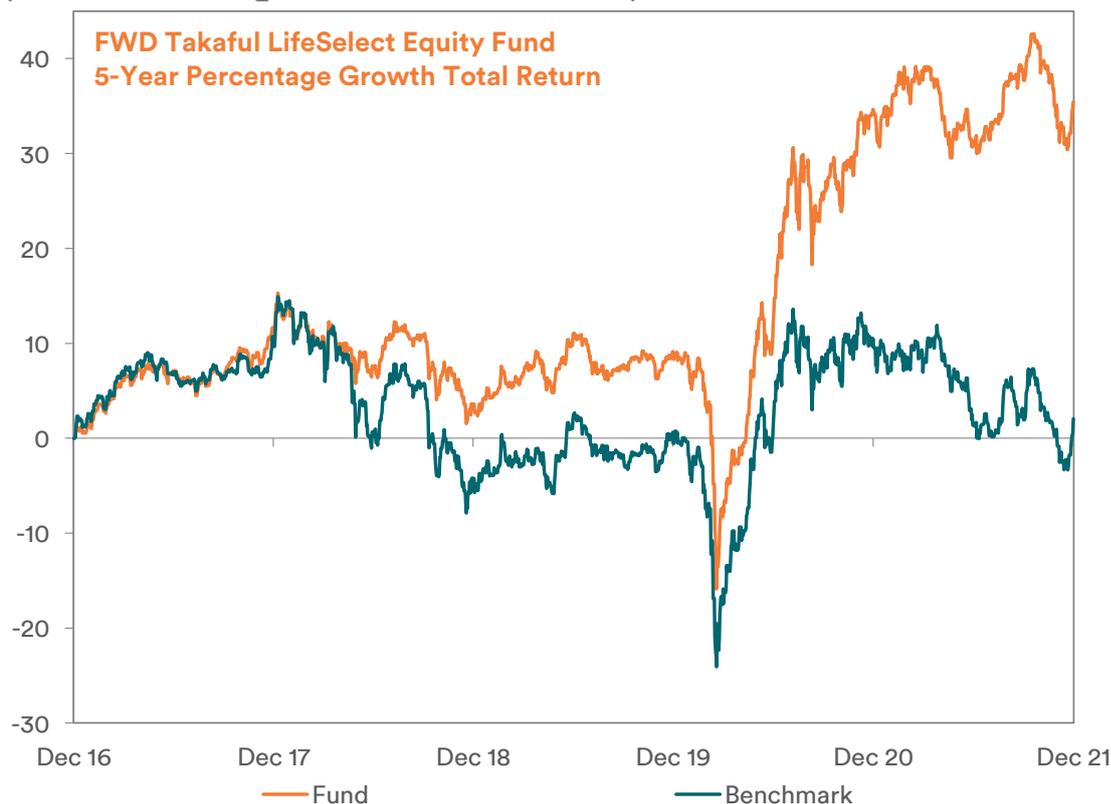
Asset Allocation of Target Fund 2 – Eastspring Investments Dana Al-Ilham (as of 31 December 2021)

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	10.29%
Quoted Shariah Compliant Equities	89.71%

Top Holdings of Target Fund 2 as of 31 December 2021:

Securities	Holdings (%)
Tenaga Nasional Bhd	6.7
Mr D.I.Y. Group (M) Bhd	5.0
Inari Amertron Bhd	5.0
IHH Healthcare Bhd	4.7
Petronas Chemicals Group Bhd	4.3

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



Performance Table

FWD Takaful LifeSelect Equity Fund	2021	2020	2019	2018	2017
Total NAV (RM'000)	136,854	147,237	129,446	139,636	161,702
Units in Circulation	62,603	68,008	74,047	83,517	89,761
NAV per Unit (RM)	2.1861	2.1650	1.7482	1.6720	1.8015
Highest NAV per unit (RM)	2.3017	2.1728	1.7925	1.8608	1.8015
Lowest NAV per unit (RM)	2.0902	1.3573	1.6517	1.6389	1.6156
Annual Return	0.97%	23.84%	4.56%	-7.19%	11.63%

Cumulative Total Returns	6 Months	1 Year	3 Years	5 Years	10 Years#
FWD Takaful LifeSelect Equity Fund	3.66%	0.97%	30.75%	35.46%	52.11%
Benchmark	0.70%	-6.81%	6.59%	2.07%	19.69%

** 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 2021.

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 2021 to 31 December 2021)

In 2021, the Fund registered a gain of 1.89%, outperformed its benchmark by 4.32%. The Fund aims to meet its objective by investing in the Target Fund while there was no income distribution proposed and/or made during the year by the Fund.

The outperformance was due to the Target Fund’s overweight position in equity especially in the small-mid cap segment. Within the equity sleeve, the Fund’s underweight positions in healthcare (mainly glove players) and plantation sectors as well as overweight in technology and consumer discretionary sectors contributed positively to the performance. This sector positioning mitigated some of the target fund’s overweight positions in selected property and energy stocks which impacted the performance negatively in 2021.

As a tactical asset allocation fund, the Fund is intended to be nimbler which helps to mitigate market volatility 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. For equities, the Fund focuses on investing in a blend of growth and value Shariah-compliant equities with medium to high risk tolerance. For fixed income, the Fund would look to participate in selected quality issuances for yield pick-up, and trade on market volatility, subject to liquidity constraints.

