

FWD Takaful Investment-Linked Funds

Annual Funds Performance Report
for the year ended 31 December 2019



Message from FWD Takaful Berhad

Dear Valued Customers,

On behalf of FWD Takaful Berhad (“FWD Takaful”), I’d like to express our sincere gratitude for your relentless support in the past year. Since we entered the Malaysian Takaful market in March 2019, FWD Takaful has stayed on a positive trajectory with steady customer growth, development of new distribution channels and products, as well as establishing valuable collaborations with unique organisations to support our vision of changing the way people feel about Takaful.

Our parent company, FWD Group, continues to be a significant pan-Asian insurer with more than 7.5 million customers, 62,000 employees, 20,000 agents and US\$ 50.9 billion in assets as at end-2019. At FWD Takaful, we grew the business to more than 83,000 customers (including more than 2,500 Group members), 195 employees, more than 790 tied agents and continue to support our bank partner to serve our customers with meaningful and innovative Takaful solutions.

Beginning with our official brand launch in July 2019, we launched our three flagship products for our agency distribution channel: FWD Family First, FWD Future First and FWD Invest First. These plans offer various coverage with complementing riders to match our customers’ needs. Aligning with our customer-led and technology-driven approach, we successfully embarked on our digitalisation journey and launched our online channel with two online Takaful plans to allow customers the option to easily obtain Takaful protection and receive coverage instantly. The fully automated platform is a market differentiator which employs an innovative and intelligent underwriting system, to allow customers to get quotes immediately and participate in our online Takaful offerings. We launched two online plans in 2019 - FWD Protect Direct and FWD Care Direct – offering a protection plan and cancer cover for customers and their families.

To further enhance our digital customer experience, we collaborated with tech partners, Walnut Wellness, a digital health technology company to launch FWD Hero Sihat. This engagement tool provides users free dietary consultations to empower Malaysians to take charge of their health and encourage them to adopt a healthier lifestyle with the application of technology.

As we entered 2020, the Novel Coronavirus (COVID-19) outbreak hit us hard. Embodying the spirit of Takaful, we stepped up to the plate as members of the community to lend a hand. We dedicated a RM5 million special fund, aptly named as MOH FWD MY Heroes Fund, to support the Ministry of Health (MOH) front-liners in recognition and appreciation of their role in the fight against the COVID-19 pandemic. Notwithstanding, we had also pledged a total of RM1 million under our special fund to help new and existing customers and their immediate family members who’ve been affected by COVID-19.

With that in mind, I’m pleased to present to you our Annual Fund Performance Report for the year ended 31 December 2019. We hope you find this report informative and helpful for you to better understand FWD Takaful and the investment-linked funds we offer.

Once again, I’d like to thank you for your trust and continued support, which has propelled us to succeed to where we are today. We’re a fast-growing Takaful provider and we’re committed to continue serving you with enhanced product propositions and value-added services to support your financial portfolio and enrich your experience with us. 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

Contents

Page

Market Review 2019	4
Investment Outlook 2020	5
FWD Takaful LifeSelect Fixed Income Fund	6
FWD Takaful LifeSelect Equity Fund	8
FWD Takaful Dynamic Fund	11
FWD Takaful Asia Pacific Islamic Equity Fund	14
FWD Takaful World Islamic Equity Fund	16
FWD Takaful Islamic Sukuk Fund	19

Statement by the Manager and Audited Financial Information

Statement by Manager	23
Independent Auditors' Report	24
Statements of Assets and Liabilities	27
Statements of Income and Expenditure	30
Statements of Changes in Net Asset Value	32
Notes to the Financial Statements	35

MARKET REVIEW 2019

Equity

Generally, global equity markets ended 2019 with solid gains as the US agreed to a Phase 1 trade deal with China, and cancelled tariffs on US\$160 billion of Chinese goods took effect on 15 December 2019. While details of the deal were hard to come by, the agreement in principle lifted a cloud that had been hanging the global economy all year.

Domestically, Malaysian equities continued to be one of the worst performers in the region. During the 4Q2019, the Budget 2020 announced measures aimed at promoting jobs, Foreign Direct Investments (FDIs) and structural reforms, rather than the traditional mega infrastructure pump-priming, and offered tax incentives that should benefit the electronic and manufacturing sectors. Malaysian equities were also affected by foreign outflows due to various index rebalancing activities. The overall deteriorating market sentiments, dim profit outlook and poor economic conditions have weighed heavily on investors' interest which led to the KLCI recording another year of negative growth after 2018's result at -5.91%.

The benchmark FBM KLCI lost 6.02% in 2019 to end at 1,588.76 points, while the FTSE Bursa Malaysia Shariah Emas Index (FBMS) closed the year under review at 11,947.92, higher by 3.85% year-on-year (YoY). The broader FTSE Bursa Malaysia EMAS Index (FBMEMAS) recorded -1.77% lower YoY return while the MSCI Asia Pacific ex-Japan Index rose 15.85% (USD term) in line with the US S&P 500 Index which gained 28.88% in 2019.

Fixed Income

In 2019, the US Federal Reserve reduced its federal funds rate three (3) times by a total of 75 basis points (bps) to the range of 1.50% to 1.75%. As a result, the US Treasury yields declined significantly before reversing its direction in the last quarter amid progress of a phase 1 trade deal between US and China and increased signs of economic growth.

In general, the global fixed income markets including Malaysia recorded a strong performance in 2019 due to expectation of slow global growth and prolong lower interest rates environments. Global central banks from the Far East, Asia, Europe and South America reduced interest rates to boost the economy. Locally, Bank Negara Malaysia slashed the Overnight Policy Rate (OPR) by 25 bps to 3.00% on 7 May 2019 as a pre-emptive measure against a weakening external environment as well as slowing domestic growth.

Yields on local government issues ended 2019 significantly lower compared to the preceding year with Malaysia Government Securities taking the lead. The yields declined in 2019 were mainly driven by easing monetary policies adopted by global central banks amid the sluggish global economic environment. Meanwhile, the corporate bond credit spreads were at an all-time low as we observed a rapid decline in corporate bonds' yields. Foreign holdings of local bonds in 2019 increased by RM19.9 billion to RM204.7 billion which was the highest level recorded since 2012, in contrast to a net foreign outflow of RM21.9 billion in 2018.

INVESTMENT OUTLOOK 2020

Equity

Beginning of 2020, the COVID-19 outbreak is already disrupting the nascent global economic recovery. The shutdown of parts of China having knock-on effects on countries most reliant on trade and tourism with the world's second-largest economy. As the virus spreads across the world, the direct economic impact is also deepening with countries forced to "lockdown" activities to contain the spread of the virus. We expect governments to continue to implement targeted fiscal aid and stimulus package to support affected sectors and businesses. Meanwhile, the fragile truce between the US and China offers investors some respite from geopolitical tensions. The tensions between the two largest economic nations could escalate further in 2020 and political uncertainties towards US elections in November 2020 could also hamper stock markets.

We continue to expect volatility for the Malaysian equity market driven not only by external headwinds, but local politics continue to be distracting. Whilst we maintain a relatively cautious outlook, we are hopeful that there could be some earnings recovery in 2020, given the dismal and uninspiring growth seen for the last 3-4 years. On equity impact from the change in government, we expect short-term market weakness and prefer to reduce local equity exposure and raise cash in the near term. Any intense foreign selling is likely to hit the large cap stocks while local investors may be selling mid-small cap stocks due to rising risk premium. Until the political scene is more stable, any buying will be selective and gradual. Any market weakness is good opportunity to accumulate good fundamental stocks. However, this will be done gradually and selectively as we watch the evolving political scene.

Fixed Income

Due to the impact of COVID-19 and sharp oil price decline, we expect growth to be a lot slower as businesses are interrupted while job losses are inevitable. Recession risk has increased substantially as countries and economy activities are being shut down. Malaysia government will have to run higher than budgeted deficit to provide economic stimulus and at the same time, revenue from oil is anticipated to decrease. The initial targeted budget deficit is 3.2% of GDP with average oil price assumed at USD62 per barrel of oil. We have seen panic selling since the first week of March especially from foreign investors as everyone rushes to raise cash. Abundant domestic liquidity however has been absorbing the sell-off fairly well. There is also fear of potential credit rating downgrade on Malaysia sovereign credit rating due to the decline in oil prices. Government bond yields have risen 10-30bps since the start of March with the long end bonds being hit the most. The bond prices are likely to increase with lower interest rate outlook while the reinvestment yields in near future would certainly be lower year-on-year.

