

# **ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

## **GLOBAL IMAN FUND**

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**December 31, 2020**

This annual management report of fund performance contains financial highlights, but does not contain the complete annual or interim financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-866-680-4734, by writing to us at 100 Mural Street, Suite 201, Richmond Hill, Ontario, L4B 1J3 or by visiting our website at [www.globalgrowth.ca](http://www.globalgrowth.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Security holders may also contact us using one of these methods to request a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

**GLOBAL IMAN FUND****A Note on Forward-looking Statements**

This report may contain forward-looking statements about the Global Iman Fund (the "Fund"), its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

**MANAGEMENT DISCUSSION OF FUND PERFORMANCE**

Global Growth Assets Inc. ("GGAI" or the "Fund Manager") has retained the services of UBS Investment Management Canada Inc. to act as the Portfolio Advisor (the "Portfolio Advisor") for the Fund.

The views of the Portfolio Advisor contained in this report are as of December 31, 2020 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date.

**Investment Objective and Strategies**

The fundamental investment objective of the Fund is to provide investors with long-term growth by investing primarily in a diversified portfolio of global equities that are in accordance with Islamic investment principles. To achieve its goal, the Fund invests primarily in equity securities of publically traded companies from around the world.

These companies must pass numerous ethical and financial screening procedures before being eligible for investment by the Fund. The Fund may utilize other types of securities deemed to be in compliance with Islamic investment principles. The Fund's Portfolio Advisor will be actively managing all securities in the portfolio. From among the companies that are eligible for investment by the Fund, the Portfolio Advisor selects securities of global issuers in various industry sectors considered to: (a) represent good value in relation to the market price of the issuer's securities; (b) have experienced and capable senior management; (c) offer potential for future growth; and (d) are otherwise in compliance with Canadian securities laws regulating mutual fund investments.

**Risk**

There were no significant changes to the investment objective and strategies which would affect the Fund's overall level of risk during the reporting period. The risks of investing in the Fund remain as discussed in the most recent simplified prospectus. As this is an equity fund, investors should have the ability to invest for the medium to long term and be able to accept fluctuations in the market value of the securities.

**Results of Operations**

As of December 31, 2020, net assets attributable to holders of redeemable units in the Fund were \$97.21 million, which is an increase of \$24.21 million compared to December 31, 2019. The Fund incurred total expenses of approximately \$2.74 million of which the Fund Manager has absorbed \$0.39 million as disclosed in the Statement of Income and Comprehensive. The management expense ratio ("MER") for Series A during the fiscal year was 2.80% (Series F - 1.66%). The MER for Series A unit holders before waivers or absorptions was 3.26% (Series F - 2.12%). The Fund Manager intends to continue to reimburse the Fund until the Fund grows its net assets to a level which will absorb the expenses but still result in competitive management expense ratios.

From a sector allocation perspective, the Fund's Portfolio Advisor changed to an overweight position in Industrials and Energy (previously underweight and neutral respectively, as of December 31, 2019) while also shifting to an underweight position in Consumer Staples and Consumer Discretionary (previously overweight as of December 31, 2019). The Fund's Portfolio Advisor maintained its overweight position in the Information Technology and Communication Service sectors and its underweight

position in the Health Care and Materials sectors.

From a regional perspective, the Fund's Portfolio Advisor changed to an overweight position in the U.S. (previously underweight) and maintained its overweight position with respect to China, Switzerland and the Netherlands, while also maintaining its underweight position in Japan and the United Kingdom.

Significant changes to the Portfolio are as follows:

### **SELLS:**

Sold Unilever NV. Unilever was sold in April 2020 in order to finance a new position in the industrials sector (Honeywell International Inc.). Unilever's shares have underperformed the Dow Jones Islamic Market Titans 100 (IMXL) index YTD (to April) by -5.3% (in EUR). Over the last twelve months (to April 2020), the stock has underperformed the IMXL by -19.3% (in EUR).

### **BUYS:**

Honeywell International Inc. A diversified technology and manufacturing company whose products and services help enhance the quality of life and enable a safer and more productive world. It manages its business operations through four segments:

1. Aerospace: provides products for aircraft, including auxiliary power units, propulsion engines, engine controls, flight safety, navigation hardware, software applications and radar systems. It also provides spare parts, repair and maintenance services;
2. Building Technologies: a leading provider of products that ensure buildings are safe, energy-efficient, sustainable and productive. It includes systems for energy management, access control, video surveillance and fire protection;
3. Performance Materials & Technologies: provides high-quality performance chemicals and materials, process technologies and automation solutions. Products include automation control systems, catalysts and adsorbents and pharmaceutical packaging;
4. Safety & Productivity Solutions: provides products that improve productivity, workplace safety and asset performance. They include personal protection equipment, gas detection technology, supply chain and warehouse automation solutions and custom-engineered sensors.