The Target Fund maintained its overweight position in equities during the period under review and adopted an equity strategy that rotated out of the glove stocks into selected cyclical/recovery stocks to position for the post-pandemic recovery. The Target Fund also raised exposure in the technology sector to benefit from the global semiconductor upcycle and long-term structural trends for longer term growth while reducing its fixed income exposure amid rising yields and expectations of increasing interest rates. The Target Fund shall continue to stay overweight in equities and remain underweight in fixed income in view of expected upward trajectory of global and domestic bond yields in the medium-term, consistent with the improving growth prospect.

Asset Allocation of Target Fund –

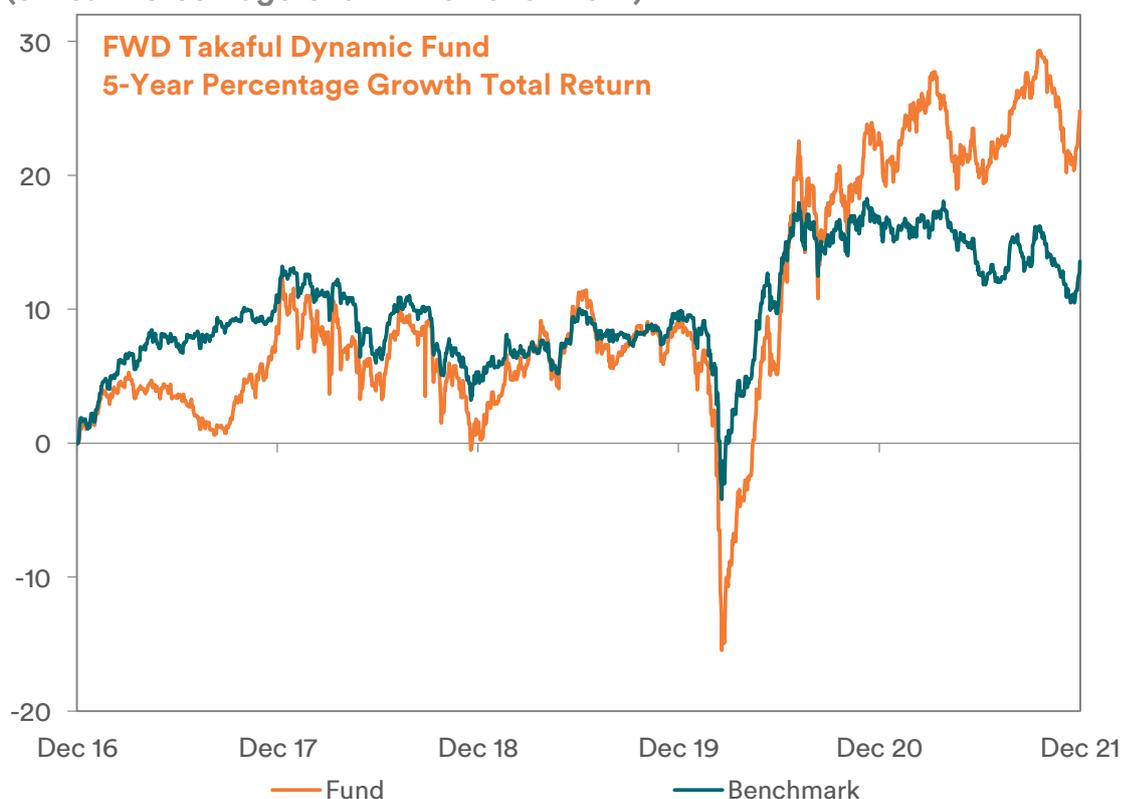
Eastspring Investments Dana Dinamik (as of 31 December 2021)

Asset Category	Asset Allocation (% of NAV)
Unquoted Fixed Income Securities	9.29%
Cash & Cash Equivalents	11.38%
Quoted Shariah Compliant Equities	79.33%

Top Holdings of Target Fund as of 31 December 2021:

Equity	Holdings (%)
Inari Amertron Bhd	5.4
Mr D.I.Y. Group (M) Bhd	4.7
Tenaga Nasional Bhd	3.3
Malaysian Pacific Industries Bhd	3.3
Petronas Chemicals Group Bhd	3.0
Fixed Income	Holdings (%)
Affin Islamic Bank Bhd	3.1
Ambank Islamic Bhd	3.1
BGSM Management Sdn. Bhd	3.1

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



Performance Table

FWD Takaful Dynamic Fund	2021	2020	2019	2018	2017
Total NAV (RM'000)	19,476	21,230	21,327	22,516	22,670
Units in Circulation	13,399	14,881	16,858	19,030	17,907
NAV per Unit (RM)	1.4536	1.4267	1.2651	1.1831	1.2660
Highest NAV per unit (RM)	1.5062	1.4432	1.2979	1.3143	1.2660
Lowest NAV per unit (RM)	1.3855	0.9845	1.1675	1.1585	1.1653
Annual Return	1.89%	12.77%	6.93%	-6.55%	8.70%

Cumulative Total Returns	6 Months	1 Year	3 Years	5 Years	Since Inception#
FWD Takaful Dynamic Fund	4.16%	1.89%	22.86%	24.80%	45.58%
Benchmark	0.89%	-2.43%	7.85%	13.57%	72.84%

* 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 2021 to 31 December 2021)

In 2021, the FWD Takaful Asia Pacific Islamic Equity Fund gained 6.71%, outperformed its benchmark by 3.74%. The Fund met its objective in the reporting period while there was no income distribution proposed and/or made during the year.