Bank Negara Malaysia (BNM) via its Monetary Policy Committee (MPC), cut the OPR by 100 basis points to 2% in 1H2020. The reduction in the OPR is intended to provide a more accommodative monetary environment to support the projected improvement in economic growth amid price stability" – according to the MPC statement released. With the current weak economy and a potential delay in the announcement of a fiscal stimulus impact, we cannot discount that BNM may cut interest rates further in 2H2020 after reducing it by a total of four times so far down from 3.00% down to record low of 1.75% in July 2020.

FWD TAKAFUL LIFESELECT FIXED INCOME FUND

Investment Objective

The Fund aims to achieve capital growth in the medium to long term by investing in a diversified portfolio of Shariah compliant collective investment schemes (“Target Fund”) 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 (1 January 2019 to 31 December 2019)

In 2019, the benchmark of FWD Takaful LifeSelect Fixed Income Fund changed from 12-Month Maybank GIA Tier II Rate to 12-Month Maybank GIA Rate, effective 1st May 2019. Nonetheless, 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 during the year.

The Fund invested up to 100% of its net asset value (NAV) in its Target Fund, Affin Hwang Aiiiman 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 7.38% in 2019, outperformed its benchmark by 3.66%. The outperformance is attributed to the Target Fund’s strategy for Shariah-compliant investments in local Sukuk driven by the interest rate outlook for the market over the medium to long-term horizon. This enable the Target Fund to decide on maturity structure and conduct return analysis with credit ratings to determine if yields can be enhanced by switching investments.

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

Asset Allocation of Target Fund –

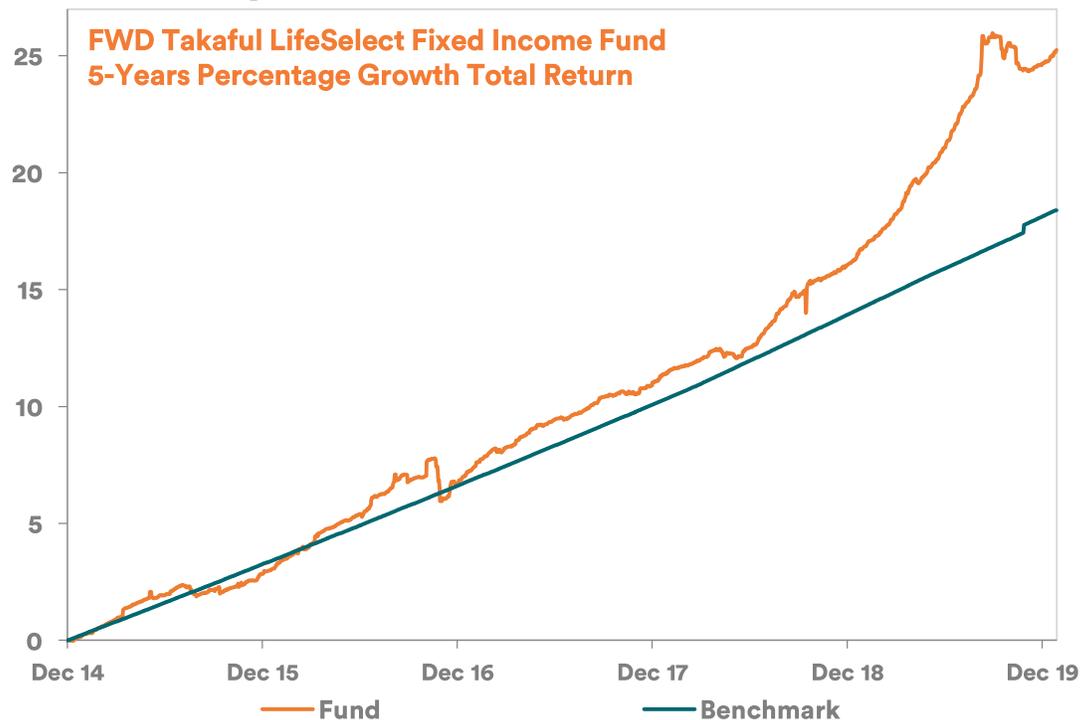
Affin Hwang Aiiman Income Plus Fund (as at 31 December 2019)

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	8.70%
Unquoted Sukuk	91.30%

Top Holdings of Target Fund as at 31 December 2019:

Securities	Holdings (%)
YTL Power International Bhd	2.1
Bank Pembangunan Malaysia Bhd 11/26	1.2
Bank Pembangunan Malaysia Bhd 03/32	1.2
Bumitama Agri Ltd	1.1
Malayan Banking Bhd	1.1
Fortune Premiere Sdn Bhd	1.1
Kuala Lumpur Kepong Bhd	1.1
Tenaga Nasional Bhd	1.0
WCT Holdings Bhd	1.0
DanaInfra Nasional Bhd	0.9

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



Performance Table

FWD Takaful LifeSelect Fixed Income Fund	2019	2018	2017*	2016	2015
Total NAV (RM'000)	105,597	107,293	111,203	112,756	114,127
Units in Circulation	71,336	77,829	84,532	89,162	94,339
NAV per Unit (RM)	1.4803	1.3786	1.3155	1.2646	1.2167
Highest NAV per unit (RM)	1.4890	1.3786	1.3155	1.2740	1.2169
Lowest NAV per unit (RM)	1.3795	1.3162	1.2651	1.2169	1.1815
Annual Return	7.38%	4.80%	4.02%	3.94%	2.94%

Cumulative Total Returns	6 months	1 Year	3 Years	5 Years	10 Years#
FWD Takaful LifeSelect Fixed Income Fund	2.58%	7.38%	17.06%	25.25%	43.83%
Benchmark	1.95%	3.72%	10.95%	18.41%	39.01%

* Effective 1st September 2017, the Fund removed one of its previous Target Fund, Pacific Dana Murni.
10 years net return as at end of 2019.

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 2019 to 31 December 2019)

In 2019, FWD Takaful LifeSelect Equity Fund rose 4.56% and outperformed its benchmark, FBM Emas Shariah Index (FBMS) which recorded gain of 3.85% 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 Aiiiman 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 Aiiiman Growth Fund

The Target Fund registered a return of 4.29% in 2019, 0.44% above the benchmark return. Its cash level was maintained at around 10% in end-2019, the Fund may raise its cash and went into defensive stance in extreme volatilities situations.

The allocations of the Target Fund were about 42% in defensives that offer yields such as REITs, Telecommunications, and Gloves. Defensive weights YTD has allowed the Target Fund to weather some of the sell down. The market sell down has offered opportunities for the Target Fund to position in quality names. However, there are still uncertainties and risk of worsening trade tensions for 2020. The Target Fund will adopt an investment strategy on barbell structure which is the best way to strike a balance between reward and risk. It will maintain its defensive weights and should increase its allocations in quality growth stocks on the right time.

Asset Allocation of: Target Fund 1 – Affin Hwang Aiiiman Growth Fund (as at 31 December 2019)

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	10.30%
Quoted Shariah Compliant Equities	89.70%

Top Holdings of Target Fund 1 as at 31 December 2019:

Securities	Holdings (%)
Tenaga Nasional Bhd	8.4
MISC Bhd	5.0
Axis Real Estate Invt Trust	4.4
Scientex Bhd	3.6
Yinson Holdings Bhd	3.5

Target Fund 2: Eastspring Investments Dana Al-Ilham

During the period under review, the Target Fund gained 5.31% outperformed the FBMS by 1.46%, supported by diversified asset allocations into difference sectors. As of end-2019, the

Target Fund had 10.33% in cash, 13.95% in Oil & Gas sector, 9.25% in Consumer and 8.80% in healthcare.

The Target Fund focused on companies that have strong fundamentals and a good track record of thriving even in challenging environments. The Target Fund preferred stocks with liquidity given the slowing global growth and increasing uncertainties. The Target Fund had also maintained exposure in high dividend yielders and strong free cash flow generators to mitigate market volatilities for example consumer, REITs and utilities.

