

APS Funds SICAV p.l.c.

Annual Report and Financial Statements for the year ended 31 December 2016

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Notice of the Ninth Annual General Meeting

In terms of Article 22 of the Articles of Association

Notice to shareholders is hereby being given of the Ninth Annual General Meeting of the APS Funds SICAV p.l.c. to be held at the Chameleon Suite, Corinthia Palace Hotel & Spa, De Paule Avenue, San Anton, Attard BZN 9020 on Wednesday 26th April 2017 at 5.30 p.m., for the purpose of considering the following Agenda.

AGENDA

Approval of Accounts

That the Statements of Comprehensive Income and Statements of Financial Position as at 31st December 2016 and the Directors' and the Independent Auditors' Reports thereon be approved.

Auditors - Appointment and Remuneration

That the appointment of Deloitte Audit Limited as Auditors be approved, and the Board of Directors be authorised to fix their remuneration.

Appointment of Directors

That the Directors be appointed.

Directors' Honoraria

That the maximum Directors' honoraria shall be established in aggregate at €27,000 per annum, with effect from 1 January 2017.

By order of the Board.



Ms Nadine Magro
For and on behalf of
Valletta Fund Services Limited
Company Secretary

10 March 2017

NOTES:

1. This Notice has been mailed to all shareholders registered as at the 1st March 2017 which shareholders are entitled to attend and vote at the Annual General Meeting. Please note that if you have sold or transferred **ALL** your shares in the APS Funds SICAV p.l.c., you are kindly requested to disregard this Notice.
2. A shareholder entitled to vote may appoint a proxy to attend and vote instead of him/her using the enclosed **Form of Proxy**; such proxy need not also be a shareholder. To be valid this **Form of Proxy** must reach the Office of the Company Secretary at Valletta Fund Services Limited, TG Complex, Suite 2, Level 3, Brewery Street, Mriehel, BKR 3000, Malta, not less than 48 hours before the appointed date and time of the Meeting.
3. In the case of joint holders of a share the vote of the first-named of joint holders who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.
4. The Board of Directors currently consists of Dr. Mario Felice, Mr. George Cassola and Mr. Joseph Portelli. The Company will receive nominations for Directors at the registered office indicated above pursuant to Article 26.6 of the Articles of Association at least ten days before the appointed date and time of the Meeting.
5. Any body corporate which is a Member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which s/he represents as that body corporate could exercise if it were an individual Member and such body corporate shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.

Avviż tad-Disa' Laqgħa Ġenerali Annwali

Skont l-Artiklu 22 tal-Istatut t'Assoċjazzjoni

Bil-preżenti, l-azzjonisti huma avżati li d-Disa' Laqgħa Ġenerali Annwali tal-APS Funds SICAV p.l.c. se ssir fil-Chameleon Suite, Corinthia Palace Hotel & Spa, De Paule Avenue, San Anton, Attard BZN 9020 nhar l-Erbgħa 26 ta' April 2017 fil-5.30 ta' filgħaxija, bil-għan li tikkunsidra s-segwenti Aġenda.

AĠENDA

Approvazzjoni tal-Kontijiet

Illi r-Rapporti tad-Dħul Kumplessiv u r-Rapporti tal-Pożizzjoni Finanzjarja għas-sena li għalqet fit-31 ta' Diċembru 2016, kif ukoll ir-Rapporti tad-Diretturi u tal-Awdituri Indipendenti għall-istess sena jiġu approvati.

Awdituri - Hatra u Remunerazzjoni

Illi l-hatra ta' Deloitte Audit Limited bħala Awdituri tiġi approvata, u l-Bord tad-Diretturi jiġi awtorizzat jistabilixxi l-ħlas tagħhom.

Hatra ta' Diretturi

Illi d-Diretturi jiġu appuntati.

Onorarja tad-Diretturi

Illi, b'effett mill-1 ta' Jannar 2017, l-onorarja li tingħata lid-Diretturi kollha flimkin ma tkunx oġġla minn €27,000 fis-sena.

B'ordni tal-Bord



Ms Nadine Magro

Għan-nom ta'

Valletta Fund Services Limited

Segretarja tal-Kumpanija

10 ta' Marzu 2017

NOTI:

1. Dan l-Avviż intbagħat lill-azzjonisti kollha li kienu rreġistrati fit-1 ta' Marzu 2017 liema azzjonisti għandhom id-dritt li jattendu u jivvutaw fil-Laqgħa Ġenerali Annwali. Dawk l-azzjonisti li bieghu jew ittrasferew l-ishma **KOLLHA** li kellhom fl-APS Funds SICAV p.l.c. għandhom jinjoraw din iċ-ċirkolari.
2. Kull azzjonist intitolat li jivvota jista' jahtar prokuratur biex jattendi minflok, billi jimla l-**Formola tal-Prokura** hawn annessa. Il-prokuratur mhux bilfors ikun azzjonist. Biex tkun valida, l-**Formola tal-Prokura** trid tasal fl-Uffiċċju tal-Valletta Fund Services Limited bħala Segretarja tal-Kumpanija, li jinsab TG Complex, Suite 2, Level 3, Triq il-Birrerija, l-Imrieħel, Birkirkara BKR 3000, Malta, mhux aktar tard minn 48 siegħa qabel il-jum u l-ħin appuntati għal-Laqgħa.
3. Fil-każ ta' azzjonisti kongunti, il-vot mitfugħ minn min hu msemmi l-ewwel fosthom, kemm jekk il-vot ikun mitfugħ personalment jew permezz ta' prokuratur, ikun aċċettat b'esklużjoni tal-voti tal-azzjonisti kongunti l-oħra.
4. Fil-preżent il-Bord tad-Diretturi jikkonsisti minn Dr. Mario Felice, is-Sur George Cassola u s-Sur Joseph Portelli. Il-Kumpanija tircievi nominazzjonijiet għall-hatra ta' Diretturi fl-indirizz irreġistrat tal-Kumpanija skont l-Artiklu 26.6 tal-Istatut t'Assoċjazzjoni sa mhux anqas minn għaxart ijiem qabel il-jum u l-ħin appuntati għal-Laqgħa.
5. Kull entità (kumpanija jew korp ġuridiku) li hija Membru tista' tawtorizza, permezz ta' riżoluzzjoni tad-Diretturi jew tal-korp ta' governanza tagħha, lil dik il-persuna li fil-fehma tagħha hija adatta li taġixxi bħala r-rappreżentant tagħha fil-Laqgħa u dik il-persuna hekk awtorizzata għandha tkun intitolata li teżerċita l-istess poteri f'isem l-entità li hija tirrappreżenta li l-entità kienet tista' teżerċita kieku kienet Membru individwali, u dik l-entità għandha għall-finijiet ta' dawn il-preżenti titqies li hi preżenti in persona f'kull laqgħa bħal din jekk il-persuna hekk awtorizzata tkun hemm preżenti.

N.B: Il-verżjoni bl-Ingliż hija l-verżjoni uffiċjali.

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Management and Administration

DIRECTORS

Dr. Mario Felice
9, Bastion Square, Mdina MDN 1150, Malta

Mr. George Cassola
96, St. Francis Street, Balzan BZN 1424, Malta

Mr. Joseph Portelli
The Royal Lady, St. Anthony Street, Ġhajnsielem GSM 9020, Malta

REGISTERED OFFICE

APS Centre, Tower Street, Birkirkara BKR 4012, Malta

COMPANY REGISTRATION NUMBER

SV78

INVESTMENT MANAGER

APS Bank Limited
APS Centre, Tower Street, Birkirkara BKR 4012, Malta
*Licensed to conduct Investment Services business by
the Malta Financial Services Authority.*

ADMINISTRATOR AND COMPANY SECRETARY

Valletta Fund Services Limited
TG Complex, Suite 2, Level 3, Brewery Street,
Mrieħel, Birkirkara BKR 3000, Malta
*Recognised to provide fund administration services by
the Malta Financial Services Authority.*

CUSTODIAN

Bank of Valletta p.l.c.
BOV Centre, Cannon Road, Santa Venera SVR 9030, Malta
*Licensed to conduct investment services business by
the Malta Financial Services Authority.*

BANKERS

APS Bank Limited
APS Centre, Tower Street, Birkirkara BKR 4012, Malta

AUDITORS

Ernst & Young Malta Limited
Regional Business Centre, Achille Ferris Street, Msida MSD 1751, Malta

LEGAL ADVISORS

Ganado and Associates Advocates
171, Old Bakery Street, Valletta VLT 1455, Malta

Description

APS Funds SICAV p.l.c. (the “Company”) is a company organised as a multi-fund investment company with variable share capital pursuant to the Companies Act [Cap. 386 of the Laws of Malta] registered on the 24 January 2008. The Company consists of two funds, the APS Income Fund and the APS Regular Income Ethical Fund. The Company is licensed by the Malta Financial Services Authority as a Collective Investment Scheme under the Investment Services Act [Cap. 370 of the Laws of Malta]. The APS Income Fund is listed on the Malta Stock Exchange. The Company has no employees.

Investment Manager's Report

Leading in an Adaptive World: Analysing the Changing Political & Economic Landscape

"Eight men own the same wealth as the 3.6 billion people who make up the poorest half of humanity", claims Oxfam's Report 'An Economy for the 99 percent', which was published in January 2017.

The gap between the rich and the poor has widened by a far greater degree than ever feared. It details how big business and the super-rich individuals are fuelling an inequality crisis, and calls for a fundamental change in how economies are managed. As President Obama told the UN General Assembly in his departing speech in September 2016, "a world where 1% of humanity controls as much wealth as the bottom 99% will never be stable."

In many aspects, the events that occurred throughout 2016 will leave a long-lasting impact. Occurring as a result of the disenchantment of society with their governments, the financial crises left the middle and lower income segments of society inadequately equipped to deal with their financial hardships. Against this backdrop, liberal thought and economies were rebuked to favour the rise of assertive nationalism.

Not only did UK citizens vote in favour of Brexit, but Donald Trump was also sworn in as the 45th president of the USA. These two cases in point are testament to how liberal societies are extending their support towards nationalistic and authoritarian regimes, spanning from Europe to the Philippines. Electorates in Hungary, Poland and Austria all gradually drifted towards a more conservative political philosophy, while in France, Holland and Belgium, the rise of the far right parties is remarkably striking. All this while, tragedy is perpetrating in Syria, and illegal migration flows are destabilising European unity. For several years to come, the impact of these events on global trade balances, agreements, free flow of goods and trading will restrain the world economy from reaching its potential. Western Europe will continue to suffer anaemic growth.

Economic Activity

Global economic growth during 2016 was lackluster, stretching to just 3.1%. Emerging Asia, which had the best growth rates at 6.3%, also registered a decline from previous years. Advanced economies achieved a growth of under 2%, a rate which the US economy strongly contributed towards as it neared full employment.

Despite the Euro area being hampered by high unemployment and although advanced economies performed worse than what was predicted, there still was a noticeable improvement over previous years. Emerging market economies had an unexpected slowdown reflecting idiosyncratic factors. China's growth was marginally better, following a soft landing path supported by policy stimulus. Latin American countries and Turkey are still in a recession and have experienced a sharp fall in their growth rates.

2017 promises to deliver marginally better global growth, mainly carried by: (1) improved activity in the US that is estimated to grow at 2.3% and (2) Latin America returning back to growth. Both Asia and the Euro Area are estimated to maintain their current growth rates but these estimates are not without their challenges. Negative risks to activity include a possible shift toward inward-looking policy platforms, protectionism especially under the incoming administration in the United States, and more complex and difficult trade talks between the UK and EU countries following the Brexit referendum. Increased geopolitical tensions as well as a more severe slowdown in China could dampen global growth. Global activity could accelerate more strongly if policy stimulus in the America and China are larger than forecasted, especially if protectionist rhetoric is not followed through with trade restrictions. This could be aided by more benign Brexit negotiations. Emerging economies, namely Brazil, Argentina, and Russia which experienced macroeconomic strains in the year 2016 could provide a further boost to global growth as activity normalises also partly due to a pickup in commodity prices.