Backed by the strong global equity market recovery, the Fund series A and series F posted an exceptional positive total return of 21.67% and 23.09% net of management fees, expenses and taxes, respectively.

## **Recent Developments**

On March 10, 2020, a settlement was reached that has affected our corporate structure going forward. There has been no impact on the Global Iman Fund as it did not form part of this settlement. As part of the settlement, Global RESP Corporation ("GRESP") and GGAI have agreed to the following, which has been updated as of December 31, 2020:

- GRESP will no longer be a registered scholarship plan dealer;
- GGAI has compensated over 90% of the GRESP subscribers within 9 months of March 10, 2020, of the settlement who have not received a full reimbursement of enrolment fees (2002 to 2004 Beneficiaries - the Enrolment Fee Obligation) and have no Educational Assistance Payment (EAP) balance remaining. GGAI is using a credit file method to assist with its efforts to compensate the remaining subscribers who were unable to be reached in the first nine months.
- Ownership of GGAI, the Administrator and Investment Fund Manager for the Advanced Education Savings Plan (AESP) and the Legacy Education Savings Plan (LESP), will be moving to a blind trust to be administered by a federally regulated trust company. GGAI will continue to operate as the Investment Fund Manager for the LESP and AESP, with an independent board of directors

in place; however, no new subscribers or beneficiaries will be added to the scholarship plans moving forward.

From the economic side, in March 2020, the rapid spread of the COVID-19 virus sparked investor fears about its economic consequences and caused the worst sell-off in global equity markets since the global financial crisis. In an effort to help stabilize equity markets, Central Banks globally responded with strong monetary and fiscal measures by cutting interest rates and/or supplying liquidity to the markets in the form of a bailout. Economic growth bounced back quicker from the coronavirus-induced slump than many observers expected. Indeed, the surprise recovery of the U.S. labor market in the summer months, coupled with the anticipation of a new vaccine, supported the view that equity markets have come a long way to repair themselves from the March fallout. As a result, not only were global equity markets able to recover all their losses from the sharp March declines, they ended the year posting very strong returns. For the year ending December 31, 2020, the S&P 500 Index and MSCI World Index returned 18.4% and 16.53%, respectively (in U.S. dollar terms). While the S&P/TSX Composite Index did also end the year positively, it significantly lagged its developed counterparts, with a total return of 5.6%.

The reduction in U.S. political uncertainty and encouraging data on vaccine efficacy have supported riskier assets such as global equities. At the same time, new COVID-19 cases have increased globally, while restrictions on activity have been reinforced. Given this ongoing uncertainty on the path to recovery, central bank policies globally are set to remain highly accommodative for the foreseeable future. Given expectations for broad vaccine availability by the second quarter of 2021, continued monetary and fiscal policy support and a world of near-zero interest rates, the Fund's Portfolio Advisor maintains an overall "risk-on" asset allocation expressed through a preference for global equities and select high yield credit segments.

In its base-case scenario, the Fund's Portfolio Advisor anticipates the following key financial market drivers for the next 12 months:

1. An effective vaccine becomes widely available in developed markets by the second quarter of 2021.
2. Recurring COVID-19 waves are likely, but effective short-term restrictions and limited public fear allow a social activity to fully normalize by the third quarter of 2021.
3. Central banks globally stay accommodative and continue to provide liquidity as needed, while interest rates remain at record lows over the next 12 months.
4. As a result, Gross Domestic Product in developed countries returns to pre-pandemic levels by 2022.

As such, the Fund's Portfolio Advisor favors a risk-on asset allocation expressed via a preference for global equities. Central banks' unprecedented money creation and stimulus should continue to underpin equity prices, as will any ongoing macroeconomic data improvements.

### **Independent Review Committee**

As of December 31, 2020, the following changes to the composition of the Independent Review Committee (“IRC”) occurred:

- Mr. Mark Weaver has been retained as the Chair of the IRC. Mr. Weaver's term will mature August 1, 2021
- Mr. Harry Mohabir has been retained as an IRC member. Mr. Mohabir's term will mature July 25, 2022.
- Mr. Reg Taccone has been retained as an IRC member. Mr. Taccone's term will mature March 3, 2023.
- Mr. John Lombard joined the IRC on December 15, 2020. Mr. Lombard's term will mature December 15, 2023.