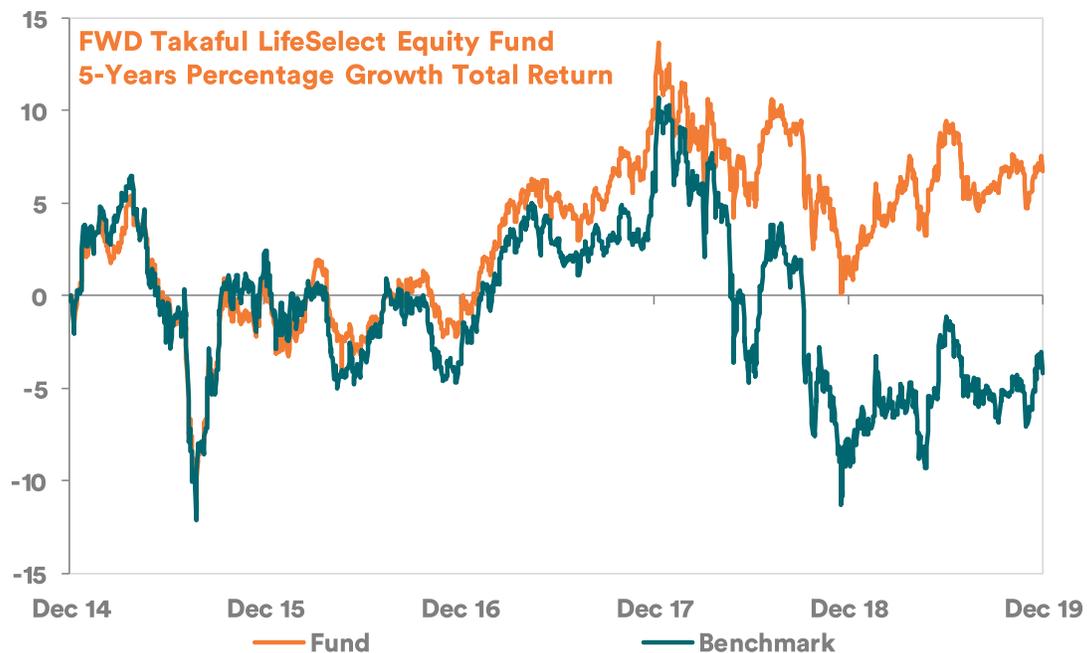
Asset Allocation of Target Fund 2 – Eastspring Investments Dana Al-Ilham (as at 31 December 2019)

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	10.33%
Quoted Shariah Compliant Equities	89.67%

Top Holdings of Target Fund 2 as at 31 December 2019:

Securities	Holdings (%)
Tenaga Nasional Bhd	7.9
Nestle (Malaysia) Bhd	6.3
Dialog Group Bhd	4.8
Syarikat Takaful Malaysia Berhad	4.0
TIME dotCom Bhd	3.6

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



Performance Table

FWD Takaful LifeSelect Equity Fund	2019	2018	2017*	2016	2015
Total NAV (RM'000)	129,446	139,636	161,702	157,301	165,753
Units in Circulation	74,047	83,517	89,761	97,580	100,391
NAV per Unit (RM)	1.7482	1.6720	1.8015	1.6138	1.6524
Highest NAV per unit (RM)	1.7925	1.8608	1.8015	1.6692	1.7259
Lowest NAV per unit (RM)	1.6517	1.6389	1.6156	1.5734	1.4522
Annual Return	4.56%	-7.19%	11.63%	-2.34%	0.89%

Cumulative Total Returns	6 months	1 Year	3 Years	5 Years	10 Years#
FWD Takaful LifeSelect Equity Fund	-1.32%	4.56%	8.33%	6.73%	45.31%
Benchmark	-1.52%	3.85%	-0.55%	-4.21%	41.16%

* 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 2019.

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 2019 to 31 December 2019)

The Fund's benchmark has changed from 50% FBMS + 50% Maybank 12 Month GIA Tier II Rate to 50% FBMS + 50% Maybank 12 Month Islamic Fixed Deposit-i effective 1st May 2019. Nonetheless, there were no changes made on the investment objectives, strategies, restrictions and limitation of the Fund. In 2019, FWD Takaful Dynamic Fund registered a gain of 6.93%, outperformed its benchmark by 2.22%. The Fund met its objective in the reporting period while there was no income distribution proposed and/or made during the year.

For the equity portion, the outperformance was due to the Target Fund's active portfolio management and its diversified asset allocations. The Target Fund's has also won the Lipper Fund Awards from Refinitiv 2019 for Best Mixed Asset MYR Flexible – Malaysia Islamic 10 years, Best Mixed Asset MYR Flexible – Malaysia Pension 10 years and Arabian & Global Islamic Markets Lipper Fund Awards 2019 Best Mixed Asset MYR Flexible – 10 years.

For the fixed income portion, the Target Fund's exposure remained low around 10% of total Target Fund's assets with average duration of 5.79 years. Fixed income assets generally performed well in 2019 as the Bank Negara Malaysia reduced OPR by 25bps in May 2019.

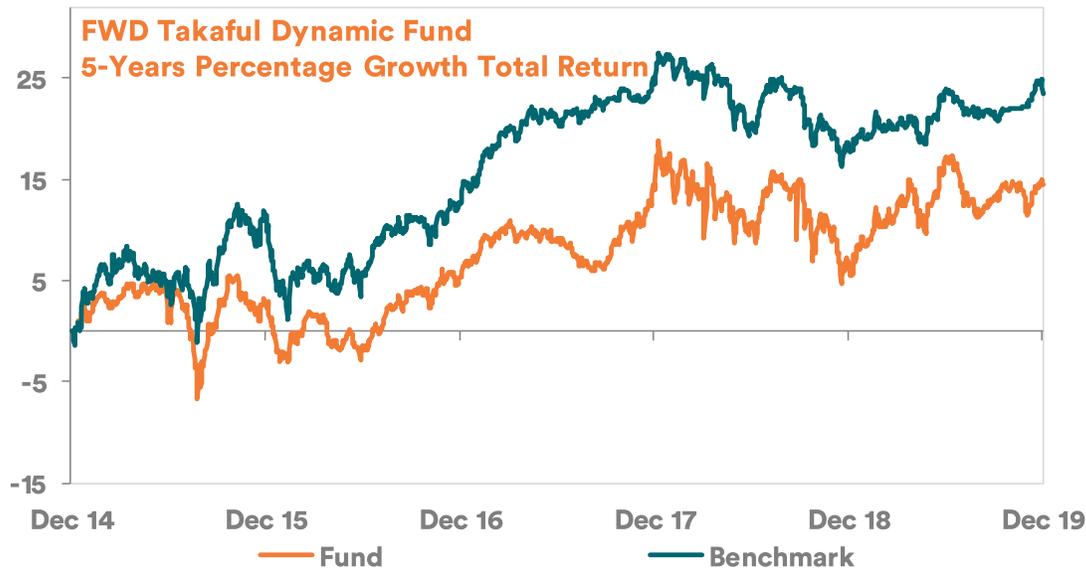
Asset Allocation of Target Fund – Eastspring Investments Dana Dinamik (as at 31 December 2019)

Asset Category	Asset Allocation (% of NAV)
Unquoted Fixed Income Securities	11.28%
Cash & Cash Equivalents	7.06%
Quoted Shariah Compliant Equities	81.66%

Top Holdings of Target Fund as at 31 December 2019:

Equity	Holdings (%)
Tenaga Nasional Bhd	6.3
Nestle (Malaysia) Bhd	4.1
Dialog Group Bhd	4.1
Syarikat Takaful Malaysia Bhd	2.8
Serba Dinamik Holdings Bhd	2.6
Fixed Income	Holdings (%)
Affin Islamic Bank Bhd	3.2
BSGM Management Sdn Bhd	3.1
Kuala Lumpur Kepong Bhd	3.1
Benih Restu Bhd	1.9

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



Performance Table

FWD Takaful Dynamic Fund	2019	2018	2017*	2016	2015
Total NAV (RM'000)	21,327	22,516	22,670	22,888	22,089
Units in Circulation	16,858	19,030	17,907	19,652	19,405
NAV per Unit (RM)	1.2651	1.1831	1.2660	1.1647	1.1363
Highest NAV per unit (RM)	1.2979	1.3143	1.2660	1.1737	1.1671
Lowest NAV per unit (RM)	1.1675	1.1585	1.1653	1.0723	1.0315
Annual Return	6.93%	-6.55%	8.70%	2.50%	2.72%

Cumulative Total Returns	6 months	1 Year	3 Years	5 Years	Since Inception#
FWD Takaful Dynamic Fund	-0.98%	6.93%	8.62%	14.36%	26.70%
Benchmark	1.05%	4.71%	10.26%	24.12%	67.81%

* 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 (formerly known as CIMB Islamic Asia Pacific Equity Fund) (“Target Fund”), a Shariah-compliant collective investment scheme that invests in the emerging and developed markets of Asia Pacific ex Japan region.