Market Review and Outlook

The Forex market reflected the various events and expectations that unfolded last year. The Euro Area traded in a relatively tight range, ending the year nearly unchanged. The Yen depreciated substantially during the first half of the year, only to reverse most of the losses by year end. Chinese Yuan was guided lower, allowing for a more competitive currency. China spent some of its reserves to slow the depreciation of the Yuan. Emerging currencies, especially the Mexican Peso, suffered

Investment Manager's Report *(continued)*

mostly due to what is being referred to as the Donald Trump Effect. On the other hand, home-grown currency gyrations in Turkey were noted after a strong military clamp down followed by a botched coup attempt. The prima donna in 2016 turned out to be the Sterling. The pound plummeted against all currencies reaching levels against the dollar not seen in 30 years.

Similarly, equity market volatility mirrored political events. The first quarter was characterised by a retracement in major indices after a feared sharp slowdown in Asian economies. Soon after recovering from the effect, Brexit sent shockwaves in financial markets, an act which was followed by sharp declines in equity prices. Emerging market equities recovered quickly and extended their gains until November. After the USA presidential election, emerging markets gave some of their gains, but a sustained US market rally ensued, with the latter ending the year among the best performers for 2016. In the fixed income market, yields maintained their low trajectory, mostly reflecting central bank activity and rhetoric. By summer of 2016, the bond market of advanced economies had one quarter of all issued debt in negative territory. Ten year German bunds and 50 year Japanese bonds followed suit. This meant that for one out of every four bonds issued, the investor had to pay the issuer for safekeeping.

On a similar note, the Maltese government issued an unprecedented 25-year bond at a yield of 2.31%. Never before in the 4,000-year documented history of mankind did the world experience such extremely low yields. The latter part of 2016 ground this rally to a halt. A slight improvement in the world economy coupled with the surprise election win of Donald Trump caused bond yields to start increasing. In the coming years, with the benefit of hindsight, 2016 could possibly be marked as the year in which the rally in bond prices that started 36 years ago ended.

Central banks have been supplying liquidity since the financial crisis through: (1) the lowering rates to historic lows and (2) quantitative easing programs. However, this has left savers and pension scheme consumers with very low returns. Up until last year, the European Central Bank had various monetary programs running in parallel. These were supplying the equivalent of Germany's GDP. The USA Federal Reserve Bank has embarked on a cycle of hiking interest rates, and it seems that the risks are now on raising rates too slowly rather than if to raise rates at all. The USA is close to full employment and inflationary pressures are mounting. The ECB is still behind the curve, but has been vociferous about the fact that the stimulus alone is insufficient to rekindle growth. Although unemployment in Europe is still high and inflation is slowly picking up, the ECB has extended the easing program and reduced the amount of stimulus. Predicting the course of the markets is difficult, but we can be fairly certain that in the coming quarters, markets will be volatile, responsive to political events and reactive to central bank movements.

Maltese Economy

During 2016, the Maltese economy continued to perform positively when compared with other European countries.

Last October, Standard and Poor's raised its credit rating for Malta from BBB+ to A-. This favourable result was justified by strong economic growth, the improving labour market and investment prospects for the country. Forecasts for Malta are among the most encouraging in the Eurozone, with GDP growth expected to average 3% between 2016 and 2019, whilst net general government debt is forecasted to decrease to 53% of GDP in 2019 from the 56% recorded in 2016.

This improved economic performance was mainly driven by the recent expansion within the labour market. Net migration and an increase in employment figures (particularly female participation rates) have helped increase the labour supply. In fact, employment among persons aged between 20 and 64 years grew by 10%, from 58% to 68% over the past 10 years. Female employment recorded a significant increase of 18%, from 36% to 54% over the same period.

As has been the case in recent years, the tourism sector continued to contribute to local economic growth. During 2016, the Malta International Airport reached an important milestone, with passenger traffic exceeding the 5 million mark. Passenger traffic grew by 10% over 2015 with strong movements registered during the shoulder months of November and December. Despite the recent depreciation of the GBP, the UK was, and still is, an important market for the local tourism sector, recording an increase of 5.4% over the previous year. This strong sector performance is set to continue in 2017.

The local corporate tax regime has attracted significant foreign investment over the years, in particular within the financial services, IT and gaming industries. Going forward, regulatory changes, such as the standardisation of corporate tax frameworks across the Eurozone area, could potentially hinder foreign direct investment into the Maltese economy.

Investment Manager's Report *(continued)*

APS Income Fund

Investment Objective

The investment objective of the Fund is to maximise the total level of return for investors, whilst minimising the volatility of the portfolio and attaining a desirable level of liquidity through investment, primarily in Maltese debt and equity securities. To a limited extent, the Fund may also invest in international debt and equity securities.

Fund Performance

Accumulator Class of Shares

During the year from 31 December 2015 to 31 December 2016, the quoted share price of the APS Income Fund accumulator class of shares increased by 5.21% from €163.8076 to €172.3487.

Distributor Class of Shares

During the year from 31 December 2015 to 31 December 2016, the quoted share price of the APS Income Fund distributor class of shares increased by 2.24% from €125.1530 to €127.9522, whilst distributing an average dividend yield of 2.74% on the basis of the average of the dividends distributed.

Overview of the Fund

The Net Asset Value of the Fund increased by 19% during 2016, reaching €83.82 million by year end. The Fund generated a total return (net of tax) of just under 5.25% during the year. In anticipation of a rising interest rate environment and the tightening of monetary policy, the Fund adopted a change in its investment strategy during 2016. In particular, the Fund Manager divested from long dated fixed income securities, thereby decreasing the extent to which the fund is exposed to rising interest rates. Throughout the year, exposure to the GBP currency was also significantly reduced as a result of the heightened uncertainty which surrounded the "Brexit" referendum. Such actions were necessary in order to reduce the volatility in the share price. The fund decreased its fixed income allocation to 52%, and raised its holding of local equity securities to 22% (as at the end of 2016). In addition, 23% of total assets were invested in fixed term deposit accounts and 3% retained as cash. The manager will seek the best opportunities in the market to invest the liquid assets.

APS Regular Income Ethical Fund

Investment Objective

The investment objective of the Fund is to maximise the total return to investors, whilst minimising the volatility of the portfolio and attaining a desirable level of liquidity through investment, principally, in deposits, other collective investment schemes and debt and equity securities.

Fund Performance

Class A - Accumulator

During the year from 31 December 2015 to 31 December 2016, the quoted share price of the APS Regular Ethical Income Fund accumulator class of shares increased by 4.39% from €1.2738 to €1.3297.

Class B - Distributor

During the year from 31 December 2015 to 31 December 2016, the APS Regular Ethical Income Fund institutional class of shares increased by 1.74% from €1.1324 to €1.1521. This distributed an average dividend yield of 2.72% on the basis of the average of the dividends distributed.

Class C - Accumulator

During the year from 31 December 2015 to 31 December 2016, the quoted share price of the APS Regular Ethical Income Fund accumulator class of shares increased by 4.32% from €1.2729 to €1.3279.

Class D - Distributor

During the year from 31 December 2015 to 31 December 2016, the APS Regular Ethical Income Fund retail class of shares increased by 1.79% from €1.1325 to €1.1517, whilst distributing an average dividend yield of 2.6% on the basis of the average of the dividends distributed.

Investment Manager's Report *(continued)*

Overview of the Fund

The APS Regular Income Ethical Fund differs from a traditional fund in the process by which investments are selected. The traditional extensive financial analysis synonymous with funds managers is preceded by an equally rigorous ethical screening. The ethical screening process of APS Regular Income Ethical Fund is a two-tier process, whereby the fund manager first excludes companies engaging in certain industries detrimental to humanity, then selects those companies with best Environmental, Social and Governance (ESG) scores. As a result of this additional positive ethical screening, investments are channelled to those organisations whose activities appear to benefit present and future generations. Moreover, the ethical screening places the Investment Manager in a better position to avoid potential future pitfalls.

As opposed to the APS Income Fund, the APS Regular Income Ethical Fund is not a prescribed fund, and is therefore exposed to a number of countries and currencies. This benefits the fund by giving it an element of diversification.

With interest rates and economic growth more likely to rise in the United States of America than in the European Union, the Manager retained the fund's noteworthy currency exposure to the USD. To take advantage of possible currency appreciation and future interest rate hikes, the manager sought to retain high credit quality debt whilst maintaining low fixed income duration, all the while remaining mindful of the foreign exchange risk associated with this strategy. In contrast, prior to Britain's decision to exit the European Union, the Manager decreased the fund's GBP exposure significantly from above 6% to below 3% of the net assets value.

Within the fund's fixed income allocation, the Manager took advantage of both the monetary stimulus implemented by the ECB and of overly pessimistic valuations within the commodity, energy and financial sectors. Overall, fixed income average maturity was retained at a relatively low level. As investors digested and analysed a number of relatively positive economic news together with a new political reality that unfolded towards the end of 2016, the Manager sought to further reduce the fund's exposure to long dated government bonds.

In order to sustain the fund's distribution capacity and seek out potential capital growth opportunities, the Manager continued to increase the fund's equity exposure to around 24%. The Manager favoured blue chip dividend paying equities, in particular companies which are able to take advantage of possible interest rate hikes and increased government stimulus programmes.

Some of the opinions expressed herein are of a forward-looking nature and should not be interpreted as investment advice.

The Funds' performance figures listed above have been truncated to two decimal places.

(Sources: Central Bank of Malta, Malta Stock Exchange, National Statistics Office, International Monetary Fund, Standard & Poor's, Wall Street Journal, The Economist, Financial Times, and APS Bank Limited).

Report of the Directors

The Directors are hereby laying before and for approval by the Company at this Annual General Meeting, the Annual Report and Financial Statements of the Company for the year ended 31 December 2016.

Principal Activities

The Company is organised as a multi-fund investment company with variable share capital (SICAV) pursuant to the Companies Act [Cap. 386 of the Laws of Malta]. The Company was registered on the 24 January 2008 and is licensed by the Malta Financial Services Authority as a Collective Investment Scheme under the Investment Services Act [Cap. 370 of the Laws of Malta]. The Company consists of two funds, the APS Income Fund and the APS Regular Income Ethical Fund. The Company has no employees.

Review of Business

The nets assets attributable to Shareholders as at 31 December 2016 stood at €110,121,314 (2015: €93,058,210).

Events after the Balance Sheet Date

During 2016 the Company made considerable preparations to convert the Company and the funds from Retail non-UCITS to Retail UCITS Collective Investment Schemes. The Company worked through the preparatory requirements leading to the holding of an Extraordinary General Meeting in order to contemplate such conversion and appoint ReAPS Asset Management Limited (a newly formed subsidiary of APS Bank Limited) as investment manager of the Company. The Company also analysed on the necessary amendments to various agreements and documents to bring them in line with the UCITS Directive, namely changes in the:

1. Memorandum and Articles of the Company,
2. Prospectus for APS Funds SICAV plc,
3. Offering supplement for APS Income Fund,
4. Offering supplement for APS Regular Income Ethical Fund,
5. Administration Agreement,
6. Depositary Agreement,
7. Investment Management Agreement with ReAPS Asset Management Limited

During January and February 2017, the Company held two Extraordinary General Meetings whereby shareholders approved the resolutions brought forward. The ordinary resolutions presented to the shareholders and approved during the meeting held on 25 January 2017 were the following:

- Conversion of the Company from a Retail Non-UCITS Scheme into a Retail UCITS Scheme.
- Change of Investment Manager from APS Bank Ltd to ReAPS Asset Management Ltd and entry into a new Investment Management Agreement with the new Investment Manager in connection with the company's proposed conversion into a UCITS scheme.
- Amendment and Restatement of the Custody Agreement between the Company and Bank of Valletta p.l.c. in connection with the Company's proposed conversion into a UCITS scheme.