The outperformance of the Fund was due to its Target Fund's rigorous top-down overlay and bottom-up processes that guided its asset allocation strategy and generation of forward-looking ideas according to the changes in the market trend. The balanced approach of the Target Fund's within growth and cyclical has benefited from the upside in pandemic beneficiaries and the economic recovery theme. On sector selection, relative contributions were coming from the Target Fund's overweight positions in Industrials and Healthcare. On stock selection, the relative contributions came from the Target Fund's zero position in Alibaba and off-benchmark allocation in ASML.

As of end-December 2021, the Target Fund has 6.57% in Cash & Cash Equivalents while its top sectors exposures were Technology 45.16%, Consumer Discretionary 9.98%, Communication Services 9.43%, Materials 8.06%, Industrials 7.23%, Energy 6.23% and Healthcare 5.83%. In terms of top allocations according to region, the Target Fund had about 24.45% in South Korea, 15.96% in Taiwan, 15.56% in India, 9.27% in Hong Kong, China, 6.67% in United States, and 5.94% in Australia as of end-December 2021. As more countries in Asia approach herd immunity in 2022, economic and business activity should normalise further and huge disruptions such as lockdowns seen in prior years should be averted. The Target Fund shall continue to fulfil its investment objective by aiming to achieve long term capital appreciation and income while complying with Shariah investment criteria, through investments in the emerging and developed markets of Asia Pacific ex Japan region.

The Target Fund adopts an active investment strategy while the countries and securities invested in will undergo a rigorous research exercise before they are included. Although the combination of both bottom-up and top-down investment approaches ultimately drives the process, the long-term investment performance of the Target Fund will be achieved by employing a rigorous research process that enables Target Fund to identify companies that generate superior returns as well as by identifying companies that are undervalued. Going forward, the Target Fund will remain fully invested and will diversify its holdings across businesses to improve the portfolio's resilience. The Target Fund may purchase the areas of med-tech, new energy vehicle supply chain, cement, and energy and fund these purchases by trimming selected stocks where growth durability is lacking and valuations are lofty.

The Target Fund has won Refinitiv Lipper Fund Awards 2022 - Malaysia Islamic Funds Awards - Best Equity Asia Pacific ex Japan fund over 3, 5 and 10 years (based on performance as of end-December 2021).

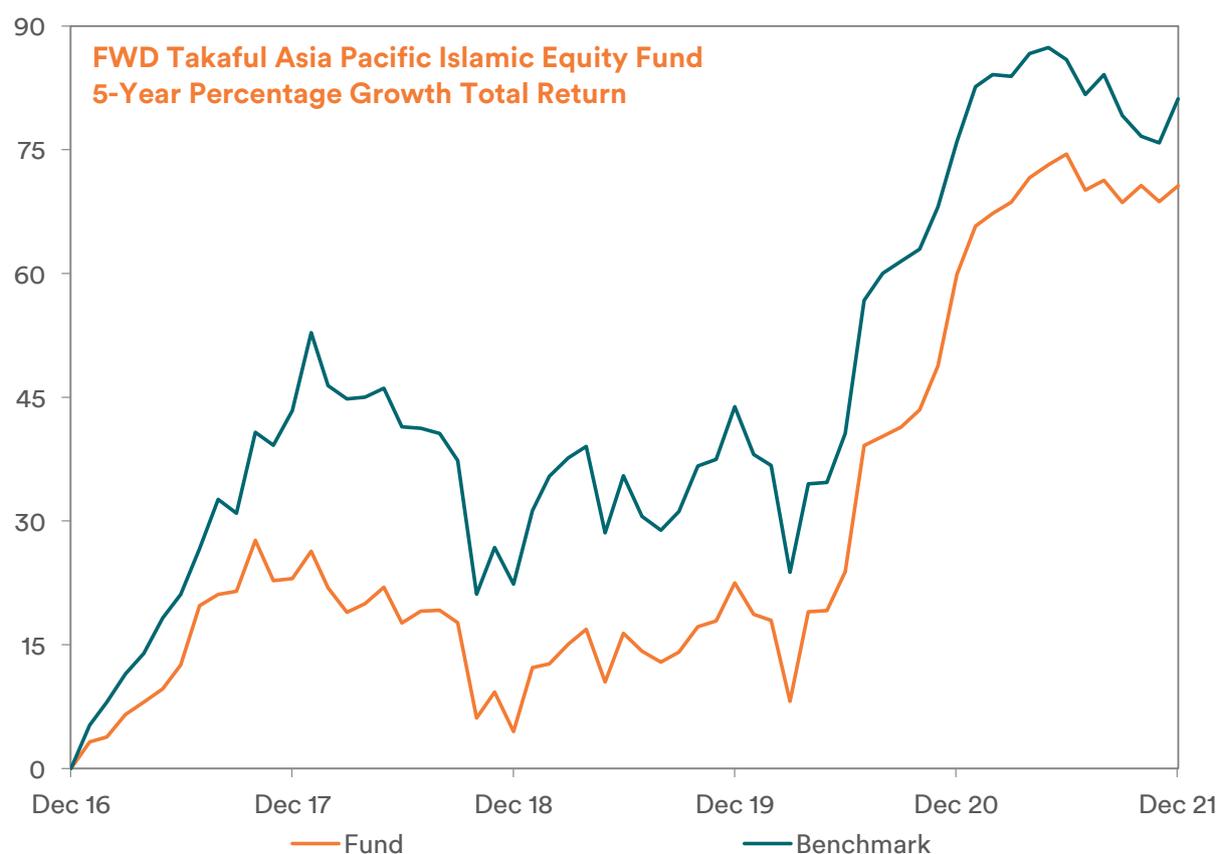
Asset Allocation of Target Fund – Principal Islamic Asia Pacific Dynamic Equity Fund (as of 31 December 2021)