Fees and Charges

Fund Management 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 2019 to 31 December 2019)

The Target Fund’s name was changed from CIMB Islamic Asia Pacific Equity Fund to Principal Islamic Asia Pacific Dynamic Equity Fund effective 31 December 2019 following the change of the Target Fund’s company name from CIMB-Principal Asset Management Berhad to Principal Asset Management Berhad. The benchmark of the Fund has changed from Dow Jones Islamic Market Asia/Pacific ex-Japan Index to MSCI AC Asia ex Japan Islamic Index, effective 1st May 2019. Nonetheless, there were no changes made on the investment objectives, strategies, restrictions and limitation of the Fund.

In 2019, FWD Takaful Asia Pacific Islamic Equity Fund rose 17.24%, underperformed its benchmark by 0.36%. 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 94% invested as of end of 2019. It had a Beta of 0.88 which indicated a close correlation to the general market. It was overweight in the Information Technology and Consumer Discretionary sector with exposure of 24% and 18% respectively. The Target Fund underweight Financials and Utilities at the end of 2019. Basic materials and Industrials contributed positively in 2019 while Consumer Services was a detractor. 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.

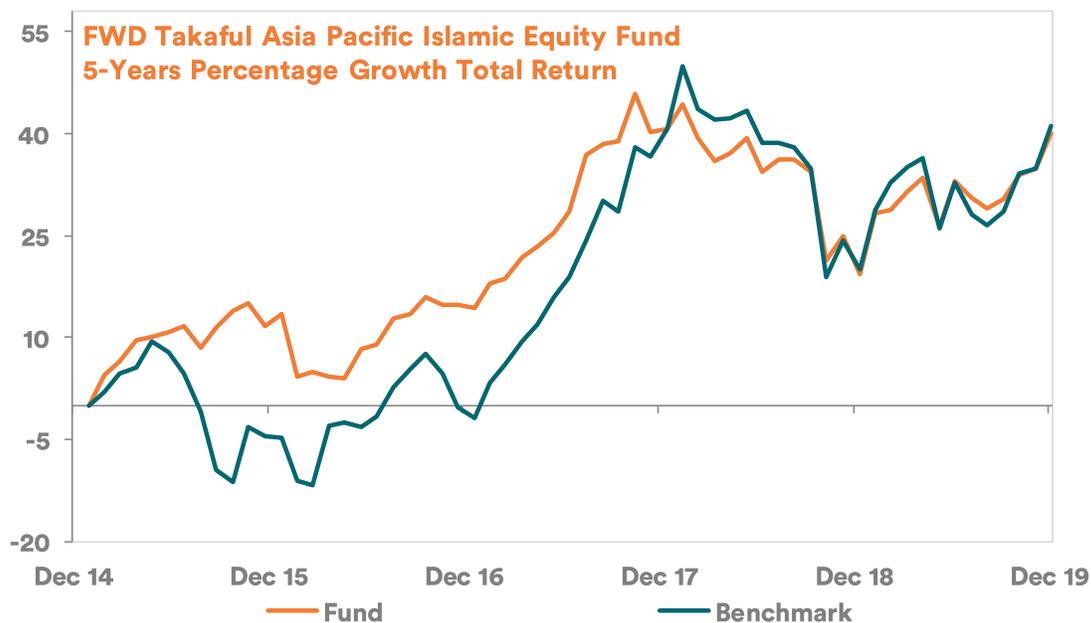
**Asset Allocation of Target Fund –
Principal Islamic Asia Pacific Dynamic Equity Fund (as at 31 December 2019)**

Asset Category	Asset Allocation (% of NAV)
Mutual Fund	0.24%
Quoted Shariah-Compliant Equities (Local)	0.86%
Cash & Cash Equivalents	6.14%
Quoted Shariah Compliant Equities (Foreign)	92.76%

Top Holdings of Target Fund as at 31 December 2019:

Securities	Holdings (%)
Alibaba Group Holding Ltd	10.0
Samsung Electronics Co Ltd	9.5
Samsung Electronic-PFD	4.8
Tencent Holdings Ltd	4.0
Reliance Industries Ltd	3.9
China Mobile Ltd	3.7
SK Hynix Inc	2.6
China International Travel Service Corp Ltd	2.5
Cleanaway Waste Management Ltd	2.4
China Resources Land Ltd	2.2

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



Performance Table

FWD Takaful Asia Pacific Islamic Equity Fund	2019	2018	2017	2016	2015
Total NAV (RM'000)	83,057	83,147	82,126	47,044	38,812
Units in Circulation	46,714	54,825	45,990	32,408	26,922
NAV per Unit (RM)	1.7780	1.5166	1.7857	1.4516	1.4421
Highest NAV per unit (RM)	1.7966	1.8543	1.8779	1.4892	1.4721
Lowest NAV per unit (RM)	1.4780	1.5135	1.4601	1.2901	1.2689
Annual Return	17.24%	-15.07%	23.02%	0.66%	13.55%

Cumulative Total Returns	6 months	1 Year	3 Years	5 Years	Since Inception#
FWD Takaful Asia Pacific Islamic Equity Fund	5.26%	17.24%	22.49%	40.00%	78.35%
Benchmark	6.19%	17.60%	43.86%	41.15%	73.16%

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 2019 to 31 December 2019)**

In 2019 FWD Takaful World Islamic Equity Fund rose 22.20%, outperformed its benchmark, MSCI ACWI Islamic (Shariah) Index by 0.34%. 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 partly due to its Target Fund's overweight in Healthcare and Information Technology sectors which were slightly higher than its benchmark allocations in 2019. The Target Fund underweighted the Communication Services, Financial and Utilities sector as of end of 2019. On the Target Fund's country exposures, it has a substantial overweight to United States and Europe with exposure of 38% and 28% respectively while the indices in this region gained more than 20% in 2019.

The Target Fund adopted the approach of bottom-up stock pickers, the asset allocation is based on fundamental selection rather than being driven by top-down allocation. The Target Fund is sufficiently diversified in terms of the holdings of underlying businesses and sectors.

The Target Fund has moderate levels of risk in our portfolios across a variety of asset classes while these are supported by valuations, investor positioning and profits growth. The challenges remain for 2020 as global growth has already slowed down in 2019. The global equities markets are likely to remain its volatility and could be further dampened by further trade tensions, policy errors or political risks. The Target Fund will continue to invest in an international portfolio of Shariah-compliant equities of high-quality companies with good growth potential at attractive valuations. Concurrently, the Target Fund would remain in tactical mode and continue to look for diversifiers.

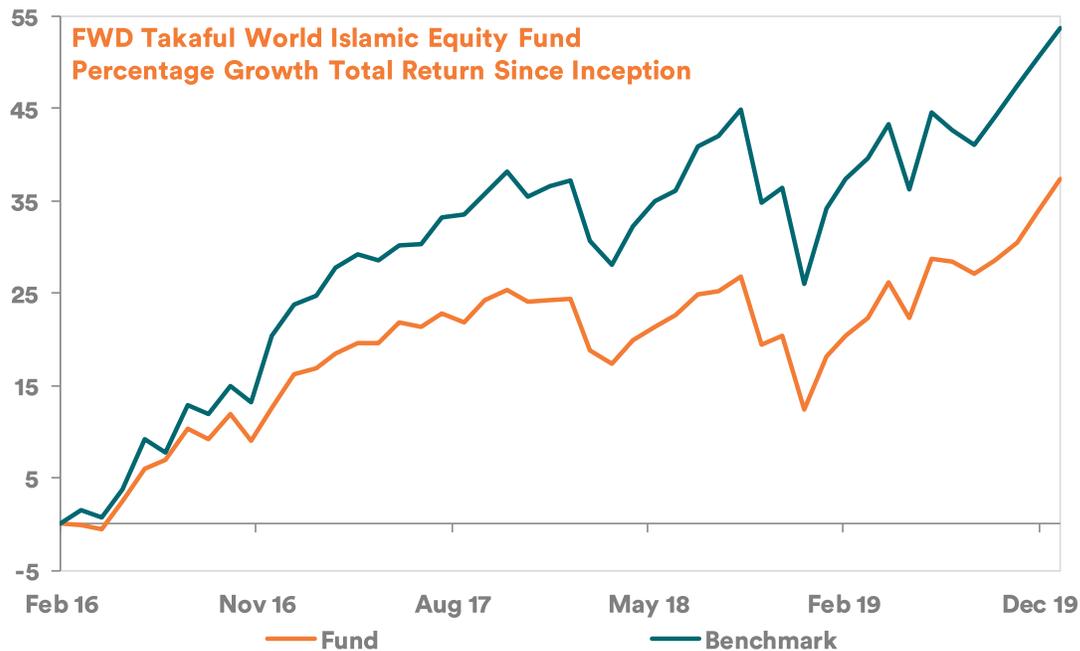
**Asset Allocation of Target Fund –
Aberdeen Standard Islamic World Equity Fund (as at 31 December 2019)**