The following two extraordinary resolutions were re-presented and approved during the second Extraordinary General Meeting held on the 22 February 2017:

- Substitution of the Memorandum & Articles of Association of the Company in connection with its proposed conversion into a UCITS scheme.
- Alignment of voting rights of Investor Shares.

On the same dates, the Company held Class Meetings for APS Income Fund and APS Regular Income Ethical Fund and proposed to align all voting shares for both funds, by virtue of an extraordinary resolution. Both Class Meetings approved this resolution during the meeting held in February.

Report of the Directors *(continued)*

Future Developments

During the forthcoming period the Company will make all necessary arrangements for the Company to be licensed as a Retail UCITS Collective Investment Scheme. Directors envisage that a new sub-fund will be set up to offer further investment opportunities to existing and new shareholders.

Financial Risk Management

Financial Risk is the possibility that shareholders could lose money when they invest their money in an asset. There are a number of financial risks that could potentially impact the activities of the funds and include, but not solely, the following: credit risk, liquidity risk, currency risk, equity risk, counter party risk etc. The Company's objective in managing such risks is the creation and protection of shareholder's value. In order to manage and mitigate such risks, the Company employs a number of risk management tools in its day to day operation. Further detail can be found under note 14 on pages 39 to 44.

Results and Dividends

The results for the year 2016 can be found on the Statements of Comprehensive Income on page 25. The dividends declared for the year ended 31 December 2016 with respect to the APS Income Fund and APS Regular Income Ethical Fund distributor class of shares can be found under note 10 on page 36.

Directors

The Directors of the Company who held office during the year under review are listed on page 6.

Auditors

Appointment of Deloitte Audit Limited as Auditors is to be approved during the Annual General Meeting.

On behalf of the Board



Dr. Mario Felice
Chairman



Mr. George Cassola
Director



Mr. Joseph Portelli
Director

10 March 2017

Rapport tad-Diretturi

Id-Diretturi qegħdin hawn iqiegħdu quddiem il-Kumpanija għall-approvazzjoni tagħha, f'din il-Laqqgħa Ġenerali Annwali, ir-Rapport Annwali u r-Rapporti Finanzjarji tal-Kumpanija għas-sena li għalqet fil-31 ta' Diċembru 2016.

Attivitajiet Prinċipali

Il-Kumpanija hija mwaqqfa bħala kumpanija ta' investment b'kapital azzjonarju varjabbli (SICAV) u b'fondi multipli taħt l-Att dwar il-Kumpaniji [Kap. 386 tal-Liġijiet ta' Malta]. Il-Kumpanija giet irreġistrata fl-24 ta' Jannar 2008 u hija liċenzjata mill-Awtorità Maltija għas-Servizzi Finanzjarji bħala Skema ta' Investment Kollettiv taħt l-Att dwar Servizzi ta' Investment [Kap. 370 tal-Liġijiet ta' Malta]. Il-Kumpanija tikkonsisti minn żewġ fondi, l-APS Income Fund u l-APS Regular Income Ethical Fund. Il-Kumpanija m'għandha ebda impjegat.

Rendikont tal-Attività tal-Kumpanija

L-assi netti attribwibbli lill-azzjonisti fil-31 ta' Diċembru 2016 kellhom il-valur ta' €110,121,314 (2015: €93,058,210).

Avvenimenti wara l-Perijodu tar-Rappurtar

Matul is-sena l-Kumpanija għamlet bosta thejjijiet biex taqleb il-Kumpanija u l-Fondi minn Retail non-UCITS għal Retail UCITS. Il-Kumpanija kompliet bix-xogħol preparatorju li wassal għal-Laqqgħa Ġenerali Straordinarja biex isehh dan il-qlib u tinħatar ReAPS Asset Management Limited (kumpanija ġdida sussidjarja tal-APS Bank Limited) bħala l-investment manager tal-Kumpanija. Il-Kumpanija hadmet ukoll biex isiru l-emendi neċessarji f'kull ftehim li kellha u f'dokumenti ufficjali oħra biex iġġibhom konformi mad-Direttiva tal-UCITS. It-tibdil sar f'dawn id-dokumenti:

1. Il-Memorandum u l-Istatut ta' Assoċjazzjoni tal-Kumpanija,
2. Il-Prospettus tal-APS Funds SICAV p.l.c.,
3. Is-Supplement tal-Offerta tal-APS Income Fund,
4. Is-Supplement tal-Offerta tal-APS Regular Income Ethical Fund,
5. Il-Ftehim mal-Amministratur,
6. Il-Ftehim mad-Depożitarju,
7. Il-Ftehim mal-investment manager ReAPS Asset Management Limited

Matul Jannar u Frar 2017, il-Kumpanija sejhiet żewġ Laqqgħat Ġenerali Straordinarji, li fihom l-azzjonisti approvaw ir-riżoluzzjonijiet li ġew imressqa. Ir-riżoluzzjonijiet ordinarji pprezentati lill-azzjonisti u approvati fil-laqqgħa tal-25 ta' Jannar 2017 kienu dawn:

- Il-Kumpanija nqalbet minn Skema Retail non-UCITS għal Skema Retail UCITS.
- L-investment manager inbidel minn APS Bank Ltd għal ReAPS Asset Management Ltd u sar ftehim ġdid mal-investment manager il-ġdid b'rabta mal-qlib propost tal-Kumpanija għal Skema UCITS.
- Il-ftehim ta' Kustodja bejn il-Kumpanija u Bank of Valletta p.l.c. ġie emendat u fformulat mill-ġdid b'rabta mal-qlib propost tal-Kumpanija għal Skema UCITS.

Iż-żewġ riżoluzzjonijiet straordinarji li ġejjin ġew ipprezentati mill-ġdid u approvati fit-tieni Laqqgħa Ġenerali Straordinarja li saret fit-22 ta' Frar 2017:

- L-Istatut t'Assoċjazzjoni tal-Kumpanija ġie sostitwit b'rabta mal-qlib propost tal-Kumpanija għal Skema UCITS.
- Id-drittijiet tal-vot marbuta mal-ishma tal-Investituri ġew allineati flimkien.

Fl-istess dati, il-Kumpanija għamlet Laqqgħat tal-Klassi għall-azzjonisti tal-APS Income Fund u dawk tal-APS Regular Income Ethical Fund u pproponiet li jsir allineament tad-drittijiet kollha tal-vot tal-ishma fiż-żewġ fondi, permezz ta' riżoluzzjoni straordinarja. Ir-riżoluzzjoni giet approvata miż-żewġ klassijiet ta' azzjonisti waqt il-laqqgħat li saru fi Frar.

Rapport tad-Diretturi *(ikompli)*

Żviluppi għall-Futur

Fix-xhur li ġejjin il-Kumpanija se tagħmel l-arrangamenti kollha neċessarji biex il-Kumpanija tkun illiċenzjata bħala Skema ta' Investment Kollettiv Retail UCITS. Id-Diretturi jipprevedu li jinħareġ fond ġdid biex joffri aktar opportunitajiet ta' investiment lill-azzjonisti attwali u oħrajn ġodda.

L-Immaniġġjar tar-Riskju Finanzjarju

Ir-riskju finanzjarju hu l-possibbiltà li azzjonisti jistgħu jtilfu flushom meta jinvestu f'xi assi. Ir-riskji finanzjarji li jistgħu jolqtu l-attivitajiet tal-fondi huma varji. Dawn li ġejjin huma wħud minnhom, imma mhux kollha: ir-riskju tal-kreditu, ir-riskju tal-likwidità, ir-riskju tal-valuta, ir-riskju tal-ekwità, ir-riskju tal-kontropartita, eċċ. Il-mira tal-Kumpanija fl-immaniġġjar ta' dawn ir-riskji hija li toħloq u tipproteġi l-valur għall-azzjonist. Bil-għan li tikkontrolla u ttaffi dawn ir-riskji, il-Kumpanija, fl-operat tagħha ta' kuljum, thaddem numru ta' għodod żviluppatti għall-immaniġġjar tar-riskju. Aktar dettalji jidhru fin-nota 14 fuq paġni 39 sa 44.

Riżultati u Dividendi

Ir-riżultati għas-sena 2016 jinsabu fir-Rapporti tad-Dhul Komplessiv fuq paġna 25. Id-dividendi dikjarati għas-sena li għalqet fil-31 ta' Diċembru 2016 għar-rigward tal-klassijiet distributorji tal-APS Income Fund u tal-APS Regular Income Ethical Fund jinsabu taht Nota 10 f'paġna 36.

Diretturi

Id-Diretturi tal-Kumpanija li servew matul is-sena li tagħha qed jingħata rendikont huma elenkati f'paġna 6.

Awdituri

Il-ħatra ta' Deloitte Audit Limited bħala Awditur trid tiġi approvata f'din il-Laqqgħa Ġenerali Annwali.

F'isem il-Bord



Dr. Mario Felice
Chairman



Mr. George Cassola
Direttur



Mr. Joseph Portelli
Direttur

10 ta' Marzu 2017

Statement of Directors' Responsibilities

The Directors are required by the Companies Act [Cap. 386 of the Laws of Malta] to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial period and of the profit or loss for that period.

In preparing the financial statements, the Directors are responsible for:

- (i) ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- (ii) selecting and applying appropriate accounting policies;
- (iii) making accounting estimates that are reasonable in the circumstances;
- (iv) ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act [Cap. 386 of the Laws of Malta]. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

to the Shareholders of APS Funds SICAV p.l.c.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of APS Funds SICAV p.l.c. ("the Company"), set on pages 22 to 44, which comprise the statements of financial position as at 31 December 2016 and the statements of comprehensive income, the statements of changes in net assets attributable to shareholders and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 statements.

Independent Auditor's Report *(continued)* to the Shareholders of APS Funds SICAV p.l.c.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, 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 Company's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

We also provide Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Matters on which we are required to report by the Companies Act

We are required to express an opinion as to whether the directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the directors' report has been prepared in accordance with the Companies Act.

We also have responsibilities under the Companies Act to report to you if in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

The partner in charge of the audit resulting in this independent auditor's report is Anthony Doublet for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants

10 March 2017



Rapport tal-Awditur Indipendenti

lill-Azzjonisti tal-APS Funds SICAV p.l.c.

Rapport dwar il-verifika tar-rapporti finanzjarji

Opinjoni

Ivverifikajna r-rapporti finanzjarji tal-APS Funds SICAV p.l.c (il-“Kumpanija”) li jidhru f’paġni 22 sa 44, u li jikkonsistu fir-rapporti tal-pożizzjoni finanzjarja fil-31 ta’ Diċembru 2016 u r-rapporti tad-dhul kumplessiv, ir-rapporti tat-tibdil fl-assi netti attribwibbli lill-azzjonisti, u r-rapporti tal-flussi tal-flus għas-sena li għalqet f’ dik id-data, u n-noti għar-rapporti finanzjarji, inkluż is-sommarju tal-politika sinifikanti tal-kontabilità.

Fl-opinjoni tagħna, ir-rapporti finanzjarji li hawn ma’ dan ir-rapport jagħtu stampa reali u korretta tal-pożizzjoni finanzjarja tal-Kumpanija fil-31 ta’ Diċembru 2016, u tar-riżultati finanzjarji u l-flussi tal-flus tagħha għas-sena li għalqet f’ dik id-data, skont l-Istandards Internazzjonali tar-Rappurtar Finanzjarju kif adottati mill-Unjoni Ewropea (l-“IFRS”) u l-Att dwar il-Kumpaniji, Kap. 386 tal-Liġijiet ta’ Malta (l-“Att dwar il-Kumpaniji”).