Asset Category	Asset Allocation (% of NAV)
Mutual Fund	0.55%
Cash & Cash Equivalents	6.57%
Quoted Shariah Compliant Equities (Foreign)	92.88%

Top Holdings of Target Fund as of 31 December 2021:

Securities	Holdings (%)
Taiwan Semiconductor Manufacturing Co Ltd	9.9
Samsung Electronics Co. Ltd	9.2
SK Hynix Inc	8.1
Reliance Industries Ltd	6.2
Samsung Electronics-PFD	5.5
ALPHABET INC-CL A	3.5
ASML Holding N.V.	3.5
MediaTek Inc.	3.0
Tencent Holding Ltd	2.9
Titan Co Ltd	2.3

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



Performance Table

FWD Takaful Asia Pacific Islamic Equity Fund	2021	2020	2019	2018	2017
Total NAV (RM'000)	119,045	99,848	83,057	83,147	82,126
Units in Circulation	48,067	43,022	46,714	54,825	45,990
NAV per Unit (RM)	2.4766	2.3209	1.7780	1.5166	1.7857
Highest NAV per unit (RM)	2.6027	2.3209	1.7966	1.8543	1.8779
Lowest NAV per unit (RM)	2.3482	1.4571	1.4780	1.5135	1.4601
Annual Return	6.71%	30.53%	17.24%	-15.07%	23.02%

Cumulative Total Returns	6 Months	1 Year	3 Years	5 Years	Since Inception#
FWD Takaful Asia Pacific Islamic Equity Fund	-2.20%	6.71%	63.30%	70.61%	148.43%
Benchmark	-2.54%	2.97%	48.11%	81.18%	118.08%

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 2021 to 31 December 2021)

In 2021, FWD Takaful World Islamic Equity Fund gained 23.14%, underperformed its benchmark MSCI ACWI Islamic (Shariah) Index by 0.13%. The Fund aims to meet its objective by investing in the Target Fund and there was no income distribution proposed and/or made during the year by the Fund.

The Fund's double-digit positive return in 2021 was due to the positive stock selection, primarily in Europe, the United States and Asia by the Target Fund. The Target Fund's asset allocation adopts bottom-up stock pickers instead of being driven by top-down allocation approach. Hence, the Target Fund looks to diversify in terms of its holdings' businesses. The top sector allocation of the Target Fund as of end-December 2021 includes Healthcare (26.5%), Information Technology (19.5%), Industrials (17.6%) Consumer Discretionary (9.4%) and Consumer Staples (8.7%). The Target Fund top regional allocations include United States (34.3%), United Kingdom (9.4%), Switzerland (9.1%), Australia (7.7%), France (5.7%) and Netherlands (5.4%).

The Target Fund will stay invested in Shariah-compliant equities at all times and its bottom-up investment philosophy will be focused on stock selection. The trading frequency of the Target Fund will reflect the market opportunities presented, particularly in times of higher market volatility. The Target Fund will select Shariah-compliant equities with good long-term prospects, strong balance sheets, steady cash flows and sound corporate governance practices. Investment selection will be based on a fundamentally strong and diversified portfolio of stocks with the aim of capital appreciation over the long term.