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	3.50%
Quoted Shariah Compliant Equities	96.50%

Top Holdings of Target Fund as at 31 December 2019:

Securities	Holdings (%)
Estee Lauder	3.5
EOG Resources	3.4
Adobe System	3.2
Schlumberger	2.9
Resmed	2.8
Roche Holding	2.6
Kering	2.6
Kerry Logistic	2.6
Royal Dutch Shell B	2.6
Samsung Electronics	2.5

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



Performance Table

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

Cumulative Total Returns	6 months	1 Year	3 Years	Since Inception#
FWD Takaful World Islamic Equity Fund	6.65%	22.20%	18.17%	37.32%
Benchmark	6.29%	21.86%	25.00%	53.61%

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

Fees and Charges

Fund Management 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 2019 to 31 December 2019)

The Target Fund’s name was changed from CIMB Islamic Sukuk Fund to Principal Islamic Lifetime Sukuk Fund, effective 31 December 2019 following the change of the Target Fund’s company name from CIMB-Principal Asset Management Berhad to Principal Asset Management Berhad. Nonetheless, there were no changes made on the investment objectives, strategies, restrictions and limitation of the Fund.

In 2019, FWD Takaful Islamic Sukuk Fund increased 8.18%, outperformed its benchmark, Quantshop GII Medium Index (6.73%) by 1.45%. The Fund met its objective for the reporting period and there was no income distribution proposed and/or made during the year.

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

The Target Fund was overweight on the corporate segment and look to opportunistically trade in the sovereign segment. The Target Fund has anchored the portfolio yields by cherry picking on issuers with stronger financial metrics and relatively higher yielding, priority given to new primary issuances. It adopts an active trading strategy with frequency that will depend on the market conditions and market outlook. 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. It was monitored according to three (3) parameters: tenure, credit ratings and sector. The duration of the Sukuk portfolio is also monitored and modified according to the interest rate outlook (i.e. the sensitivity of the portfolio to interest rate changes).

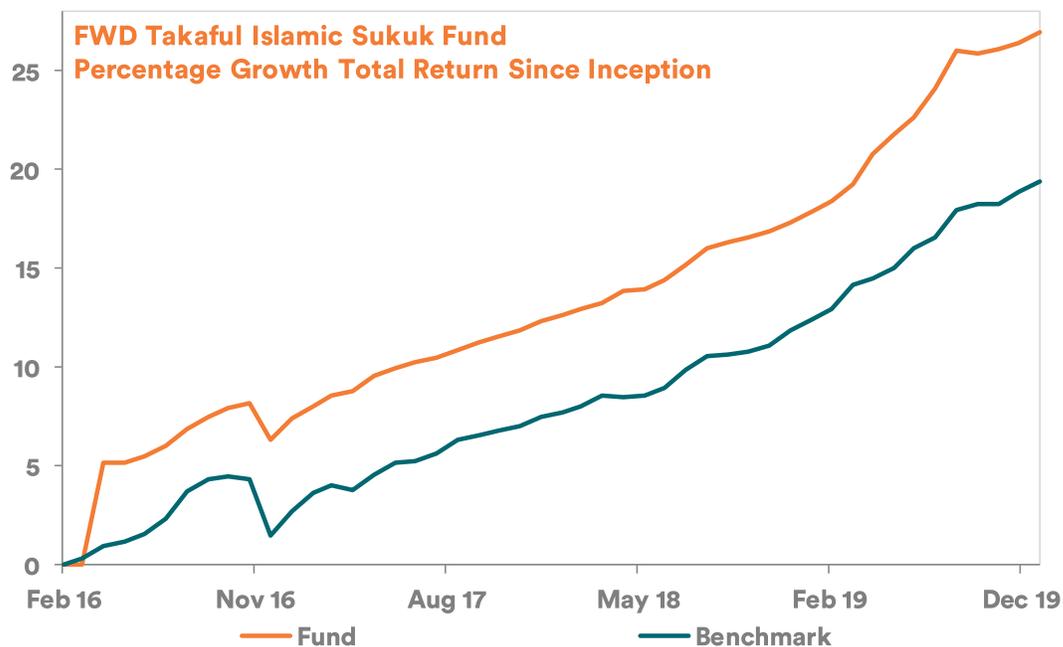
**Asset Allocation of Target Fund –
Principal Islamic Lifetime Sukuk Fund (as at 31 December 2019)**

Asset Category	Asset Allocation (% of NAV)
Cash & Cash Equivalents	5.32%
Unquoted Sukuk	94.68%

Top Holdings of Target Fund as at 31 December 2019:

Securities	Holdings (%)
DRB-Hicom Bhd	10.8
Edra Energy Sdn Bhd	8.2
YTL Power International Bhd	6.6
Quantum Solar Park	6.1
Celcom Networks Sdn Bhd	4.0
UEM Sunrise Bhd	4.0
Perbadanan Kemajuan Negeri Selangor	4.0
WCT Holdings Bhd	3.7
IJM Corp Bhd	3.7
Fortune Premiere Sdn Bhd	3.6

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



Performance Table

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

Cumulative Total Returns	6 months	1 Year	3 Years	Since Inception#
FWD Takaful Islamic Sukuk Fund	3.50%	8.18%	18.15%	26.92%
Benchmark	2.94%	6.73%	16.22%	19.38%

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.

.....The Remainder of This Page Is Intentionally Left Blank.....

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 2019

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

Statement by the Manager

I, K. Vithyatharan A/L V. Karunakaran, 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 27 to 56 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
6 May 2020

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 2019, 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 27 to 56.

In our opinion, the accompanying financial information of the Funds for the year ended 31 December 2019 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 of the manager 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 (LLP 0022760 - LCA) & AF 0039
Chartered Accountants

Muhammad Syarizal bin Abdul Rahim
No. 03157/01/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
6 May 2020

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

Statements of Assets and Liabilities as at 31 December 2019

		2019					
	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	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
Net asset value of funds ("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		1.48	1.75	1.27	1.78	1.37	1.27

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

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

Statements of Assets and Liabilities as at 31 December 2019 (continued)

	Note	2018 (Restated)					
		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	108,700	139,398	22,961	82,625	56,185	30,291
Deferred tax assets		-	3,028	126	272	270	5
Other receivables	4	10	3	-	-	63	-
Cash and bank balances		1,095	1,278	562	1,211	445	344
Total assets		109,805	143,707	23,649	84,108	56,963	30,640
Liabilities							
Deferred tax liabilities		232	-	-	-	-	-
Other payables	5	2,280	4,071	1,133	961	624	366
Total liabilities		2,512	4,071	1,133	961	624	366
NAV		107,293	139,636	22,516	83,147	56,339	30,274
Represented by:							
Unitholders' capital		82,366	120,230	20,732	80,926	58,960	28,371
Undistributed income/(accumulated loss)		24,927	19,406	1,784	2,221	(2,621)	1,903
Total unitholders' account		107,293	139,636	22,516	83,147	56,339	30,274
Units in circulation		77,829	83,517	19,030	54,825	50,138	25,805
NAV per unit		1.38	1.67	1.18	1.52	1.12	1.17

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

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

Statements of Assets and Liabilities as at 31 December 2019 (continued)

	2017 (Restated)					
	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	111,987	161,339	23,409	83,093	53,899	22,285
Deferred tax assets	-	1,660	-	-	-	-
Other receivables	-	-	-	35	119	-
Cash and bank balances	879	1,181	646	218	278	143
Total assets	112,866	164,180	24,055	83,346	54,296	22,428
Liabilities						
Deferred tax liabilities	126	-	80	1,220	285	6
Other payables	1,537	2,478	1,305	-	-	122
Total liabilities	1,663	2,478	1,385	1,220	285	128
NAV	111,203	161,702	22,670	82,126	54,011	22,300
Represented by:						
Unitholders' capital	91,302	131,322	19,319	65,356	50,863	21,570
Undistributed income	19,901	30,380	3,351	16,770	3,148	730
Total unitholders' account	111,203	161,702	22,670	82,126	54,011	22,300
Units in circulation	84,532	89,761	17,907	45,990	43,494	19,856
NAV per unit	1.32	1.80	1.27	1.79	1.24	1.12

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

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

Statements of Income and Expenditure for the Financial Year Ended 31 December 2019

	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.