Baži għall-opinjoni

Wettaqna l-verifika tagħna abbaži tal-Istandards Internazzjonali tal-Verifika (ISAs). Ir-responsabbiltajiet tagħna skont dawk l-istandards huma spjegati aktar fil-parti ta’ dan ir-rapport intitolata *Ir-responsabbiltajiet tal-Awditur għall-verifika tar-rapporti finanzjarji*. Ahna indipendenti mill-Kumpanija, skont ma jitlob il-Code of Ethics for Professional Accountants tal-International Ethics Standards Board for Accountants (il-Kodiċi tal-IESBA) u skont ma jitolbu r-rekwiżiti etiċi tad-Direttiva Nru 2 *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* maħruġa skont l-Att dwar il-Professjoni tal-Accountancy Kap. 281 tal-Liġijiet ta’ Malta sa fejn dawn huma rilevanti għall-verifika tagħna tar-rapporti finanzjarji. Ahna onorajna r-responsabbiltajiet etiċi l-oħra tagħna skont dawn ir-rekwiżiti u skont il-kodiċi tal-IESBA. Jidhrilna li l-evidenza li għarna għall-iskop tal-verifika tagħna hija adattata u biżżejjed biex tippovdi baži għall-opinjoni tagħna.

Materji ewlenin tal-verifika

Il-materji ewlenin tal-verifika huma dawk il-ħwejjeġ li, fil-fehma professjonali tagħna, kienu l-aktar ta’ sinjifikat fil-verifika tar-rapporti finanzjarji tal-perijodu attwali. Ahna ddeterminajna li ma kienx hemm materji ewlenin tal-verifika x’nikkomunikaw fir-rapport tagħna.

Informazzjoni oħra

L-informazzjoni l-oħra mogħtija taq’ taħt ir-responsabbiltà tad-diretturi. L-informazzjoni l-oħra tikkonsisti mill-informazzjoni li hemm fir-Rapport Annwali, ħlief ir-rapporti finanzjarji u r-rapport tal-verifika tagħna fuqhom.

L-opinjoni tagħna fuq ir-rapporti finanzjarji ma tkoprix l-informazzjoni l-oħra, u ahna m’ahna nesprimu ebda forma ta’ konklużjoni assigurattiva dwar l-informazzjoni l-oħra ħlief meta nirrapportaw dwar rekwiżiti oħra legali u regolatorji.

Għar-rigward tal-verifika tagħna tar-rapporti finanzjarji, ir-responsabbiltà tagħna hi li naqraw l-informazzjoni l-oħra u fil-proċess inqisu jekk dik l-informazzjoni l-oħra hijiex materjalment inkonsistenti mar-rapporti finanzjarji jew mat-tagħrif li nkunu ksibna fil-verifika jew jekk tidhirx b’xi mod ieħor li hi materjalment żbaljata. Jekk nikkonkludu, abbaži tax-xogħol li nkunu għamilna, li hemm xi informazzjoni oħra materjalment żbaljata, ahna obbligati li nirrapportaw dak il-fatt. M’għandna xejn x’nirrapportaw f’dan ir-rigward.

Responsabbiltajiet tad-diretturi għar-rapporti finanzjarji

Id-diretturi huma responsabbli għall-preparazzjoni u l-prezentazzjoni ġusta tar-rapporti finanzjarji skont ma jitolbu l-IFRS u l-Att dwar il-Kumpaniji, u għall-kontroll intern skont ma jidhrilhom neċessarju biex ir-rapporti finanzjarji jkunu jistgħu jigu ppreparati ħielsa minn kull dikjarazzjoni materjalment żbaljata, sew jekk tkun kawża ta’ frodi jew ta’ żbalji.

Fil-preparazzjoni tar-rapporti finanzjarji, id-diretturi għandhom ir-responsabbiltà li jevalwaw jekk il-Kumpanija għandhiex il-kapaċità li tibqa’ topera bħala negozju avvjat, u li jiżvelaw, skont il-każ, materji relatati man-negozju avvjat, u li jikkontabilizzaw fuq il-baži ta’ negozju avvjat sakemm id-diretturi ma jkollhomx ħsieb li jillikwidaw il-Kumpanija jew li jwaqqfu l-operat tagħha jew ma jkollhom ebda alternattiva realistika ħlief li jagħmlu hekk.

Ir-responsabbiltajiet tal-Awditur għall-verifika tar-rapporti finanzjarji

Il-mira tagħna hi li jkollna assigurazzjoni raġonevoli dwar jekk ir-rapporti finanzjarji, fit-totalità tagħhom, humiex ħielsa minn kwalunkwe dikjarazzjoni li hi materjalment żbaljata, sew jekk kawża ta’ frodi jew ta’ żbalji, u li noħoġu rapport tal-awditur li jkun jagħti l-opinjoni tagħna. L-assigurazzjoni raġonevoli hija assigurazzjoni ta’ livell għoli, imma mhijiex garanzija li verifika li tkun saret skont l-ISAs se tiskopri kull dikjarazzjoni materjalment żbaljata li jista’ jkun hemm. Dikjarazzjonijiet żbaljati jistgħu jkunu kkawżati minn frodi jew minn żbalji ġenwini u jkunu meqjusa materjali jekk, kull waħda waħedha jew kollha flimkien, wieħed jista’ raġonevolment jobsor li jistgħu jinfluwenzaw id-deċiżjonijiet ekonomiċi li l-utenti jieħdu abbaži ta’ dawn ir-rapporti finanzjarji.



Rapport tal-Awditur Indipendenti *(ikompli)*

lill-Azzjonisti tal-APS Funds SICAV p.l.c.

Meta nagħmlu verifika skont l-ISAs, aħna neżerċitaw ġudizzju professjonali u nżommu xetticiżmu professjonali matul ix-xogħol kollu tal-verifika. Barra minn hekk:

- nidentifikaw u nevalwaw ir-riskji li jkun hemm xi dikjarazzjonijiet materjalment żbaljati fir-rapporti finanzjarji, sew jekk kawża ta' frodi jew ta' żbalji; infasslu u nħaddmu proċeduri ta' verifika li jwieġbu għal dawk ir-riskji; u niġbru evidenza għall-iskop tal-verifika li tkun adattata u biżżejjed biex tippovdi bażi għall-opinjoni tagħna. Ir-riskju li dikjarazzjoni materjalment żbaljata ma tinqabadx huwa akbar meta din issir bi frodi milli bi żball, għaliex il-frodi jista' jinvolvi kollużjoni, falsifikazzjoni, omissjonijiet intenzjonati, rappreżentazzjonijiet foloz, jew it-twarrib ta' kontrolli interni.
- nakkwistaw idea ċara tas-sistema ta' kontroll intern, sa fejn ikun rilevanti għall-verifika, biex inkunu nistgħu nfaslu proċeduri ta' verifika li huma adattati għaċ-ċirkostanzi, imma mhux għall-iskop li nesprimu xi opinjoni dwar l-effettività tal-kontroll intern tal-Kumpanija.
- nagħmlu evalwazzjoni ta' kemm hija f'waqtha l-politika tal-kontabilità adottata u ta' kemm huma raġonevoli l-istimi kontabilistiċi magħmula mid-diretturi u l-informazzjoni relatata li tiġi żvelata minnhom.
- naslu għal konklużjoni dwar jekk huwiex f'waqtu li d-diretturi jużaw il-baži tal-kontabilità ta' negozju avvjat u, abbażi tal-evidenza li nkunu għarna għall-iskop tal-verifika, nikkonkludu jekk teżistix xi incertezza materjali marbuta ma' grajjiet u kundizzjonijiet li jistgħu joħolqu dubju serju dwar il-kapaċità tal-Kumpanija li tibqa' topera bħala negozju avvjat. F'każ li nikkonkludu li teżisti incertezza materjali, aħna obbligati li fir-rapport tagħna niġbdu l-attenzjoni għall-informazzjoni relatata li tkun żvelata fir-rapporti finanzjarji jew, jekk l-informazzjoni żvelata ma tkunx biżżejjed, ikollna nimmodifikaw l-opinjoni tagħna. Il-konklużjonijiet tagħna huma bbażati fuq l-evidenza tal-verifika li nkunu għarna sad-data li fiha niffirmaw ir-rapport tagħna. Madankollu, grajjiet jew kundizzjonijiet li jiġu wara jistgħu jwasslu l-Kumpanija li tiegħa topera bħala negozju avvjat.
- nevalwaw il-preżentazzjoni, l-istruttura u l-kontenut ġenerali tar-rapporti finanzjarji, inkluża l-informazzjoni żvelata, u jekk ir-rapporti finanzjarji jirrapprezentawx it-transazzjonijiet u l-avvenimenti li fuqhom huma msejsa b'tali mod li l-preżentazzjoni tagħhom hija ġusta.

Nikkomunikaw mad-Diretturi dwar materji varji, fosthom il-pjan dwar il-firxa u ż-żmien tal-verifika u dwar is-sejbiet l-aktar importanti tal-verifika, inklużi xi nuqqasijiet serji fil-kontroll intern li nkunu sibna waqt il-verifika.

Nippovdu wkoll dikjarazzjoni lid-Diretturi li nkunu żammejna konformi mar-rekwiżiti etici rilevanti dwar l-indipendenza, u nikkomunikawhom kwalunkwe relazzjoni jew materja oħra li tista' raġonevolment tidher li jista' jkollha impatt fuq l-indipendenza tagħna, flimkien mas-salvagwardji relatati li nkunu adottajna, fejn ikun il-każ.

Mill-materji li nkunu kkomunikajna mad-Diretturi, niddeterminaw dawk il-materji li l-aktar huma ta' sinjifikat fil-verifika tar-rapporti finanzjarji tal-perijodu attwali u li għaldaqstant huma l-materji ewlenin tal-verifika. Dawn il-materji niktbu dwarhom fir-rapport tal-awditur, sakemm ma jkunx hemm liġi jew regolament li jipprekludu li xi materja tiġi żvelata fil-pubbliku, jew ma niddeċidux, kif jista' jiġri f'ċirkostanzi estremament rari, li xi materja m'għandhiex tissemma fir-rapport tagħna minhabba li dan jista' jiġib konsegwenzi negattivi li jkun raġonevolment mistennija li jegħlbu l-benefiċċji għall-interess pubbliku ta' tali komunikazzjoni.

Rapport dwar rekwiżiti oħra legali u regolatorji

Materji li dwarhom aħna obbligati nirrappurtaw taħt l-Att dwar il-Kumpaniji

Aħna obbligati nesprimu opinjoni dwar jekk ir-rapport tad-diretturi kien ippreparat skont ir-rekwiżiti legali li japplikaw. Fl-opinjoni tagħna, ir-rapport tad-diretturi kien ippreparat b'konformità mal-Att dwar il-Kumpaniji.

Għandna wkoll ir-responsabbiltà taħt l-Att dwar il-Kumpaniji li nirrappurtawkom jekk fl-opinjoni tagħna:

- il-kotba tal-kontijiet ma nżammux kif suppost;
- ir-rapporti finanzjarji ma jaqblux mal-kotba tal-kontijiet;
- ma ngħatajnex l-informazzjoni u l-ispjegazzjonijiet kollha li kellna bżonn għall-verifika tagħna.

M'għandna xejn x'irrappurtawkom għar-rigward ta' dawn ir-responsabbiltajiet.

Is-soċju responsabbli mill-verifika li fuqha qed isir dan ir-rapport tal-awditur indipendenti huwa Anthony Doublet f'isem

Ernst & Young Malta Limited
Certified Public Accountants

10 ta' Marzu 2017

Report of the Custodian

We, Bank of Valletta p.l.c., as Custodian to the APS Funds SICAV p.l.c. ("the Company") hereby confirm that having enquired into the conduct of the Manager during the year ended 31 December 2016, it is our opinion that during this year, the Company and its Funds have been managed:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Scheme by the Constitutional Documents and by the Malta Financial Services Authority; and
- (ii) otherwise in accordance with the provisions of the Constitutional Documents and the Fund's Licence Conditions.