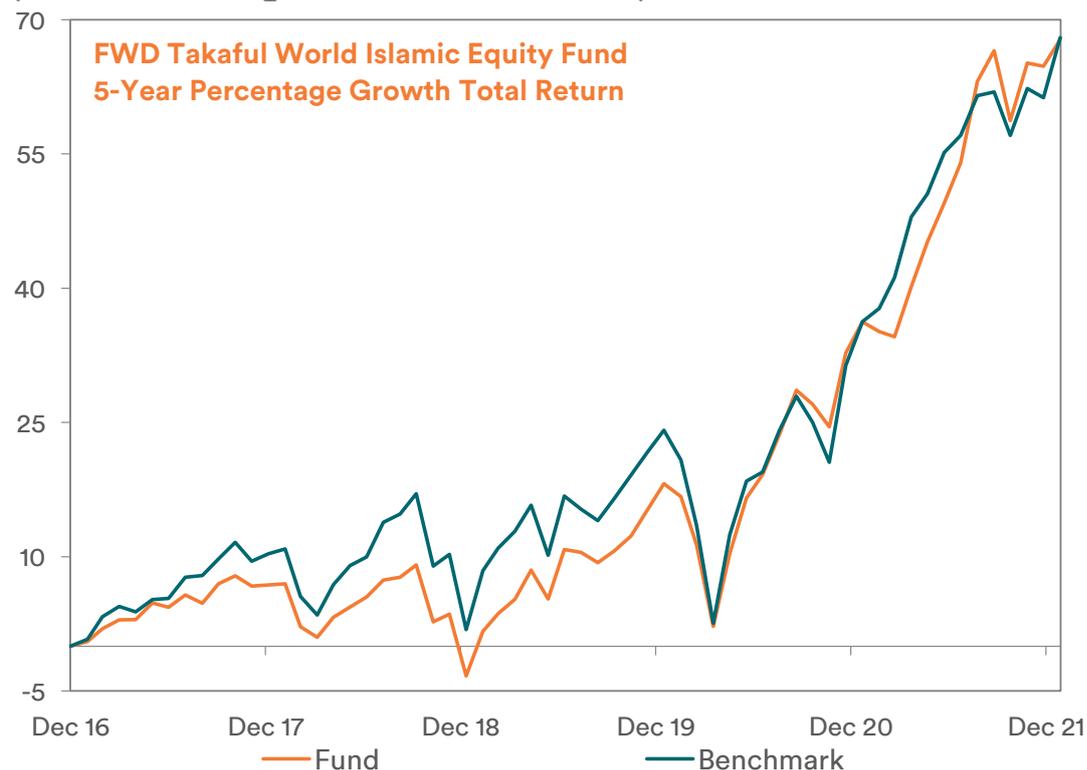
Asset Allocation of Target Fund – Aberdeen Standard Islamic World Equity Fund (as of 31 December 2021)

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	6.0%
Quoted Shariah Compliant Equities	94.0%

Top Holdings of Target Fund as of 31 December 2021:

Securities	Holdings (%)
Procter & Gamble Co	4.0
TSMC	3.9
ASML Holding	3.5
L'Oreal	3.3
Nike Inc	3.0
Dechra Pharmaceuticals	2.9
Asian Paint	2.6
Atlas Copco	2.5
Astrazeneca	2.5
LULULEMON Athletica	2.5

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



Performance Table

FWD Takaful World Islamic Equity Fund	2021	2020	2019	2018	2017
Total NAV (RM'000)	95,884	63,271	57,750	56,339	54,011
Units in Circulation	49,180	39,961	42,055	50,138	43,494
NAV per Unit (RM)	1.9497	1.5833	1.3732	1.1237	1.2418
Highest NAV per unit (RM)	1.9865	1.5907	1.3903	1.2716	1.2713
Lowest NAV per unit (RM)	1.5368	1.0752	1.1129	1.1109	1.1600
Annual Return	23.14%	15.30%	22.20%	-9.51%	6.86%

Cumulative Total Returns	6 Months	1 Year	3 Years	5 Years	Since Inception#
FWD Takaful World Islamic Equity Fund	8.94%	23.14%	73.51%	67.77%	94.97%
Benchmark	6.95%	23.27%	64.90%	67.99%	107.88%

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 2021 to 31 December 2021)

In 2021, the FWD Takaful Islamic Sukuk Fund registered a return of 0.53%, outperformed its benchmark, Quantshop GII Medium Index by 1.15%. There were no changes made to the investment objectives, strategies, restrictions, or limitations of the Fund. There was no income distribution proposed and/or made for the Fund during the year.

The sukuk assets of the Target Fund generally underperformed in the first half of the year but managed to recover back to its prior high in the second half of the year due to improving sentiment as well as investors adjusting to the stance of policy tightening from key central banks. On sector selection, the outperformance of the Target Fund was due to its exposure in the Industrials and Real Estate sectors. On securities selections, the target fund’s positions in DRB-Hicom Sukuk (12/11/26) and Lafarge Cement (12/11/23) were the main performance contributors.

The Target Fund will take the opportunity to participate in primary corporate sukuk issuances as pricing is expected to reflect forthcoming interest rate normalisation and weaker market sentiment. The Target Fund may stay defensive instead of aggressive in its investment trading strategy as most corporate Sukuk spreads may be below its long-term average and the Target Fund shall remain cautious of potential repricing in the secondary market. The Target Fund will continue to fulfil the investment objective by aiming to gain a 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 Shariah principles.

Since 2021, the Target Fund strategy has been overweight in the credit segment for a more stable and higher yield pickup. The Target Fund will remain selective in issuers with strong and stable fundamentals while it will also gradually exit any low yielding government securities and focus on high grade corporate Sukuk for better yield pick-up.