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

Statements of Income and Expenditure for the Financial Year Ended 31 December 2019 (continued)

	2018 (Restated)					
	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	3,780	5,355	1,094	2,212	-	1,313
Unrealised capital gain on investments	1,338	-	-	-	-	-
Net gain on disposal of investments	5	716	85	524	104	7
Management fee rebate, net of management fee	8	-	-	274	143	-
Total income	5,131	6,071	1,179	3,010	247	1,320
Unrealised capital loss on investment	-	(18,407)	(2,888)	(19,052)	(6,571)	(142)
Management fee, net of management fee rebate	-	(5)	(52)	-	-	(17)
Other outgo	-	-	(11)	-	-	-
Total outgo	-	(18,412)	(2,951)	(19,052)	(6,571)	(159)
Excess/(shortfall) of income over outgo before taxation	5,131	(12,341)	(1,772)	(16,042)	(6,324)	1,161
Taxation	(105)	1,367	205	1,493	555	12
Net income/(loss) for the year	5,026	(10,974)	(1,567)	(14,549)	(5,769)	1,173
Distributable income brought forward	19,901	30,380	3,351	16,770	3,148	730
Net income/(loss) for the year	5,026	(10,974)	(1,567)	(14,549)	(5,769)	1,173
Distributable income/(accumulated loss) carried forward	24,927	19,406	1,784	2,221	(2,621)	1,903

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

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

Statements of Changes in Net Asset Value for the Financial Year Ended 31 December 2019

	2019			2018 (Restated)		
	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 (as previously stated)	81,546	24,612	106,158	90,505	19,682	110,187
Restatement (Note 7)	820	315	1,135	797	219	1,016
NAV at the beginning of the financial year (as restated)	82,366	24,927	107,293	91,302	19,901	111,203
Net income for the year	-	7,615	7,615	-	5,026	5,026
Amounts received from units created	12,895	-	12,895	6,239	-	6,239
Amounts paid for units cancelled	(22,206)	-	(22,206)	(15,175)	-	(15,175)
NAV at the end of the financial year	73,055	32,542	105,597	82,366	24,927	107,293
<u>FWD Takaful LifeSelect Equity Fund</u>						
NAV at the beginning of the financial year (as previously stated)	119,779	18,499	138,278	131,212	30,397	161,609
Restatement (Note 7)	451	907	1,358	110	(17)	93
NAV at the beginning of the financial year (as restated)	120,230	19,406	139,636	131,322	30,380	161,702
Net income/(loss) for the year	-	6,198	6,198	-	(10,974)	(10,974)
Amounts received from units created	6,156	-	6,156	10,478	-	10,478
Amounts paid for units cancelled	(22,544)	-	(22,544)	(21,570)	-	(21,570)
NAV at the end of the financial year	103,842	25,604	129,446	120,230	19,406	139,636

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

Statements of Changes in Net Asset Value for the Financial Year Ended 31 December 2019 (continued)

	2019			2018 (Restated)		
	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 (as previously stated)	20,842	1,747	22,589	19,372	3,310	22,682
Restatement (Note 7)	(110)	37	(73)	(53)	41	(12)
NAV at the beginning of the financial year (as restated)	20,732	1,784	22,516	19,319	3,351	22,670
Net income/(loss) for the year	-	1,554	1,554	-	(1,567)	(1,567)
Amounts received from units created	1,231	-	1,231	4,824	-	4,824
Amounts paid for units cancelled	(3,974)	-	(3,974)	(3,411)	-	(3,411)
NAV at the end of the financial year	17,989	3,338	21,327	20,732	1,784	22,516
<u>FWD Takaful Asia Pacific Islamic Equity Fund</u>						
NAV at the beginning of the financial year (as previously stated)	81,182	1,863	83,045	65,436	16,702	82,138
Restatement (Note 7)	(256)	358	102	(80)	68	(12)
NAV at the beginning of the financial year (as restated)	80,926	2,221	83,147	65,356	16,770	82,126
Net income/(loss) for the year	-	13,442	13,442	-	(14,549)	(14,549)
Amounts received from units created	16,113	-	16,113	29,425	-	29,425
Amounts paid for units cancelled	(29,645)	-	(29,645)	(13,855)	-	(13,855)
NAV at the end of the financial year	67,394	15,663	83,057	80,926	2,221	83,147

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

Statements of Changes in Net Asset Value for the Financial Year Ended 31 December 2019 (continued)

	2019			2018 (Restated)		
	Unitholders' capital RM'000	(Accumulated loss)/ Distributable income RM'000	Total RM'000	Unitholders' capital RM'000	Distributable income/ (Accumulated loss) RM'000	Total RM'000
FWD Takaful World Islamic Equity Fund						
NAV at the beginning of the financial year (as previously stated)	58,894	(2,559)	56,335	50,854	3,118	53,972
Restatement (Note 7)	66	(62)	4	9	30	39
NAV at the beginning of the financial year (as restated)	58,960	(2,621)	56,339	50,863	3,148	54,011
Net income/(loss) for the year	-	11,616	11,616	-	(5,769)	(5,769)
Amounts received from units created	7,405	-	7,405	16,263	-	16,263
Amounts paid for units cancelled	(17,610)	-	(17,610)	(8,166)	-	(8,166)
NAV at the end of the financial year	48,755	8,995	57,750	58,960	(2,621)	56,339
FWD Takaful Islamic Sukuk Fund						
NAV at the beginning of the financial year (as previously stated)	28,389	1,863	30,252	21,604	716	22,320
Restatement (Note 7)	(18)	40	22	(34)	14	(20)
NAV at the beginning of the financial year (as restated)	28,371	1,903	30,274	21,570	730	22,300
Net income for the year	-	2,562	2,562	-	1,173	1,173
Amounts received from units created	12,919	-	12,919	9,635	-	9,635
Amounts paid for units cancelled	(8,250)	-	(8,250)	(2,834)	-	(2,834)
NAV at the end of the financial year	33,040	4,465	37,505	28,371	1,903	30,274

FWD Takaful Berhad
(Incorporated in Malaysia) - 200601011780 (731530-M)
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.

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.

The Funds classify its financial assets into financial assets held at fair value through profit or loss ("FVTPL"). 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) - 200601011780 (731530-M)
Investment-Linked Funds

Notes to the financial information (continued)

3. Investments

	2019	2018
	RM'000	(Restated)
		RM'000
FWD Takaful LifeSelect Fixed Income Fund		
At Cost	99,899	107,838
Unrealised capital gain	5,082	862
At indicative market value	<u>104,981</u>	<u>108,700</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2019 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>174,997</u>	<u>99,899</u>	<u>104,981</u>	<u>99.42%</u>

	2019	2018
	RM'000	(Restated)
		RM'000
FWD Takaful LifeSelect Equity Fund		
At Cost	127,071	143,223
Unrealised capital loss	(1,428)	(3,825)
At indicative market value	<u>125,643</u>	<u>139,398</u>

The composition, cost and fair value of the Islamic collective investment schemes as at 31 December 2019 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	96,381	65,490	63,033	48.69%
Affin Hwang Aiiman Growth Fund	<u>60,446</u>	<u>61,581</u>	<u>62,610</u>	<u>48.37%</u>
	<u>156,827</u>	<u>127,071</u>	<u>125,643</u>	<u>97.06%</u>

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

Notes to the financial information (continued)

3. Investments (continued)

	2019	2018
	RM'000	(Restated)
		RM'000
FWD Takaful Dynamic Fund		
At Cost	21,909	24,476
Unrealised capital loss	(767)	(1,515)
At indicative market value	<u>21,142</u>	<u>22,961</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2019 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>22,559</u>	<u>21,909</u>	<u>21,142</u>	<u>99.13%</u>

	2019	2018
	RM'000	(Restated)
		RM'000
FWD Takaful Asia Pacific Islamic Equity Fund		
At Cost	74,285	87,746
Unrealised capital gain/(loss)	8,312	(5,121)
At indicative market value	<u>82,597</u>	<u>82,625</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2019 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>98,812</u>	<u>74,285</u>	<u>82,597</u>	<u>99.45%</u>