Bank of Valletta p.l.c.
BOV Centre,
Cannon Road,
Sta Venera SVR 9030
Malta

10 March 2017

Statements of Financial Position

as at 31 December 2016

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	31.12.2016 €	31.12.2015 €	31.12.2016 €	31.12.2015 €	31.12.2016 €	31.12.2015 €
Assets						
Financial assets at fair value through profit or loss (note 5a)	80,864,160	77,582,998	61,477,934	60,058,200	19,386,226	17,524,798
Other investments						
- term deposits (note 5b)	24,690,516	10,551,482	19,501,157	7,099,144	5,189,359	3,452,338
Accrued income	1,162,894	1,004,784	880,970	787,986	281,924	216,798
Other receivables	122,069	94,618	104,304	87,162	17,765	7,456
Cash and cash equivalents (note 13)	3,728,911	4,188,840	2,171,318	2,588,698	1,556,393	1,598,942
Total assets	110,568,550	93,422,722	84,135,683	70,621,190	26,431,667	22,800,332
Liabilities						
Accrued expenses (note 6)	405,315	322,404	313,184	253,210	92,131	69,194
Other creditors (note 6)	41,921	42,108	-	-	41,921	42,108
	447,236	364,512	313,184	253,210	134,052	111,302
	110,121,314	93,058,210	83,822,499	70,367,980	26,297,615	22,689,030
Represented by:						
Net assets attributable to shareholders	110,121,314	93,058,210	83,822,499	70,367,980	26,297,615	22,689,030

Statements of Financial Position *(continued)*

as at 31 December 2016

	APS Funds SICAV p.l.c. Combined Statement	APS Income Fund	APS Regular Income Ethical Fund
Salient Statistics			
Shares in issue as at 31 December 2016			
Founder Shares	1,200.000	-	-
Accumulator	98,533.722	98,533.722	-
Distributor	522,384.961	522,384.961	-
Accumulator - Class A	3,029,467.145	-	3,029,467.145
Distributor - Class B	7,576,230.378	-	7,576,230.378
Accumulator - Class C	2,906,943.584	-	2,906,943.584
Distributor - Class D	8,404,395.878	-	8,404,395.878
	€	€	€
Net asset value as at 31 December 2016	110,121,314	83,822,499	26,297,615
Net asset value as at 31 December 2015	93,058,210	70,367,980	22,689,030
Net asset value as at 31 December 2014	68,680,197	52,876,218	15,802,779
Net asset value per Accumulator share as at 31 December 2016 (note 8)		172.3487	-
Net asset value per Distributor share as at 31 December 2016 (note 8)		127.9522	-
Net asset value per Accumulator Class A share as at 31 December 2016 (note 8)		-	1.3297
Net asset value per Distributor Class B share as at 31 December 2016 (note 8)		-	1.1521
Net asset value per Accumulator Class C share as at 31 December 2016 (note 8)		-	1.3279
Net asset value per Distributor Class D share as at 31 December 2016 (note 8)		-	1.1517
Net asset value per Accumulator share as at 31 December 2015 (note 8)		163.8076	-
Net asset value per Distributor share as at 31 December 2015 (note 8)		125.1530	-
Net asset value per Accumulator shares as at 31 December 2014 (note 8)		142.9514	-
Net asset value per Distributor shares as at 31 December 2014 (note 8)		113.0089	-
Net asset value per Accumulator Class A share as at 31 December 2015 (note 8)		-	1.2738
Net asset value per Distributor Class B share as at 31 December 2015 (note 8)		-	1.1324
Net asset value per Accumulator Class C share as at 31 December 2015 (note 8)		-	1.2729
Net asset value per Distributor Class D share as at 31 December 2015 (note 8)		-	1.1325
Net asset value per Accumulator Class A share as at 31 December 2014 (note 8)		-	1.2415
Net asset value per Distributor Class B share as at 31 December 2014 (note 8)		-	1.1432
Net asset value per Accumulator Class C share as at 31 December 2014 (note 8)		-	1.2414
Net asset value per Distributor Class D share as at 31 December 2014 (note 8)		-	1.1438

These financial statements on pages 22 to 44 were authorised for issue by the Board of Directors on the 10 March 2016 and were signed on its behalf by:



Dr. Mario Felice
Chairman



Mr. George Cassola
Director



Mr. Joseph Portelli
Director

Statements of Changes in Net Assets Attributable to Shareholders

for the year ended 31 December 2016

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	31.12.2016 €	31.12.2015 €	31.12.2016 €	31.12.2015 €	31.12.2016 €	31.12.2015 €
As at 1 January	93,058,210	68,680,197	70,367,980	52,876,218	22,689,030	15,802,779
Issue of shares	17,037,100	20,823,297	13,415,767	13,540,012	3,621,333	7,283,285
Redemption of shares	(2,842,245)	(2,738,335)	(2,175,870)	(2,517,335)	(666,375)	(221,000)
Net equalisation	82,272	127,625	67,137	66,880	15,135	60,745
Net increase in Net Assets during the year	<u>2,785,977</u>	<u>6,165,426</u>	<u>2,147,485</u>	<u>6,402,205</u>	<u>638,492</u>	<u>(236,779)</u>
As at 31 December	<u>110,121,314</u>	<u>93,058,210</u>	<u>83,822,499</u>	<u>70,367,980</u>	<u>26,297,615</u>	<u>22,689,030</u>

Statements of Comprehensive Income

for the year ended 31 December 2016

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	31.12.2016 €	31.12.2015 €	31.12.2016 €	31.12.2015 €	31.12.2016 €	31.12.2015 €
Income						
Net gain on financial assets at fair value through profit or loss (note 5a)	5,458,161	8,682,841	4,235,872	8,238,799	1,222,289	444,042
Interest income	402,908	311,727	339,891	266,467	63,017	45,260
Dividend income	751,431	676,083	595,472	606,999	155,959	69,084
	6,612,500	9,670,651	5,171,235	9,112,265	1,441,265	558,386
Expenses						
Management fee (note 9a)	820,441	664,490	586,139	475,585	234,302	188,905
Administration fee (note 9b)	73,736	68,111	42,115	42,000	31,621	26,111
Custodian fee (note 9c)	38,866	33,861	24,755	20,371	14,111	13,490
Transaction costs	25,702	26,357	20,205	13,145	5,497	13,212
Legal and professional fees	28,604	12,248	20,790	8,921	7,814	3,327
Directors' remuneration	19,491	10,915	14,849	8,218	4,642	2,697
Audit fee (note 9d)	9,440	9,440	7,185	7,138	2,255	2,302
Publicity, printing and publishing costs	62,289	27,013	42,561	19,944	19,728	7,069
Compliance fees	1,972	5,428	1,509	2,714	463	2,714
General administrative costs	113,664	32,319	104,875	25,722	8,789	6,597
	1,194,205	890,182	864,983	623,758	329,222	266,424
Net income	5,418,295	8,780,469	4,306,252	8,488,507	1,112,043	291,962
Finance costs - distributions to shareholders (note 10)	(2,180,984)	(2,170,019)	(1,732,392)	(1,653,369)	(448,592)	(516,650)
Tax expense on income (note 11)	(451,334)	(445,024)	(426,375)	(432,933)	(24,959)	(12,091)
Net increase in net assets during the year	2,785,977	6,165,426	2,147,485	6,402,205	638,492	(236,779)

Statements of Cash Flows

for the year ended 31 December 2016

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	31.12.2016 €	31.12.2015 €	31.12.2016 €	31.12.2015 €	31.12.2016 €	31.12.2015 €
Cash flows from operating activities						
Interest received	2,813,547	2,734,353	2,247,823	2,032,549	565,724	701,804
Dividend income received	769,951	527,280	626,423	462,071	143,528	65,209
Operating expenses paid	(1,085,592)	(802,155)	(784,804)	(573,061)	(300,788)	(229,094)
Tax paid	(555,679)	(472,901)	(531,466)	(460,064)	(24,213)	(12,837)
Payments for purchase of financial investments	(52,909,031)	(32,696,125)	(36,359,747)	(16,281,188)	(16,549,284)	(16,414,937)
Proceeds from sale of financial investments	38,410,919	16,459,711	24,809,749	7,066,223	13,601,170	9,393,488
Net cash used in operating activities	(12,555,885)	(14,249,837)	(9,992,022)	(7,753,470)	(2,563,863)	(6,496,367)
Cash flows from financing activities						
Amounts received on creation of shares	17,119,372	21,039,586	13,482,904	13,634,528	3,636,468	7,405,058
Amounts paid on redemption of shares	(2,842,245)	(2,750,052)	(2,175,870)	(2,528,912)	(666,375)	(221,140)
Distributions paid	(2,181,171)	(2,153,006)	(1,732,392)	(1,657,184)	(448,779)	(495,822)
Net cash generated from financing activities	12,095,956	16,136,528	9,574,642	9,448,432	2,521,314	6,688,096
Movements in cash & cash equivalents	(459,929)	1,886,691	(417,380)	1,694,962	(42,549)	191,729
Cash and cash equivalents at beginning of year	4,188,840	2,302,149	2,588,698	893,736	1,598,942	1,407,213
Cash & cash equivalents at end of year	3,728,911	4,188,840	2,171,318	2,588,698	1,556,393	1,598,942

Notes to the Financial Statements

1. CORPORATE INFORMATION

APS Funds SICAV p.l.c. (“the Company”) is an open-ended investment company and was incorporated as a public company with limited liability in Malta on 24 January 2008. The Company consists of two Funds, the APS Income Fund and APS Regular Income Ethical Fund (“the Sub-Funds”) licensed by the Malta Financial Services Authority as a Collective Investment Scheme under the Investment Services Act [Cap. 370 of the Laws of Malta]. The APS Income Fund was launched on 22 April 2008 and the APS Regular Income Ethical Fund was launched on 24 May 2012. Only the shares of the APS Income Fund are listed on the Official List of the Malta Stock Exchange.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted for use in the European Union, and comply with the Companies Act, [Cap. 386 of the Laws of Malta]. They have also been prepared in accordance with the requirements of the Malta Financial Services Authority’s Investment Services Rules for Retail Collective Investment Schemes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss.

In line with International Financial Reporting Standards, the Company presents its statement of financial position in liquidity order rather than split between current and non-current, since this presentation is reliable and more relevant to this Company. This presentation is also in line with the terms of Section 3(3) of the Third Schedule of the Companies Act, [Cap. 386 of the Laws of Malta].

Financial assets at fair value through profit or loss are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in accordance to the Investment Manager’s recommendations. All other assets and liabilities are expected to be realised within one year.

The Company maintains a separate account for each sub-Fund, to which proceeds are credited, and against which expenses are charged. Upon redemption, shareholders are entitled only to their proportion of the net assets held in the account relating to the Fund in which their participating shares are designated. Separate Statements of Financial Position, Statements of Changes in Net Assets attributable to Shareholders of Redeemable Shares, Statements of Comprehensive Income and Statements of Cash Flows have accordingly been prepared for each Sub-Fund. All references to net assets throughout this document refer to net assets attributable to holders of redeemable shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interest income

Interest income for all interest bearing financial instruments not classified as at fair value through profit or loss is recognised in the statement of comprehensive income using the effective interest method.

Dividend income

Dividend income is recognised, when the Company’s right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

Net gain or loss on financial assets at fair value through profit or loss

This item includes changes in the fair value of financial assets designated upon initial recognition as at fair value through profit or loss and interest income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period.

Realised gains and losses on disposal of financial instruments classified as at fair value through profit or loss are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument’s initial carrying amount and disposal amount.

Expenses

Expenses are recognised on an accrual basis.

Notes to the Financial Statements *(continued)*

Foreign exchange translation

The Company's and the Sub-Funds' functional currency is the Euro, which is the currency of the primary economic environment in which they operate. Transactions carried out during the year, including purchases and sales of financial assets, in currencies other than the functional currency, are translated at the rate of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Foreign currency transaction gains and losses on financial assets classified as at fair value through profit or loss are included in the statement of comprehensive income as part of the "net gains or losses on financial assets at fair value through profit or loss".