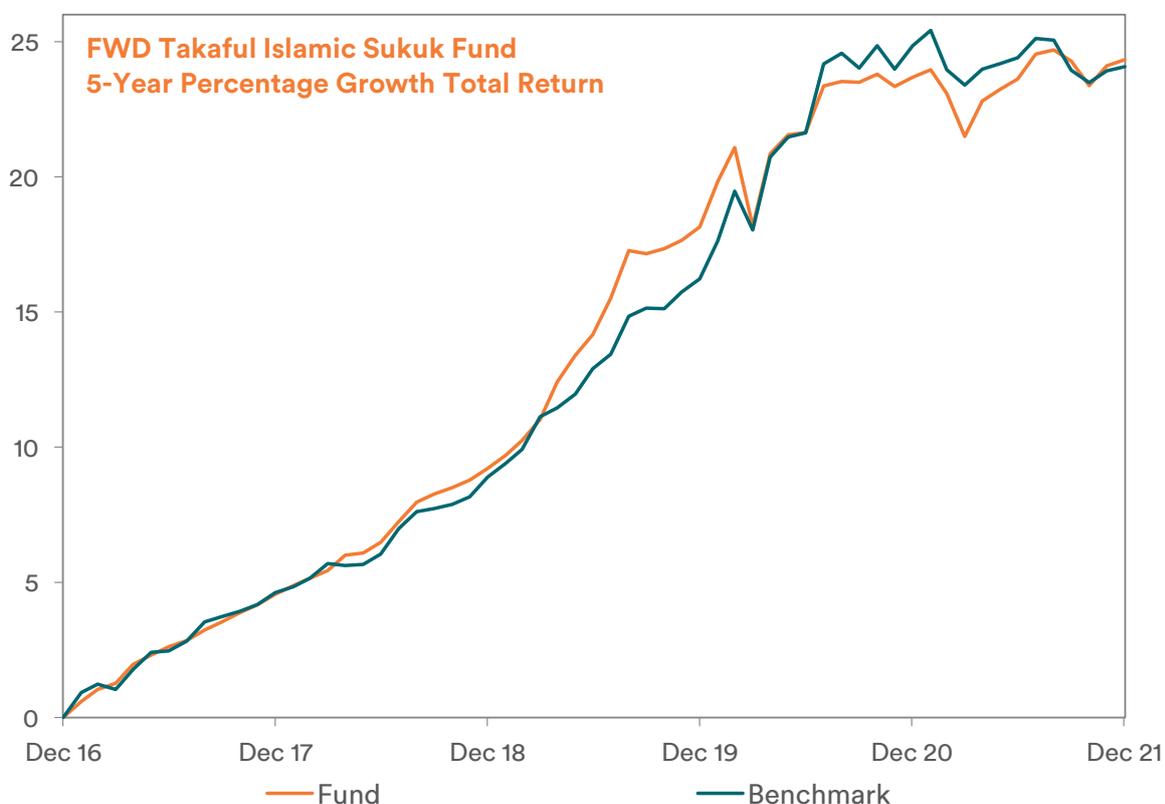
**Asset Allocation of Target Fund –
Principal Islamic Lifetime Sukuk Fund (as of 31 December 2021)**

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	4.45%
Unquoted Sukuk	95.55%

Top Holdings of Target Fund as of 31 December 2021:

Securities	Holdings (%)
DRB-Hicom Bhd	9.8
Quantum Solar Park	5.7
Mah Sing Group Bhd	4.8
Tenaga Nasional Bhd	4.8
Edra Energy Sdn Bhd	3.8
Konsortium KAJV Sdn Bhd	3.6
UEM Sunrise Bhd	3.5
GII Murabahah	3.2
Bank Pembangunan Malaysia Bhd	2.6
Northport	2.6

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



Performance Table

FWD Takaful Islamic Sukuk Fund	2021	2020	2019	2018	2017
Total NAV (RM'000)	49,782	46,569	37,505	30,274	22,300
Units in Circulation	37,273	35,051	29,551	25,805	19,856
NAV per Unit (RM)	1.3356	1.3286	1.2692	1.1732	1.1231
Highest NAV per unit (RM)	1.3413	1.3304	1.2692	1.1732	1.1231
Lowest NAV per unit (RM)	1.3023	1.2440	1.1738	1.1235	1.0748
Annual Return	0.53%	4.68%	8.18%	4.46%	4.55%

Cumulative Total Returns	6 Months	1 Year	3 Years	5 Years	Since Inception#
FWD Takaful Islamic Sukuk Fund	0.58%	0.53%	13.84%	24.33%	33.56%
Benchmark	-0.26%	-0.62%	13.95%	24.08%	27.45%

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 2021

200601011780 (731530-M)

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

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

Statement by the Manager

I, Yip Jian Lee, 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 29 to 47 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,

Yip Jian Lee
Director

Kuala Lumpur, Malaysia
17 March 2022

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**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 2021, 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 29 to 47.

In our opinion, the accompanying financial information of the Funds for the year ended 31 December 2021 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)

**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)

**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
17 March 2022

200601011780 (731530-M)

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

Statements of Assets and Liabilities as at 31 December 2021

		2021					
	Note	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	105,021	139,104	19,659	120,391	97,019	49,333
Deferred tax assets		-	-	-	-	-	57
Other receivables	4	134	191	34	147	449	32
Cash and bank balances		652	634	42	1,410	1,105	480
Total assets		105,807	139,929	19,735	121,948	98,573	49,902
Liabilities							
Provision for taxation		52	1,170	21	502	280	34
Deferred tax liabilities		97	1,575	73	2,374	2,407	-
Other payables	5	226	330	165	27	2	86
Total liabilities		375	3,075	259	2,903	2,689	120
Net asset value of funds ("NAV")		105,432	136,854	19,476	119,045	95,884	49,782
Represented by:							
Unitholders' capital		69,724	81,105	13,316	72,983	62,784	43,232
Undistributed income		35,708	55,749	6,160	46,062	33,100	6,550
Total unitholders' account		105,432	136,854	19,476	119,045	95,884	49,782
Units in circulation		69,173	62,603	13,399	48,067	49,180	37,273
NAV per unit		1.5242	2.1861	1.4536	2.4766	1.9497	1.3356