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

Notes to the financial information (continued)

3. Investments (continued)

	2019	2018
	RM'000	(Restated)
		RM'000
FWD Takaful World Islamic Equity Fund		
At Cost	49,283	59,671
Unrealised capital gain/(loss)	7,917	(3,486)
At indicative market value	<u>57,200</u>	<u>56,185</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2019 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>32,637</u>	<u>49,283</u>	<u>57,200</u>	<u>99.05%</u>

	2019	2018
	RM'000	(Restated)
		RM'000
FWD Takaful Islamic Sukuk Fund		
At Cost	35,910	30,327
Unrealised capital gain/(loss)	935	(36)
At indicative market value	<u>36,845</u>	<u>30,291</u>

The composition, cost and fair value of the Islamic collective investment scheme as at 31 December 2019 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>27,717</u>	<u>35,910</u>	<u>36,845</u>	<u>98.24%</u>

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

Notes to the financial information (continued)

4. Other receivables

	2019	2018
	RM'000	(Restated)
		RM'000
FWD Takaful LifeSelect Fixed Income Fund		
Amounts due from investment brokers	6	10
Amounts due from family takaful fund	48	-
Other receivables	71	-
	<u>125</u>	<u>10</u>
FWD Takaful LifeSelect Equity Fund		
Amounts due from investment brokers	8	3
Amounts due from family takaful fund	2,736	-
Other receivables	126	-
	<u>2,870</u>	<u>3</u>
FWD Takaful Dynamic Fund		
Amounts due from investment brokers	16	-
Amounts due from family takaful fund	18	-
Other receivables	16	-
	<u>50</u>	<u>-</u>
FWD Takaful Asia Pacific Islamic Equity Fund		
Amounts due from family takaful fund	186	-
Other receivables	104	-
	<u>290</u>	<u>-</u>
FWD Takaful World Islamic Equity Fund		
Amounts due from investment brokers	44	63
Amounts due from family takaful fund	194	-
Other receivables	295	-
	<u>533</u>	<u>63</u>
FWD Takaful Islamic Sukuk Fund		
Amounts due from family takaful fund	417	-
Other receivables	22	-
	<u>439</u>	<u>-</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) - 200601011780 (731530-M)
Investment-Linked Funds

Notes to the financial information (continued)

5. Other payables

	2019	2018
	RM'000	(Restated)
		RM'000
FWD Takaful LifeSelect Fixed Income Fund		
Amounts due to family takaful fund	-	2,280
FWD Takaful LifeSelect Equity Fund		
Amounts due to family takaful fund	-	4,071
FWD Takaful Dynamic Fund		
Amounts due to family takaful fund	187	1,133
FWD Takaful Asia Pacific Islamic Equity Fund		
Amounts due to family takaful fund	-	961
FWD Takaful World Islamic Equity Fund		
Amounts due to family takaful fund	-	624
FWD Takaful Islamic Sukuk Fund		
Amounts due to family takaful fund	-	366

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

Notes to the financial information (continued)

7. Restatement of comparatives

The comparative financial information have been restated to reflect the following:

- (a) Correction of the net asset value of the investment-linked funds
Restatement of comparatives have been made to certain line items in the statements of assets and liabilities and the statements of income and expenditure to correct the net asset value of the investment-linked funds.
- (b) Reclassification of current tax of the investment-linked funds to deferred tax, as it relates to tax on unabsorbed losses.
- (c) Reclassification of management fee rebate, net of management fee, to conform with current year presentation.

The financial effects arising from the restatement of comparatives are as follows:

Statements of Assets and Liabilities as at 31 December 2018

	Note	FWD Takaful LifeSelect Fixed Income Fund				FWD Takaful LifeSelect Equity Fund			
		As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000
Assets									
Investments	3	108,691	9	-	108,700	139,285	113	-	139,398
Deferred tax assets		-	-	-	-	2,373	516	139	3,028
Other receivables	4	-	10	-	10	-	3	-	3
Cash and bank balances		-	1,095	-	1,095	-	1,278	-	1,278
Total assets		108,691	1,114	-	109,805	141,658	1,910	139	143,707

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

Notes to the financial information (continued)

7. Restatement of comparatives (continued)

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

	FWD Takaful LifeSelect Fixed Income Fund				FWD Takaful LifeSelect Equity Fund				
	Note	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000
Liabilities									
Provision for taxation		1	-	(1)	-	(139)	-	139	-
Deferred tax liabilities		429	(198)	1	232	-	-	-	-
Other payables	5	2,103	177	-	2,280	3,519	552	-	4,071
Total liabilities		2,533	(21)	-	2,512	3,380	552	139	4,071
NAV		106,158	1,135	-	107,293	138,278	1,358	-	139,636
Represented by:									
Unitholders' capital		81,546	820	-	82,366	119,779	451	-	120,230
Undistributed income		24,612	315	-	24,927	18,499	907	-	19,406
Total unitholders' account		106,158	1,135	-	107,293	138,278	1,358	-	139,636
NAV per unit		1.36			1.38	1.66			1.67

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

Notes to the financial information (continued)

7. Restatement of comparatives (continued)

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

	Note	FWD Takaful Dynamic Fund				FWD Takaful Asia Pacific Islamic Equity Fund			
		As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000
Assets									
Investments	3	22,961	-	-	22,961	82,625	-	-	82,625
Deferred tax assets		94	(99)	131	126	218	54	-	272
Other receivables	4	1,337	(1,337)	-	-	768	(768)	-	-
Cash and bank balances		-	562	-	562	-	1,211	-	1,211
Total assets		24,392	(874)	131	23,649	83,611	497	-	84,108
Liabilities									
Provision for taxation		(131)	-	131	-	378	-	(378)	-
Deferred tax liabilities		-	-	-	-	-	(378)	378	-
Other payables	5	1,934	(801)	-	1,133	188	773	-	961
Total liabilities		1,803	(801)	131	1,133	566	395	-	961
NAV		22,589	(73)	-	22,516	83,045	102	-	83,147
Represented by:									
Unitholders' capital		20,842	(110)	-	20,732	81,182	(256)	-	80,926
Undistributed income		1,747	37	-	1,784	1,863	358	-	2,221
Total unitholders' account		22,589	(73)	-	22,516	83,045	102	-	83,147
NAV per unit		1.19			1.18	1.51			1.52

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

Notes to the financial information (continued)

7. Restatement of comparatives (continued)

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

	Note	FWD Takaful World Islamic Equity				FWD Takaful World Islamic Sukuk			
		As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000	Islamic Sukuk RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000
Assets									
Investments	3	56,185	-	-	56,185	30,291	-	-	30,291
Deferred tax assets		119	151	-	270	-	5	-	5
Other receivables	4	655	(592)	-	63	185	(185)	-	-
Cash and bank balances		-	445	-	445	-	344	-	344
Total assets		56,959	4	-	56,963	30,476	164	-	30,640
Liabilities									
Provision for taxation		8	-	(8)	-	-	-	-	-
Deferred tax liabilities		-	(8)	8	-	29	(29)	-	-
Other payables	5	616	8	-	624	195	171	-	366
Total liabilities		624	-	-	624	224	142	-	366
NAV		56,335	4	-	56,339	30,252	22	-	30,274
Represented by:									
Unitholders' capital		58,894	66	-	58,960	28,389	(18)	-	28,371
(Accumulated loss)/ Undistributed income		(2,559)	(62)	-	(2,621)	1,863	40	-	1,903
Total unitholders' account		56,335	4	-	56,339	30,252	22	-	30,274
NAV per unit		1.12			1.12	1.17			1.17

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

Notes to the financial information (continued)

7. Restatement of comparatives (continued)

Statements of Assets and Liabilities as at 1 January 2018

	FWD Takaful LifeSelect Fixed Income Fund				FWD Takaful LifeSelect Equity Fund			
	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000
Assets								
Investments	111,978	9	-	111,987	161,338	1	-	161,339
Deferred tax assets	-	-	-	-	1,316	370	(26)	1,660
Other receivables	-	-	-	-	-	-	-	-
Cash and bank balances	200	679	-	879	112	1,069	-	1,181
Total assets	112,178	688	-	112,866	162,766	1,440	(26)	164,180
Liabilities								
Provision for taxation	-	-	-	-	26	-	(26)	-
Deferred tax liabilities	233	(107)	-	126	-	-	-	-
Other payables	1,758	(221)	-	1,537	1,131	1,347	-	2,478
Total liabilities	1,991	(328)	-	1,663	1,157	1,347	(26)	2,478
NAV	110,187	1,016	-	111,203	161,609	93	-	161,702
Represented by:								
Unitholders' capital	90,505	797	-	91,302	131,212	110	-	131,322
Undistributed income	19,682	219	-	19,901	30,397	(17)	-	30,380
Total unitholders' account	110,187	1,016	-	111,203	161,609	93	-	161,702
NAV per unit	1.30			1.32	1.80			1.80