Distribution policy

In the absence of unforeseen circumstances, subject to the availability of distributable profits and in the absence of exceptional market conditions, the Directors expect to distribute to shareholders, on a bi-annual basis and after the deduction of expenses, part or all of the net income available for distribution by the APS Income Fund and the APS Regular Income Ethical Fund Distributable Classes. Any undistributed income will be reflected in the net asset value per share of the Sub-Funds. Distributions are classified as finance costs in the Statement of Comprehensive Income and are recognised in the accounting year in which they are paid.

Equalisation

In the case of distributor shares, the Company operates an equalisation account to ensure that the amount distributed in respect of each share will be the same for all shares notwithstanding different dates of issue of those shares. Accordingly, a sum equal to that part of the issue/redemption price of a share, which reflects income (if any) accrued up to the date of issue/redemption, will be deemed to be an equalisation payment/charge and credited (in the case of share issues)/debited (in the case of share redemptions) by the Directors to the equalisation account. Part of the first distribution to holders of shares in respect of which equalisation payments are made, will be paid out of the equalisation account.

Financial Assets

Classification

The Company classifies its financial assets in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The classification depends on the purpose for which the investments were acquired. The Directors determine the appropriate classification of investments at the time of purchase and re-evaluate such designation at the reporting date.

- Financial assets at fair value through profit or loss are those that are designated by the Directors at fair value through profit or loss upon initial recognition. These include equity securities and debt instruments that are not held for trading, which are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's documented investment strategy.
- Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Loans and receivables consist of term-deposits held with credit institutions, accrued income and other short-term receivables.

Initial measurement

Purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets at fair value through profit or loss are initially recognised at the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Loans and receivables are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Notes to the Financial Statements *(continued)*

Subsequent measurement

After initial measurement, Company measures financial instruments which are classified as at fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments and interest income are recorded in the "Net gain or loss on financial assets at fair value through profit or loss". Dividend income of such instruments is recorded separately in "Dividend Income".

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains or losses are recognised in profit or loss, when loans and receivables are derecognised or impaired.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or the Company has transferred its rights to receive cash flows from the asset; and either:

- The Company has transferred substantially all the risks and rewards of the asset
- The Company has transferred the control over the asset.

Fair Value Measurement

The Company measures its financial instruments, such as equities and interest bearing investments, at fair value at each reporting date.

The fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments traded in active markets at the reporting date is based on their quoted price.

All financial assets and liabilities for which fair value is measured and disclosed in financial statements are categorised within the fair value hierarchy, described as follows, based on lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (Unadjusted) market prices in active market for identical assets and liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Impairment

The Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

Share capital

The share capital of the Sub-Funds is redeemable at the shareholders' option and is classified as a financial liability. The shares can be put back to the Sub-Funds at any dealing day for cash equal to a proportionate share of the Sub-Funds' net asset value.

Notes to the Financial Statements *(continued)*

The share capital is carried at the redemption amount that is payable at the balance sheet date if the shareholder exercised its right to put the share back to the Fund. Such net asset value per share would be payable in the case where the balance sheet date is a dealing day.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise only deposits held at call with banks, that are readily convertible to the known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flow, cash and cash equivalents are presented net of outstanding bank overdraft, when applicable.

Significant accounting judgements, estimates and assumptions

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Judgements, estimates and assumptions are continually evaluated and based on experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Functional currency

The primary objective of the Fund is to generate returns in euro, its capital-raising currency. The liquidity of the Fund is managed on a day-to-day basis in euros in order to handle the issue, acquisition and resale of the Fund's redeemable shares. The Fund's performance is evaluated in euro. Therefore, the management considers the euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of International Accounting Standard ("IAS") 1 (revised).

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

a) Standards, interpretations and amendments to published standards as endorsed by the European Union which are effective in the current year

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective during the year:

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities - Applying the Consolidation Exemption (effective for financial year beginning on or after 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective for financial year beginning on or after 1 January 2016)
- Amendments to IAS 1: Disclosure Initiative (effective for financial year beginning on or after 1 January 2016)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective for financial year beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38: Clarifications of Acceptable Methods of Depreciation and Amortization (effective for financial year beginning on or after 1 January 2016)

Notes to the Financial Statements *(continued)*

- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective for financial year beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective for financial year beginning on or after 1 January 2016).

The adoption of these standards did not have significant impact on the financial statements or performance of the Company.

b) Standards, interpretations and amendments to published standards as adopted by the EU which are not yet effective

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published which are not yet effective for the current reporting year and which the Company has not early adopted, but plans to adopt upon their effective date. The changes resulting from these standards are not expected to have a material effect on the financial statements of the Company. The new and amended standards follow:

- IFRS 9 Financial instruments (effective for financial year beginning on or after 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 (effective for financial year beginning on or after 1 January 2018)

IFRS 9 Financial Instruments: Classification and Measurement

The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The amendment has not yet been endorsed by the EU.

c) Standards, interpretations and amendments that are not yet endorsed by the EU

- IFRS 14 Regulatory Deferral Accounts (effective for financial year beginning on or after 1 January 2016)
- IFRS 16 Leases (effective for financial year beginning on or after 1 January 2019)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (deferred indefinitely)
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses (effective for financial year beginning on or after 1 January 2017)
- Amendments to IAS 7: Disclosure Initiative (effective for financial year beginning on or after 1 January 2017)
- Clarifications to IFRS 15: Revenue from Contracts with Customers (effective for financial year beginning on or after 1 January 2018)
- Amendments to IFRS 2: Clarification and Measurement of Share-based Payment Transactions (effective for financial year beginning on or after 1 January 2018)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for financial year beginning on or after 1 January 2018)
- Annual Improvement to IFRS Standards 2014-2016 Cycle (effective for financial year beginning on or after 1 January 2018 and 1 January 2017)
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective for financial year beginning on or after 1 January 2018)
- Amendments to IAS 40: Transfers of Investment Property (effective for financial year beginning on or after 1 January 2018)

Notes to the Financial Statements *(continued)*

5 (a). FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

APS Income Fund

	Fair value 31.12.16 €	% of net assets	Fair value 31.12.15 €	% of net assets
Quoted Local Equities	18,502,271	22.07	13,409,180	19.05
Quoted Local Corporate Bonds	19,179,410	22.88	14,029,231	19.94
Quoted Malta Government Stocks	16,754,927	19.99	24,254,593	34.47
Quoted Foreign Bonds	7,041,326	8.40	8,365,196	11.89
	<u>61,477,934</u>	<u>73.34</u>	<u>60,058,200</u>	<u>85.35</u>

APS Regular Income Ethical Fund

	Fair value 31.12.16 €	% of net assets	Fair value 31.12.15 €	% of net assets
Quoted Foreign Equities	5,737,410	21.82	4,182,237	18.43
Quoted Malta Government Stocks	381,810	1.45	1,245,193	5.49
Quoted Foreign Bonds	12,559,275	47.76	11,438,290	50.41
Quoted Collective Investment Scheme	707,731	2.69	659,078	2.91
	<u>19,386,226</u>	<u>73.72</u>	<u>17,524,798</u>	<u>77.24</u>

Fair value hierarchy

IFRS 13 requires disclosures relating to fair value measurements using the three-level fair value hierarchy. The level within the fair value measurement is categorised in its entirety and is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial instruments recognised at fair value are categorised between those whose fair value is based on:

- Level 1 - Quoted (Unadjusted) market prices in active market for identical assets and liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When fair values of publicly traded financial assets are based on quoted market prices the instruments are included within Level 1 of the hierarchy. As at 31 December 2016 and 2015 all financial assets of the Company, which are classified as at fair value through profit or loss are Level 1 in the above hierarchy.

Notes to the Financial Statements *(continued)*

Valuation techniques

The net gain in fair value of financial assets at fair value through profit or loss is made up of:

	APS Income Fund		APS Regular Income Ethical Fund	
	31.12.16	31.12.15	31.12.16	31.12.15
	€	€	€	€
Realised gain	1,847,300	243,280	57,370	20,644
Unrealised gain/ (loss)	282,110	6,136,517	580,938	(167,798)
Interest income	2,000,129	1,832,055	564,934	601,105
Foreign exchange gain/ (loss)	106,333	26,947	19,047	(9,909)
	<u>4,235,872</u>	<u>8,238,799</u>	<u>1,222,289</u>	<u>444,042</u>

5 (b). OTHER INVESTMENTS - TERM DEPOSITS

APS Income Fund

	Fair value	% of net	Fair value	% of net
	31.12.16	assets	31.12.15	assets
	€		€	
Term Deposits maturing within 1 year	17,495,303	20.87	500,000	0.71
Term Deposits maturing in more than 1 year	2,005,854	2.40	6,599,144	9.38
	<u>19,501,157</u>	<u>23.27</u>	<u>7,099,144</u>	<u>10.09</u>

The APS Income Fund had six (2015: five) structured term deposit accounts where the interest rate payable was wholly or partially linked to the performance of a combination of a number of indices or direct equities.

APS Regular Income Ethical Fund

	Fair value	% of net	Fair value	% of net
	31.12.16	assets	31.12.15	assets
	€		€	
Term Deposits maturing within 1 year	5,189,359	19.73	1,350,000	5.95
Term Deposits maturing in more than 1 year	-	-	2,102,338	9.27
	<u>5,189,359</u>	<u>19.73</u>	<u>3,452,338</u>	<u>15.22</u>

Notes to the Financial Statements *(continued)*

6. ACCRUED EXPENSES AND OTHER CREDITORS

	APS Income Fund		APS Regular Income Ethical Fund	
	31.12.16 €	31.12.15 €	31.12.16 €	31.12.15 €
Unpaid management fees	154,746	130,647	64,186	53,191
Unpaid administration fees	10,587	10,586	8,638	7,159
Unpaid custodian fees	6,189	5,226	2,602	2,521
Other unpaid expenses	141,662	106,751	16,705	6,323
Accrued expenses	313,184	253,210	92,131	69,194
Withholding tax on distributions	-	-	41,921	42,108
Other creditors	-	-	41,921	42,108

7. SHARE CAPITAL

The Sub-Funds capital is represented by the redeemable shares of the unit holders with no par value and with each carrying one vote.

The authorised share capital of the Company is 500,001,200 shares. Each participating share which the Company issues is allocated to a class representing a particular Fund, with the exception of the initial issued share capital, (Founder shares) of €1,200 divided into 1,200 ordinary shares with no nominal value. These shares constitute a separate class of ordinary shares, being the founder shares, but do not constitute a distinct fund of the Company. All shares in issue of the APS Income Fund and APS Regular Income Ethical Fund are fully paid.

All shares may be issued and redeemed at prices based on the value of the Sub-Funds' net assets in accordance with its Articles of Association.

APS Income Fund	2016 Shares	2015 Shares
Shares in issue at the beginning of the year		
Accumulator shares	78,461.079	56,940.674
Distributor shares	459,560.808	395,866.723
Creation of Accumulator shares	24,379.191	25,936.328
Creation of Distributor shares	74,393.331	78,826.426
Redemption of Accumulator shares	(4,306.548)	(4,415.923)
Redemption of Distributor shares	(11,569.178)	(15,132.341)
Shares in issue at the end of the year		
Accumulator shares	98,533.722	78,461.079
Distributor shares	522,384.961	459,560.808

Notes to the Financial Statements *(continued)*

APS Regular Income Ethical Fund

	2016 Shares	2015 Shares
Shares in issue at the beginning of the year		
Class A Accumulator	2,453,919.279	2,189,134.333
Class B Distributor	6,820,388.315	6,402,638.873
Class C Accumulator	2,343,475.839	1,094,426.725
Class D Distributor	7,819,579.953	3,852,202.558
	<hr/>	<hr/>
Creation of Class A Accumulator shares	575,547.866	264,784.946
Creation of Class B Distributor shares	755,842.063	417,749.442
Creation of Class C Accumulator shares	735,099.877	1,355,008.519
Creation of Class D Distributor shares	992,099.866	4,041,048.415
Redemption of Class A Accumulator shares	-	-
Redemption of Class B Distributor shares	-	-
Redemption of Class C Accumulator shares	(171,632.132)	(105,959.405)
Redemption of Class D Distributor shares	(407,283.941)	(73,671.02)
	<hr/>	<hr/>
Shares in issue at the end of the year		
Class A Accumulator	3,029,467.145	2,453,919.279
Class B Distributor	7,576,230.378	6,820,388.315
Class C Accumulator	2,906,943.584	2,343,475.839
Class D Distributor	8,404,395.878	7,819,579.953

The Sub-Funds have no restrictions or specific capital requirements on the subscriptions and redemptions of shares.