### **Related Party Transactions**

The Fund paid \$2,163,272 including HST, (2019 - \$1,662,767) in management fees to the Fund Manager for the year ending December 31, 2020.

Expenses, other than management fees, are expenses incurred for the Fund's operations. During the year, the Fund Manager absorbed \$388,627 (2019 - \$414,982) of the Fund's expenses as disclosed in the Statement of Income and Comprehensive Income.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for each of the past five years. The information in the tables below is for the period from January 1 to December 31 of each year.

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

#### Series A

	December 2020	December 2019	December 2018	December 2017	December 2016
Net Assets Beginning of Year:	\$25.02	\$20.03	\$19.69	\$17.83	\$18.21
<b>Increase (Decrease) from Operations:</b>					
Total Revenue	0.40	0.43	0.41	0.42	0.41
Total Expenses	-0.76	-0.67	-0.61	-0.59	-0.58
Realized Gains (losses)	1.74	0.84	0.92	0.74	0.57
Unrealized appreciation (depreciation)	4.02	4.72	0.09	1.65	-0.27
<b>Total Increase (decrease) from operations<sup>2</sup></b>	<b>\$5.40</b>	<b>\$5.32</b>	<b>\$0.81</b>	<b>\$2.22</b>	<b>\$0.13</b>
<b>Distributions:</b>					
From income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	-0.96	-0.35	-0.47	-0.44	-0.37
Return of capital	—	—	—	—	—
<b>Total Annual Distributions<sup>3</sup></b>	<b>-0.96</b>	<b>-0.35</b>	<b>-0.47</b>	<b>-0.44</b>	<b>-0.37</b>
<b>Net Assets, end of period</b>	<b>\$29.49</b>	<b>\$25.02</b>	<b>\$20.03</b>	<b>\$19.69</b>	<b>\$17.83</b>

#### Series F

	December 2020	December 2019	December 2018	December 2017	December 2016
Net Assets Beginning of Year:	\$27.97	\$22.15	\$21.52	\$19.27	\$19.35
<b>Increase (Decrease) from Operations:</b>					
Total Revenue	0.49	0.49	0.46	0.49	0.24
Total Expenses	-0.93	-0.76	-0.69	-0.69	-0.34
Realized Gains (losses)	2.13	0.96	1.03	0.86	0.34
Unrealized appreciation (depreciation)	4.90	5.40	0.11	1.94	-0.16
<b>Total Increase (decrease) from operations<sup>2</sup></b>	<b>\$6.59</b>	<b>\$6.09</b>	<b>\$0.91</b>	<b>\$2.60</b>	<b>\$0.08</b>
<b>Distributions:</b>					
From income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	-1.08	-0.39	-0.52	-0.48	-0.40
Return of capital	—	—	—	—	—
<b>Total Annual Distributions<sup>3</sup></b>	<b>-1.08</b>	<b>-0.39</b>	<b>-0.52</b>	<b>-0.48</b>	<b>-0.4</b>
<b>Net Assets, end of period</b>	<b>\$33.35</b>	<b>\$27.97</b>	<b>\$22.15</b>	<b>\$21.52</b>	<b>\$19.27</b>

1 This information is derived from the Fund's December 31 audited annual financial statements.

2 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

3 Distributions were either paid in cash or reinvested in additional units of the Fund, or both.

## Ratios and Supplemental Data

### Series A

	December 2020	December 2019	December 2018	December 2017	December 2016
Total net asset value (000's) <sup>1</sup>	\$78,075	\$59,741	\$44,259	\$40,740	\$30,291
Number of units outstanding	2,647,870	2,387,807	2,209,175	2,069,178	1,698,907
Management expense ratio (MER) <sup>2</sup>	2.80%	2.82%	2.84%	2.81%	2.82%
MER before waivers or absorptions	3.26%	3.47%	3.67%	3.70%	3.72%
Trading expense ratio <sup>3</sup>	0.01%	0.00%	0.02%	0.03%	0.05%
Portfolio turnover ratio <sup>4</sup>	16.77%	31.49%	23.00%	31.74%	29.36%