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 2021 (continued)

	Note	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
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
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 Income and Expenditure for the Financial Year Ended 31 December 2021

	2021					
	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	2,906	5,212	663	1,970	-	2,578
Unrealised capital gain on investments	-	-	-	258	14,920	-
Net gain on disposal of investments	237	2,242	187	4,664	2,184	11
Management fee rebate, net of management fee	-	12	-	374	209	-
Total income	3,143	7,466	850	7,266	17,313	2,589
Unrealised capital loss on investment	(5,277)	(5,121)	(401)	-	-	(2,376)
Management fee, net of management fee rebate	(4)	-	(52)	-	-	(29)
Fund administrative fee	(18)	(18)	(18)	(18)	(18)	(18)
Total outgo	(5,299)	(5,139)	(471)	(18)	(18)	(2,423)
Excess of (outgo over income)/income over outgo before taxation	(2,156)	2,327	379	7,248	17,295	166
Taxation	267	(931)	(17)	(613)	(1,513)	120
Net (loss)/income for the year	(1,889)	1,396	362	6,635	15,782	286
Distributable income brought forward	37,597	54,353	5,798	39,427	17,318	6,264
Net (loss)/income for the year	(1,889)	1,396	362	6,635	15,782	286
Distributable income carried forward	35,708	55,749	6,160	46,062	33,100	6,550

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 2021 (continued)

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.

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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 2021

	2021			2020		
	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	69,558	37,597	107,155	73,055	32,542	105,597
Net (loss)/income for the year	-	(1,889)	(1,889)	-	5,055	5,055
Amounts received from units created	15,002	-	15,002	12,608	-	12,608
Amounts paid for units cancelled	(14,836)	-	(14,836)	(16,105)	-	(16,105)
NAV at the end of the financial year	69,724	35,708	105,432	69,558	37,597	107,155
<u>FWD Takaful LifeSelect Equity Fund</u>						
NAV at the beginning of the financial year	92,884	54,353	147,237	103,842	25,604	129,446
Net income for the year	-	1,396	1,396	-	28,749	28,749
Amounts received from units created	8,735	-	8,735	10,743	-	10,743
Amounts paid for units cancelled	(20,514)	-	(20,514)	(21,701)	-	(21,701)
NAV at the end of the financial year	81,105	55,749	136,854	92,884	54,353	147,237

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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 2021 (continued)

	2021			2020		
	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	15,432	5,798	21,230	17,989	3,338	21,327
Net income for the year	-	362	362	-	2,460	2,460
Amounts received from units created	1,687	-	1,687	1,461	-	1,461
Amounts paid for units cancelled	(3,803)	-	(3,803)	(4,018)	-	(4,018)
NAV at the end of the financial year	13,316	6,160	19,476	15,432	5,798	21,230
<u>FWD Takaful Asia Pacific Islamic Equity Fund</u>						
NAV at the beginning of the financial year	60,421	39,427	99,848	67,394	15,663	83,057
Net income for the year	-	6,635	6,635	-	23,764	23,764
Amounts received from units created	42,752	-	42,752	13,535	-	13,535
Amounts paid for units cancelled	(30,190)	-	(30,190)	(20,508)	-	(20,508)
NAV at the end of the financial year	72,983	46,062	119,045	60,421	39,427	99,848

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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 2021 (continued)

	2021			2020		
	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 World Islamic Equity Fund</u>						
NAV at the beginning of the financial year	45,953	17,318	63,271	48,755	8,995	57,750
Net income for the year	-	15,782	15,782	-	8,323	8,323
Amounts received from units created	33,409	-	33,409	10,971	-	10,971
Amounts paid for units cancelled	(16,578)	-	(16,578)	(13,773)	-	(13,773)
NAV at the end of the financial year	62,784	33,100	95,884	45,953	17,318	63,271
<u>FWD Takaful Islamic Sukuk Fund</u>						
NAV at the beginning of the financial year	40,305	6,264	46,569	33,040	4,465	37,505
Net income for the year	-	286	286	-	1,799	1,799
Amounts received from units created	13,012	-	13,012	16,804	-	16,804
Amounts paid for units cancelled	(10,085)	-	(10,085)	(9,539)	-	(9,539)
NAV at the end of the financial year	43,232	6,550	49,782	40,305	6,264	46,569

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 ("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.

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.

Notes to the financial information (continued)

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.

Notes to the financial information (continued)

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.

Notes to the financial information (continued)

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.