The relevant monetary movements are shown in the Statement of Changes in Net Assets attributable to Shareholders.

8. NET ASSET VALUE PER SHARE

The net asset value per share of both the APS Income Fund and the APS Regular Income Ethical Fund is determined by dividing net assets attributable to a class by the number of shares in issue for the same class irrespective of the class being either an accumulation class or a distributor class.

The NAV per Redeemable Share Class is based on the net assets attributable to holders of each Class and on the number of shares in issue for each Class at the balance sheet date.

9. FEES

a) Management fee

Under the terms of an agreement dated 1 February 2008, (revised 28 May 2012) the Company appointed APS Bank Limited, to provide management services.

The Manager, APS Bank Limited, receives a management fee of 0.75% per annum of the net asset value of the APS Income Fund.

In the case of APS Regular Income Ethical Fund, the Manager receives a management fee of 0.93% per annum of the net asset value for Class A and Class B shares, and 1% per annum of the net asset value for Class C and Class D shares.

b) Administration fee

Under the terms of an agreement dated 1 February 2008 (revised 28 May 2012 and 22 October 2012) the Company appointed Valletta Fund Services Limited as Administrator to the Company to provide administration services.

Notes to the Financial Statements *(continued)*

The Administrator, Valletta Fund Services Limited, receives for its services, a fee calculated as 0.13% per annum of the net asset value of the APS Income Fund. This fee is subject to a minimum fee of €25,000 (2015: €25,000) per annum and a maximum fee of €42,000 (2015: €42,000) per annum.

In respect of the APS Regular Income Ethical Fund, the Administrator receives for its services a fee calculated as 0.13% per annum of the net asset value. This fee is subject to a minimum fee of €21,000 (2015: €21,000) per annum and a maximum fee of €38,000 (2015: €38,000) per annum.

c) *Custodian fee*

Under the terms of an agreement dated 1 February 2008 (revised 28 May 2012), the Company appointed Bank of Valletta p.l.c. as Custodian, to provide custody services. The Custodian receives a custody fee of 0.03% per annum of the net asset value of the APS Income Fund with a minimum annual fee of €11,000 (2015: €11,000) and no maximum fee applicable.

The Custodian receives a custody fee of 0.03% per annum of the net asset value of the APS Regular Income Ethical Fund with a minimum annual fee of €10,000 (2015: €10,000).

d) *Auditor's remuneration*

Fees charged by the auditor for services rendered during the financial year ended 31 December, relate to:

	2016	2015
	€	€
Annual statutory fee	9,440	9,440
Tax compliance services	673	673
	<u>10,113</u>	<u>10,113</u>

10. DIVIDEND DISTRIBUTION

Distributions reflected in the Statement of Comprehensive Income for the year ended 31 December 2016:

APS Income Fund - Distributor Shares

	<i>Ex-dividend date</i>	<i>Rate per Share</i>	<i>Distribution paid</i>
	31 December 2015	1.8382	844,765
	28 June 2016	1.7616	887,627

APS Regular Income Ethical Fund - Distributor Shares

	<i>Ex-dividend date</i>	<i>Rate per Share</i>	<i>Distribution paid</i>
B Class	31 March 2016	0.01366	103,460
D Class	31 March 2016	0.01355	109,560
B Class	25 September 2016	0.01493	113,096
D Class	25 September 2016	0.01483	122,476

Distributions reflected in the Statement of Comprehensive Income for the year ended 31 December 2015:

APS Income Fund - Distributor Shares

	<i>Ex-dividend date</i>	<i>Rate per Share</i>	<i>Distribution paid</i>
	31 December 2014	1.9026	753,176
	30 June 2015	2.0688	900,193

Notes to the Financial Statements *(continued)*

APS Regular Income Ethical Fund - Distributor Shares

	<i>Ex-dividend date</i>	<i>Rate per Share</i>	<i>Distribution paid</i>
B Class	31 March 2015	0.02299	154,758
D Class	31 March 2015	0.02288	118,470
B Class	25 September 2015	0.01795	120,862
D Class	25 September 2015	0.01786	122,560

A final dividend of €1.64986 per share which amounted to a distribution of €861,862 was declared by the Directors on 31 December 2016 with respect to the distributor shares of the APS Income Fund. This distribution will be reflected in the Statement of Comprehensive Income for the year ending 31 December 2017.

11. TAX EXPENSE

The tax regime for collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001 as amended. In general, a prescribed fund is defined as a resident fund, which has declared that the value of its assets situated in Malta amount to at least 85% of the value of the total assets of the fund.

The APS Income Fund is classified as a prescribed fund for income tax purposes, and would be subject to Maltese tax on its investment income as defined in the Income Tax Act, at a rate of 10% or 15% depending on the nature of the income. No tax on capital gains should be incurred by resident investors upon the disposal of units in such a fund.

The APS Regular Income Ethical Fund is classified as a non-prescribed fund for Maltese income tax purposes and should not be subject to tax on its income or gains, but Maltese resident investors therein may be subject to a 15% withholding tax on capital gains realised on redemptions of units. However, the Maltese resident investor may request the Company not to effect the deduction of the said 15% withholding tax in which case the investor would be required to declare the gains in his income tax return and will be subject to tax at the normal rates of tax. Gains or profits derived on the transfer or redemption of units in any fund by investors who are not resident in Malta should not be chargeable to Maltese income tax, subject to the satisfaction of certain conditions.

In respect of distributions by the Company to the shareholders, dividends paid from Malta source taxed profits, Malta source profits which are exempt from tax up to the level of the ultimate shareholder, or profits received by the Company from the foreign income account of another Maltese company should not be subject to a withholding tax or to a further tax in the hands of the shareholders.

Distributions from the Company's Untaxed Account to a Maltese resident person (other than a company) or to a non-resident person who is owned and controlled by, directly or indirectly, or who acts on behalf of a person who is ordinarily resident and domiciled in Malta should, inter alia, be subject to a withholding tax of 15%. This withholding tax should be deducted by the Company and the dividend would be passed on to the Shareholders net of the tax. The shareholders (being resident individuals or non-resident companies owned by individuals who are ordinarily resident and domiciled in Malta) may opt to declare such dividends paid from the Untaxed Account of the Company in their income tax return and in that case the 15% withholding tax would be available as a credit (or a refund, as the case may be) against the recipient's tax liability.

Distributions from the Company's equalisation reserve are treated as dividends for income tax purposes and are likely to be subject to a withholding tax of 15% when paid to a Maltese resident person (other than a company).

In case of the Company's foreign investments, any capital gains, dividends, interest and other gains or profits may be subject to tax imposed by the country of origin concerned and such taxes may not be recoverable by the Company or by its shareholders.

Notes to the Financial Statements *(continued)*

12. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(i) Shareholding

APS Bank Limited, whose ultimate parent is Arom Holdings Limited whose registered address is at Archbishop's Curia, St. Calcedonius Square, Floriana, Malta, has a significant investment in APS Funds SICAV p.l.c.

Shares held by APS Bank Malta Limited in the APS Funds SICAV p.l.c. were as follows:

	APS Funds SICAV p.l.c. Founder Shares 31.12.2016	APS Income Fund Distributor Shares 31.12.2016	APS Regular Income Ethical Fund Distributor Shares (Class B) 31.12.2016	APS Funds SICAV p.l.c. Founder Shares 31.12.2015	APS Income Fund Distributor Shares 31.12.2015	APS Regular Income Ethical Fund Distributor Shares (Class B) 31.12.2015
Number of Shares	1,199,000	98,853,140	5,000,000,000	1,199,000	98,853,140	5,000,000,000
Dividend Income	Nil	355,852	142,950	Nil	392,585	204,700

As at 31 December 2016, the APS Funds SICAV p.l.c. ("The Company") held bank balances at APS Bank Limited amounting to €3,728,911 (2015: €4,188,840) and term deposits of €21,695,525 (2015: €8,262,338).

As at 31 December 2016, the APS Income Fund held bank balances at APS Bank Limited amounting to €2,171,318 (2015: €2,588,698) and term deposits of €17,206,166 (2015: €5,510,000).

As at 31 December 2016, the APS Regular Income Ethical Fund held bank balances at APS Bank Limited amounting to €1,556,393 (2015: €1,598,942) and term deposits of €4,489,359 (2015: €2,752,338).

The interest received on such bank accounts and term deposits are equivalent to those that prevail in arm's length transactions.

(ii) Management agreement

APS Bank Limited is also the Investment Manager of APS Income Fund and APS Regular Income Ethical Fund by virtue of an agreement entered into with the Company dated 1 February 2008 (revised 28 May 2012).

Management fees due to APS Bank Limited for the period are disclosed in the Statement of Comprehensive Income (note 9) and the outstanding management fee is detailed in note 6.

(iii) Key management personnel

The Directors are entitled to remuneration for their services at rates determined by the annual general meeting of the shareholders. For the years ended 31 December 2016 and 31 December 2015, the Company remunerated its Directors the amount of €19,491 and €10,915 respectively for each reporting year as disclosed separately in the Statement of Comprehensive Income. There were no other payments to key management personnel.

Notes to the Financial Statements *(continued)*

As at 31 December 2016 and 31 December 2015, the Directors held units in the Sub-Funds, as detailed below.

	<i>Sub-Fund</i>	<i>Type of shares held</i>	<i>Number of shares</i>	<i>Income from Dividends</i>
2016	APS Income Fund	Accumulator	220	Nil
2015	APS Income Fund	Accumulator	220	Nil
2016	APS Regular Income Ethical Fund	Class C Accumulator	8,000	Nil
2015	APS Regular Income Ethical Fund	Class C Accumulator	8,000	Nil

All related party transactions were made at arm's length on normal commercial terms and conditions. There were no other transactions between the Company and its related parties during the reporting period (2015: Nil).

13. CASH AND CASH EQUIVALENTS

For purpose of the Statement of Cash Flows, the year-end cash and cash equivalents comprise bank balances held at call as follows:

	2016 €	% of net assets	2015 €	% of net assets
APS Funds SICAV p.l.c.	3,728,911	3.39	4,188,840	4.50
APS Income Fund	2,171,318	2.59	2,588,698	3.68
APS Regular Income Ethical Fund	1,556,393	5.92	1,598,942	7.05

The APS Income Fund has an overdraft facility with APS Bank Limited of €2,500,000 (2015: €2,500,000). As at 31 December 2016, the overdraft amount was of €15,197. (2015: €1,020). This facility is secured by the pledge with the total value of €2,500,000 (2015: €2,500,000).

The APS Regular Income Ethical Fund has an overdraft facility with APS Bank Limited of €1,000,000 (2015: €1,000,000). As at 31 December 2016 and 2015, the facility was not overdrawn. This facility is secured by a pledge with a total value of €1,000,000 (2015: €1,000,000).

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Sub-Funds' activities expose it to a variety of financial risks: market risk (including price risk, fair value interest rate risk, cash flow interest rate risk and currency risk), credit risk and liquidity risk.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is measured through a process of ongoing identification, measurement and monitoring. The company does not make use of any derivative instruments. The risk management policies employed by the Company are disclosed below.

Risk Management Structure

The Company's Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of the Company.

Market Price Risk

Market Risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

The Sub-Funds' securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Sub-Funds trade in financial instruments, taking positions in traded instruments. All securities present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The overall market positions of each Sub-Fund are monitored on a regular basis by the Investment Manager.

Notes to the Financial Statements *(continued)*

The Sub-Funds' equity and debt securities are susceptible to market price risk arising from uncertainties about future prices of securities. The Sub-Funds' exposure to the different types of investments is summarised in note 5.