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

Notes to the financial information (continued)

7. Restatement of comparatives (continued)

Statements of Assets and Liabilities as at 1 January 2018 (continued)

	FWD Takaful Dynamic Fund				FWD Takaful Asia Pacific Islamic Equity Fund			
	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000
Assets								
Investments	23,409	-	-	23,409	83,093	-	-	83,093
Deferred tax assets	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	401	(366)	-	35
Cash and bank balances	39	607	-	646	38	180	-	218
Total assets	23,448	607	-	24,055	83,532	(186)	-	83,346
Liabilities								
Provision for taxation	36	-	(36)	-	118	-	(118)	-
Deferred tax liabilities	135	(91)	36	80	1,276	(174)	118	1,220
Other payables	595	710	-	1,305	-	-	-	-
Total liabilities	766	619	-	1,385	1,394	(174)	-	1,220
NAV	22,682	(12)	-	22,670	82,138	(12)	-	82,126
Represented by:								
Unitholders' capital	19,372	(53)	-	19,319	65,436	(80)	-	65,356
Undistributed income	3,310	41	-	3,351	16,702	68	-	16,770
Total unitholders' account	22,682	(12)	-	22,670	82,138	(12)	-	82,126
NAV per unit	1.27			1.27	1.79			1.79

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

Notes to the financial information (continued)

7. Restatement of comparatives (continued)

Statements of Assets and Liabilities as at 1 January 2018 (continued)

	FWD Takaful World Islamic Equity				FWD Takaful World Islamic Sukuk			
	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000	Islamic Sukuk RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (b)) RM'000	As Restated RM'000
Assets								
Investments	53,899	-	-	53,899	22,285	-	-	22,285
Deferred tax assets	-	-	-	-	-	-	-	-
Other receivables	200	(81)	-	119	15	(15)	-	-
Cash and bank balances	190	88	-	278	39	104	-	143
Total assets	54,289	7	-	54,296	22,339	89	-	22,428
Liabilities								
Deferred tax liabilities	317	(32)	-	285	19	(13)	-	6
Other payables	-	-	-	-	-	122	-	122
Total liabilities	317	(32)	-	285	19	109	-	128
NAV	53,972	39	-	54,011	22,320	(20)	-	22,300
Represented by:								
Unitholders' capital	50,854	9	-	50,863	21,604	(34)	-	21,570
Undistributed income	3,118	30	-	3,148	716	14	-	730
Total unitholders' account	53,972	39	-	54,011	22,320	(20)	-	22,300
NAV per unit	1.24			1.24	1.12			1.12

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

Notes to the financial information (continued)

7. Restatement of comparatives (continued)

Statements of Income and Expenditure for the Financial Year Ended 31 December 2018

	FWD Takaful LifeSelect Fixed Income Fund				FWD Takaful LifeSelect Equity Fund			
	As Previously Stated	Restatement	Reclassification	As Restated	As Previously Stated	Restatement	Reclassification	As Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dividend income	3,780	-	-	3,780	5,356	(1)	-	5,355
Unrealised capital gain on investments	2,423	(1,085)	-	1,338	-	-	-	-
Net gain on disposal of investments	5	-	-	5	716	-	-	716
Management fee rebate, net of management fee	-	-	8	8	-	-	-	-
Total income	6,208	(1,085)	8	5,131	6,072	(1)	-	6,071
Unrealised capital loss on investments	-	-	-	-	(16,140)	(2,267)	-	(18,407)
Management fee, net of management fee rebate	-	-	-	-	-	-	(5)	(5)
Other outgo	(1,081)	1,089	(8)	-	(3,052)	3,047	5	-
Total outgo	(1,081)	1,089	(8)	-	(19,192)	780	-	(18,412)
Excess/(shortfall) of income over outgo before taxation	5,127	4	-	5,131	(13,120)	779	-	(12,341)
Taxation	(197)	92	-	(105)	1,222	145	-	1,367
Net income/(loss) for the year	4,930	96	-	5,026	(11,898)	924	-	(10,974)
Distributable income brought forward	19,682	219	-	19,901	30,397	(17)	-	30,380
Net income/(loss) for the year	4,930	96	-	5,026	(11,898)	924	-	(10,974)
Distributable income carried forward	24,612	315	-	24,927	18,499	907	-	19,406

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

Notes to the financial information (continued)

7. Restatement of comparatives (continued)

Statements of Income and Expenditure for the Financial Year Ended 31 December 2018 (continued)

	FWD Takaful Dynamic Fund				FWD Takaful Asia Pacific Islamic Equity Fund			
	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (c)) RM'000	As Restated RM'000	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (c)) RM'000	As Restated RM'000
Dividend income	1,094	-	-	1,094	2,212	-	-	2,212
Unrealised capital gain on investments	-	-	-	-	-	-	-	-
Net gain on disposal of investments	84	1	-	85	524	-	-	524
Management fee rebate, net of management fee	-	-	-	-	-	-	274	274
Total income	1,178	1	-	1,179	2,736	-	274	3,010
Unrealised capital loss on investments	(2,598)	(290)	-	(2,888)	(17,438)	(1,614)	-	(19,052)
Management fee, net of management fee rebate	-	(3)	(49)	(52)	-	-	-	-
Other outgo	(538)	478	49	(11)	(1,371)	1,645	(274)	-
Total outgo	(3,136)	185	-	(2,951)	(18,809)	31	(274)	(19,052)
(Shortfall)/excess of income over outgo before taxation	(1,958)	186	-	(1,772)	(16,073)	31	-	(16,042)
Taxation	395	(190)	-	205	1,234	259	-	1,493
Net loss for the year	(1,563)	(4)	-	(1,567)	(14,839)	290	-	(14,549)
Distributable income brought forward	3,310	41	-	3,351	16,702	68	-	16,770
Net loss for the year	(1,563)	(4)	-	(1,567)	(14,839)	290	-	(14,549)
Distributable income carried forward	1,747	37	-	1,784	1,863	358	-	2,221

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

Notes to the financial information (continued)

7. Restatement of comparatives (continued)

Statements of Income and Expenditure for the Financial Year Ended 31 December 2018 (continued)

	FWD Takaful World Islamic Equity				FWD Takaful World Islamic Sukuk			
	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (c)) RM'000	As Restated RM'000	As Previously Stated RM'000	Restatement (Note (a)) RM'000	Reclassification (Note (c)) RM'000	As Restated RM'000
Dividend income	-	-	-	-	1,313	-	-	1,313
Unrealised capital gain on investments	-	-	-	-	111	(111)	-	-
Net gain on disposal of investments	104	-	-	104	7	-	-	7
Management fee rebate, net of management fee	-	-	143	143	-	-	-	-
Total income	104	-	143	247	1,431	(111)	-	1,320
Unrealised capital loss on investments	(5,562)	(1,009)	-	(6,571)	-	(142)	-	(142)
Management fee, net of management fee rebate	-	-	-	-	-	-	(17)	(17)
Other outgo	(647)	790	(143)	-	(274)	257	17	-
Total outgo	(6,209)	(219)	(143)	(6,571)	(274)	115	-	(159)
(Shortfall)/excess of income over outgo	(6,105)	(219)	-	(6,324)	1,157	4	-	1,161
Taxation	428	127	-	555	(10)	22	-	12
Net (loss)/income for the year	(5,677)	(92)	-	(5,769)	1,147	26	-	1,173
Distributable income brought forward	3,118	30	-	3,148	716	14	-	730
Net (loss)/income for the year	(5,677)	(92)	-	(5,769)	1,147	26	-	1,173
(Accumulated loss)/distributable income carried forward	(2,559)	(62)	-	(2,621)	1,863	40	-	1,903

8. Comparatives

The comparative financial information of the Funds were audited by a firm of chartered accountants other than Ernst & Young PLT.

FWD Takaful Berhad

Registration No. 200601011780 [731530-M]

Level 29, Menara Shell,
211 Jalan Tun Sambanthan,
Brickfields, 50470 Kuala Lumpur.

(T) 03 2771 7888

(F) 03 2710 7800

fwd.com.my