### Series F

	December 2020	December 2019	December 2018	December 2017	December 2016
Total net asset value (000's) <sup>1</sup>	\$19,136	\$13,261	\$8,871	\$5,228	\$4,685
Number of units outstanding	573,794	474,112	400,602	242,952	243,065
Management expense ratio (MER) <sup>2</sup>	1.66%	1.69%	1.70%	1.69%	1.69%
MER before waivers or absorptions	2.12%	2.34%	2.53%	2.57%	2.60%
Trading expense ratio <sup>3</sup>	0.01%	0.00%	0.02%	0.03%	0.05%
Portfolio turnover ratio <sup>4</sup>	16.77%	31.49%	23.00%	31.74%	29.36%

1 This information is provided as at December 31 of the year shown.

2 Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

3 The trading expense ratio represents total transaction costs expressed as an annualized percentage of daily average net asset value during the period.

4 The Fund's portfolio turnover rate gives an indication of the level of activity employed by the Portfolio Adviser. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

## Management Fees

The Fund Manager is responsible for the day-to-day management and administration of the Fund. The Fund Manager monitors and evaluates the performance of the Fund, pays for the investment management services provided by the Portfolio Advisor, dealer compensations (commission and trailer fees) and Independent Review Committee fees. It arranges for the other administrative services required to be provided to the Fund. As compensation for its services, the Fund Manager is entitled to receive a fee. Management fees paid by each series of the Fund are calculated at the applicable annual percentages, before HST, of the daily value of the net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

### Expenses Paid out of the Management fee (%)

	Management Fees	Dealer Compensation	General Administration, Investment Advice and Profit
<b>Series A</b>	2.50%	37%	63%
<b>Series F</b>	1.50%	0%	100%

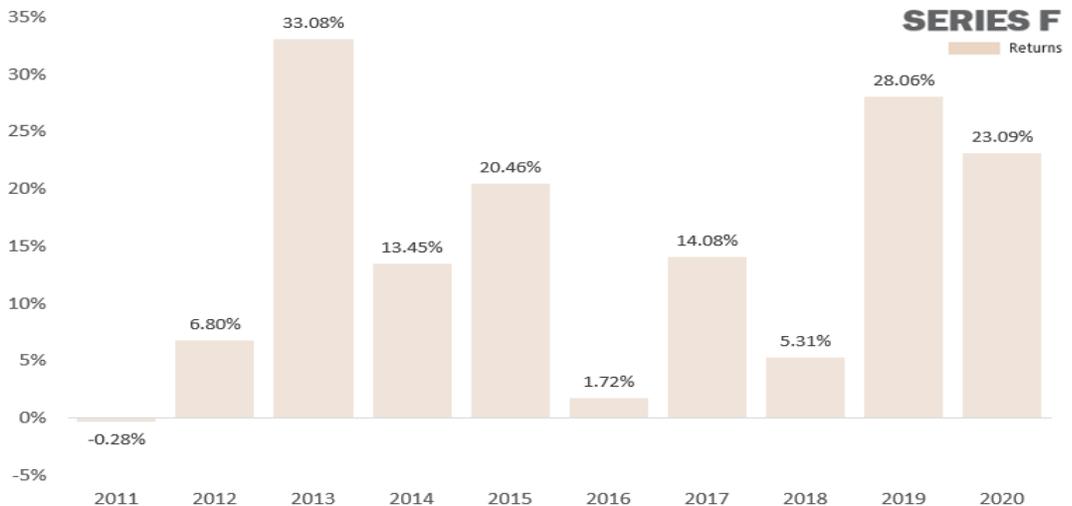
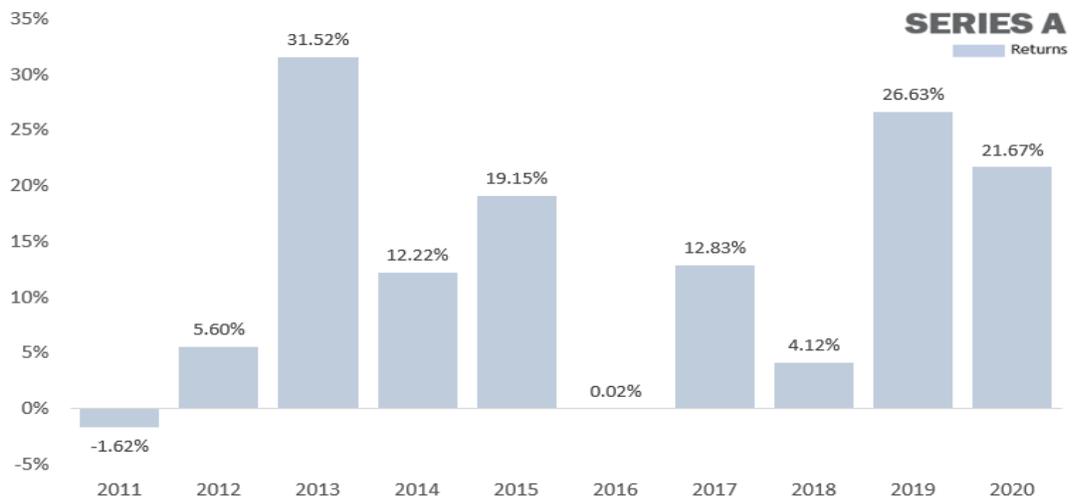
## PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the relevant series. The performance information does not include account sales, redemption, distribution, or optional charges, or income taxes payable that would have reduced returns or performance.