Notes to the financial information (continued)

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

	2021 RM'000	2020 RM'000
FWD Takaful LifeSelect Fixed Income Fund		
At Cost	103,806	100,480
Unrealised capital gain	1,215	6,492
At indicative market value	<u>105,021</u>	<u>106,972</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2021 are as detailed below:

	No. of units '000	Cost RM'000	Fair value RM'000	Fair value as % of NAV
Affin Hwang Aiiman Income Plus Fund	<u>180,202</u>	<u>103,806</u>	<u>105,021</u>	<u>99.61%</u>

	2021 RM'000	2020 RM'000
FWD Takaful LifeSelect Equity Fund		
At Cost	119,423	123,825
Unrealised capital gain	19,681	24,802
At indicative market value	<u>139,104</u>	<u>148,627</u>

The composition, cost and fair value of the Islamic collective investment schemes as at 31 December 2021 are as detailed below:

	No. of units '000	Cost RM'000	Fair value RM'000	Fair value as % of NAV
Eastspring Investments Dana Al-Ilham Fund	99,795	67,012	69,757	50.97%
Affin Hwang Aiiman Growth Fund	<u>50,402</u>	<u>52,411</u>	<u>69,347</u>	<u>50.67%</u>
	<u>150,197</u>	<u>119,423</u>	<u>139,104</u>	<u>101.64%</u>

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

Notes to the financial information (continued)

3. Investments (continued)

	2021 RM'000	2020 RM'000
FWD Takaful Dynamic Fund		
At Cost	18,747	20,025
Unrealised capital gain	912	1,313
At indicative market value	<u>19,659</u>	<u>21,338</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2021 are as detailed below:

	No. of units '000	Cost RM'000	Fair value RM'000	Fair value as % of NAV
Eastspring Investments Dana Dinamik Fund	<u>19,232</u>	<u>18,747</u>	<u>19,659</u>	<u>100.94%</u>

	2021 RM'000	2020 RM'000
FWD Takaful Asia Pacific Islamic Equity Fund		
At Cost	90,706	71,560
Unrealised capital gain	29,685	29,427
At indicative market value	<u>120,391</u>	<u>100,987</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2021 are as detailed below:

	No. of units '000	Cost RM'000	Fair value RM'000	Fair value as % of NAV
Principal Islamic Asia Pacific Dynamic Equity Fund	<u>167,187</u>	<u>90,706</u>	<u>120,391</u>	<u>101.13%</u>

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

Notes to the financial information (continued)

3. Investments (continued)

	2021 RM'000	2020 RM'000
FWD Takaful World Islamic Equity Fund		
At Cost	66,932	48,261
Unrealised capital gain	30,087	15,167
At indicative market value	<u>97,019</u>	<u>63,428</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2021 are as detailed below:

	No. of units '000	Cost RM'000	Fair value RM'000	Fair value as % of NAV
Aberdeen Standard Islamic World Equity Fund - Class A	<u>37,960</u>	<u>66,932</u>	<u>97,019</u>	<u>101.18%</u>

	2021 RM'000	2020 RM'000
FWD Takaful Islamic Sukuk Fund		
At Cost	50,040	44,264
Unrealised capital (loss)/gain	(707)	1,669
At indicative market value	<u>49,333</u>	<u>45,933</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2021 are as detailed below:

	No. of units '000	Cost RM'000	Fair value RM'000	Fair value as % of NAV
Principal Islamic Lifetime Sukuk Fund	<u>38,178</u>	<u>50,040</u>	<u>49,333</u>	<u>99.10%</u>

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

Notes to the financial information (continued)

4. Other receivables

	2021 RM'000	2020 RM'000
FWD Takaful LifeSelect Fixed Income Fund		
Amounts due from investment brokers	65	12
Other receivables	69	68
	<u>134</u>	<u>80</u>
FWD Takaful LifeSelect Equity Fund		
Amounts due from investment brokers	60	-
Other receivables	131	141
	<u>191</u>	<u>141</u>
FWD Takaful Dynamic Fund		
Amounts due from investment brokers	20	-
Amounts due from family takaful fund	-	9
Other receivables	14	16
	<u>34</u>	<u>25</u>
FWD Takaful Asia Pacific Islamic Equity Fund		
Amounts due from investment brokers	-	35
Amounts due from family takaful fund	-	114
Other receivables	147	121
	<u>147</u>	<u>270</u>
FWD Takaful World Islamic Equity Fund		
Amounts due from family takaful fund	214	-
Other receivables	235	150
	<u>449</u>	<u>150</u>
FWD Takaful Islamic Sukuk Fund		
Amounts due from investment brokers	3	264
Other receivables	29	27
	<u>32</u>	<u>291</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

	2021 RM'000	2020 RM'000
FWD Takaful LifeSelect Fixed Income Fund		
Amounts due to family takaful fund	226	162
FWD Takaful LifeSelect Equity Fund		
Amounts due to family takaful fund	330	298
Other payable	-	2
	<u>330</u>	<u>300</u>
FWD Takaful Dynamic Fund		
Amounts due to family takaful fund	165	45
Other payable	-	2
	<u>165</u>	<u>47</u>
FWD Takaful Asia Pacific Islamic Equity Fund		
Amounts due to family takaful fund	25	-
Other payable	2	-
	<u>27</u>	<u>-</u>
FWD Takaful World Islamic Equity Fund		
Amounts due to family takaful fund	-	2
Other payable	2	2
	<u>2</u>	<u>4</u>
FWD Takaful Islamic Sukuk Fund		
Amounts due to family takaful fund	86	142

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

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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