Past performance is not indicative of how the Fund may perform in the future.

### Year-by-Year Returns

The bar chart indicates the Fund's performance for each series of the Fund for each of the financial years shown. Annual return is the percentage change in the value of an investment from January 1 to December 31, unless otherwise noted. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



## Annual Compound Returns

The tables that follow compare the historical annual compound returns for each series of the Fund with its benchmark, the Dow Jones Islamic Market Titans 100 Index Total Return ("IMXLT").

	Past 10 Years	Past 5 Years	Past 3 Years	Past Year
Series A	12.70%	12.60%	17.03%	21.67%
IMXLT	15.78%	14.89%	18.69%	26.31%

The returns of each series may vary because of differences in management fees and expenses. The Benchmark index returns do not include any costs of investing. See Results of Operation for a discussion of performance relative to the Benchmark indexes. Unlike the Index, the plan's returns are after the deduction of its fees and expenses.

	Past 10 Years	Past 5 Years	Past 3 Years	Past Year
Series F	14.07%	14.01%	18.37%	23.09%
IMXLT	15.78%	14.89%	18.69%	26.31%

## Index Description:

### Dow Jones Islamic Market Titans 100 Index Total Return

The IMXLT reflects the price movements of the largest 100 blue chip stocks traded globally that pass rules-based screens for compliance with Islamic investment guidelines overseen by the Dow Jones Shari'ah Supervisory Board. The index returns are quoted in \$CAD terms and assumes reinvestment of gross dividends into the index.

## SUMMARY OF INVESTMENT PORTFOLIO

### As of December 31, 2020

#### Top 25 Holdings

ISSUER	% OF NET ASSET VALUE
Apple Inc.	8.23%
Microsoft Corporation	7.77%
Alphabet Inc. Class C	7.55%
ASML Holding NV	4.55%
Facebook Inc. - Class A	4.25%
Taiwan Semiconductor	4.14%
Johnson & Johnson	4.08%
Visa Inc. - Class A	3.93%
Roche Holding AG	3.60%
Eli Lilly and Company	3.60%
Nike Inc. Class B	3.46%
Honeywell International Inc.	3.43%
Tencent Holdings Limited ADR	3.34%
Chevron Corporation	3.28%
Nestle S.A	3.21%
Alibaba Group Holding Limited ADR	3.15%
Medtronic PLC	3.10%
Starbucks Corporation	3.06%
SAP SE	3.02%
The Procter & Gamble Company	2.89%
United Parcel Service-Class B	2.87%
Sanofi	2.56%
Amgen, INC.	2.55%
PepsiCo, Inc.	2.25%
Union Pacific Corporation	2.00%
<b>TOTAL</b>	<b>95.87%</b>

REGION	% OF NET ASSET VALUE
North America	65.2%
Europe	20.0%
Asia	10.6%
Cash	4.2%
<b>TOTAL PORTFOLIO</b>	<b>100.0%</b>

SECTOR	% OF NET ASSET VALUE
Information Technology	31.6%
Health Care	19.5%
Communication Services	15.1%
Consumer Discretionary	9.7%
Consumer Staples	8.3%
Industrials	8.3%
Cash	4.2%
Energy	3.3%
<b>TOTAL PORTFOLIO</b>	<b>100.0%</b>

\*All holdings in the Fund are long positions as at December 31, 2020

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at [www.globalgrowth.ca](http://www.globalgrowth.ca)



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