The APS Income Fund seeks to achieve long-term capital growth by investing principally in the equity and debt securities markets in Malta on a diversified basis. The equity securities are selected from the Malta Stock Exchange Share Index (the "MSE Index") traded on the Malta Stock Exchange. If the MSE Index at 31st December 2016 had increased by 15% (2015: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €2,775,341 (2015: €2,011,377). Conversely, if the MSE Index had decreased by 15% (2015: 15%), this would have had an equal but opposite effect.

For the purpose of this calculation, the Company assumed that the 15% (2015: 15%) change in the MSE Index is made up of an identical and equal change to all the securities listed on the MSE and therefore the 15% (2015: 15%) is not a composite of different percentage changes of the underlying listed securities. The Company has deemed a 15% (2015: 15%) change in the MSE Index to be a reasonable change.

The Investment Objective of the APS Regular Income Ethical Fund is to endeavour to maximise the total return to investors, minimising the volatility of the portfolio whilst having regard to attaining a desirable level of liquidity through investment, principally, in deposits, other collective investment schemes and debt and equity securities.

The equity securities are selected from recognised stock exchanges across the world. If equities at 31st December 2016 had increased by 15% (2015: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €966,771 (2015: €726,197). Conversely, if equities had decreased by 15% (2015: 15%), this would have had an equal but opposite effect.

Debt securities are affected by interest rate movements, which are covered below.

Interest Rate Risk

The Sub-Funds are exposed to interest rate risk through directly holding interest-bearing financial assets. Assets earning interest at variable rates expose the Sub-Funds to cash flow interest rate risk, whereas assets earning interest at fixed rates expose the Sub-Funds to fair value interest rate risk. The Sub-Funds' exposure to interest rate risk is summarised in the table below:

	Financial assets held at fixed rates (as a % of NAV)		Financial assets held at variable rates (as a % of NAV)	
	2016	2015	2016	2015
APS Income Fund	50.75	63.92	0.52	2.37
APS Regular Income Ethical Fund	34.50	30.39	14.71	25.51

In the case of the APS Income Fund, at 31st December 2016, should interest rates have lowered/increased by 50 (2015: 50) basis points with all other variables remaining constant, the increase/decrease in net assets attributable to holders of redeemable shares (gross of expenses) would amount to approximately €1,554,266 (2015: €1,835,503), arising from the change in market values of these corporate and government bonds.

In the case of the APS Regular Income Ethical Fund, the direct exposure in interest rate risk is managed through investment in debt securities with different maturity dates over the time bands as illustrated in the table below. In addition, investment limits in interest-bearing securities are prescribed in the prospectus.

The Investment Manager monitors such exposure against these limits on a regular basis. At 31st December 2016, should interest rates have lowered/increased by 50 (2015: 50) basis points with all other variables remaining constant, the increase/decrease in net assets attributable to holders of redeemable shares (gross of expenses) would amount to approximately €204,129 (2015: €218,112), arising from the change in market values of these corporate and government bonds.

Any excess cash and cash equivalents held at call as disclosed in note 13 are exposed to variable interest rates.

Notes to the Financial Statements *(continued)*

Maturity analysis of debt securities

The table below shows an analysis of assets according to when they are expected to be recovered:

APS Income Fund	Quoted Local	Quoted	Quoted
	Corporate	Malta	Foreign
	Bonds	Government	Bonds
	31.12.16	31.12.16	31.12.16
	€	€	€
Up to 1 year	510,336	-	-
1 to 5 years	6,574,575	-	3,868,023
5 to 15 years	12,094,499	16,754,927	3,173,303
Over 15 years	-	-	-
	<u>19,179,410</u>	<u>16,754,927</u>	<u>7,041,326</u>
	31.12.15	31.12.15	31.12.15
	€	€	€
Up to 1 year	-	-	-
1 to 5 years	7,049,648	107,630	4,593,948
5 to 15 years	6,979,583	13,247,890	3,771,248
Over 15 years	-	10,899,073	-
	<u>14,029,231</u>	<u>24,254,593</u>	<u>8,365,196</u>

APS Regular Income Ethical Fund

	Quoted Malta	Quoted Malta	Quoted	Quoted
	Government	Government	Foreign	Foreign
	Bonds	Bonds	Bonds	Bonds
	31.12.16	31.12.15	31.12.16	31.12.15
	€	€	€	€
Up to 1 year	-	-	1,087,658	281,271
1 to 5 years	-	-	5,719,189	7,013,846
5 to 15 years	381,810	367,380	4,573,960	2,311,553
Over 15 years	-	877,813	1,178,468	1,831,620
	<u>381,810</u>	<u>1,245,193</u>	<u>12,559,275</u>	<u>11,438,290</u>

Currency Risk

Currency risk is the risk that the value of the financial instrument will fluctuate due to changes in foreign exchange rates. The Company invests in securities that are denominated in currencies other than the euro. Accordingly the value of the Company's assets may be affected favourably or unfavourably by fluctuations in currency rates. Therefore, the Company will necessarily be subject to foreign exchange risks.

The Directors are under no obligation (although they may do so at their discretion) to hedge currency risks. There is no current intention to hedge currency risk although the directors of the Company will continue to monitor the foreign currency risk.

Although the majority of APS Income Fund's transactions, assets and liabilities are denominated in euro, as at 31 December 2016, the Fund had 7.06% (2015: 11.09%) of its underlying assets denominated in foreign currencies.

Notes to the Financial Statements *(continued)*

The APS Regular Income Ethical Fund is exposed to considerable foreign currency risk. As at 31 December 2016, the Fund had 39.02% (2015: 46.28%) of its underlying assets denominated in foreign currencies.

The following table indicates the currencies to which the Fund had significant exposure at 31 December on its monetary financial assets and liabilities. The analysis below calculates the effect of reasonably positive movement of the currency rate against the Euro on the net assets attributable to shareholders with all other variables held constant:

APS Income Fund

	Change in currency rate	2016 Effect on the net assets attributable to shareholders	2015 Effect on the net assets attributable to shareholders
Currency	%	€	€
Australian Dollar	+10	16	15
Canadian Dollar	+10	9	8
British Pound	+10	96,575	318,953
US Dollars	+10	490,729	461,572

APS Regular Income Ethical Fund

	Change in currency rate	2016 Effect on the net assets attributable to shareholders	2015 Effect on the net assets attributable to shareholders
Currency	%	€	€
Brazilian Real	+10	87,444	11,125
British Pound	+10	62,559	313,972
Polish Zloty	+10	9,476	10,090
US Dollars	+10	721,678	637,358
Turkish Lira	+10	7,738	26,307
Mexican Pesos	+10	31,147	34,495
Swiss Franc	+10	54,491	16,840
Argentine Peso	+10	45,101	-

An equivalent decrease in each of the aforementioned currencies against the euro would have resulted in the equivalent but opposite effect.

The following table indicates the currencies to which the Company has significant exposure as at 31 December 2016 and 31 December 2015 on its monetary financial assets.

APS Income Fund

	As at 31 December 2016	% of net assets	As at 31 December 2015	% of net assets
	€		€	
British Pound	965,749	1.15	3,189,532	4.53
Australian Dollar	157	0.00	153	0.00
US Dollar	4,907,290	5.85	4,615,723	6.56
Canadian Dollar	87	0.00	81	0.00
	<u>5,873,283</u>	<u>7.00</u>	<u>7,805,489</u>	<u>11.09</u>

Notes to the Financial Statements *(continued)*

APS Regular Income Ethical Fund

	As at 31 December 2016 €	% of net assets	As at 31 December 2015 €	% of net assets
British Pound	625,585	2.38	3,139,715	13.84
US Dollar	7,216,777	27.44	6,373,581	28.09
Brazilian Real	874,440	3.33	111,251	0.49
Polish Zloty	94,756	0.36	100,904	0.44
Swiss Francs	544,908	2.07	168,398	0.74
Turkish Lira	77,380	0.29	263,069	1.16
Mexican Peso	311,467	1.18	344,953	1.52
Argentine Peso	451,014	1.72	-	-
	<u>10,196,327</u>	<u>38.77</u>	<u>10,501,871</u>	<u>46.28</u>

Credit Risk

Credit risk is the risk that an issuer or counter party will be unable or unwilling to meet a commitment that it has entered into with the Company. Financial assets, which potentially subject the Sub-Fund to credit risk, consist principally of debt securities. Loans and receivables comprise accrued income as disclosed in the Statement of Financial Position.

The following table provides information regarding the Sub-Funds' aggregated credit risk exposure with external credit ratings. The credit rating analysis below takes into account the rating of the respective financial assets which are categorised by Standard & Poor's ("S&P") rating or equivalent.

APS Income Fund

	AAA	AA	A	BBB	BB	Not Rated	Carrying Value 31.12.2016 €	Fair Value 31.12.2016 €
Debt securities classified as fair value through profit or loss	0.11%	1.07%	20.47%	2.56%	3.46%	18.35%	37,877,575	42,975,663
	AAA	AA	A	BBB	BB	Not Rated	Carrying Value 31.12.2015 €	Fair Value 31.12.2015 €
Debt securities classified as fair value through profit or loss	0.13%	2.23%	2.79%	37.95%	2.29%	20.91%	40,867,906	46,649,020

APS Regular Income Ethical Fund

	AAA	AA	A	BBB	BB	B	Not Rated	Carrying Value 31.12.2016 €	Fair Value 31.12.2016 €
Debt securities classified as fair value through profit or loss	3.69%	0.72%	9.40%	19.72%	9.58%	4.37%	1.72%	12,187,990	12,941,085
	AAA	AA	A	BBB	BB	B	Not Rated	Carrying Value 31.12.2015 €	Fair Value 31.12.2015 €
Debt securities classified as fair value through profit or loss	2.21%	7.46%	13.51%	22.60%	4.71%	3.13%	2.29%	12,168,411	12,683,482

Notes to the Financial Statements *(continued)*

As at 31 December 2016 the APS Income Fund held Malta Government Stocks for the total value of €16,754,927 (2015: €24,254,593) with an A- (2015: BBB+) credit rating by S&P. This Sub-Fund also held 4.25% and 5.35% Bank of Valletta Plc Bonds 2019 for the value of €955,809 (2015: €741,639), 4.8% Bank of Valletta plc Bonds 2018/2020 for the value of €1,309,917 (2015: €908,569) and 3.50% Bank of Valletta Plc Bonds 2030 for the value of €2,060,685 (2015: €74,509) which had a BBB credit rating by Fitch (2015: BBB+).

As at 31 December 2016 the APS Regular Income Ethical Fund held Malta Government Stocks for the total value of €381,810 (2015: €1,245,193) with an A- (2015: BBB+) credit rating by S&P.

The carrying amounts disclosed above represent the exposure to credit risk with respect to debt securities. The percentages above are calculated as a percentage of the net assets.

All transactions in listed debt securities are settled for upon delivery through clearing houses. The risk of default is considered minimal, as delivery of securities sold is only made once the clearing house has received payment. Payment is made on a purchase once the securities have been received by the clearing house. The trade will fail if either party fails to meet its obligation.

The Company has policies that limit the amount of credit exposure to any single issuer. Accordingly, the Investment Manager monitors the Sub-Funds' credit position on a regular basis.

None of the Sub-Funds' financial assets were considered to be past due or impaired in both 2016 and 2015. Bank balances (note 13) are held and transacted with APS Bank Limited and term deposits (note 5b) are held with APS Bank Limited, FIMBank p.l.c. and Izola Bank p.l.c. The carrying amounts of each financial asset represents the maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering of cash or another financial assets.

The Sub-Funds are exposed to daily cash redemptions on their redeemable shares on a regular basis. Shares are redeemable at the holder's option based on the Sub-Funds NAV per share at the time of redemption, calculated in accordance with the Sub-Funds Offering memorandum. Sub-Funds manage its obligations to repurchase shares when required to do so and its overall liquidity risk by requiring a notice period before redemption.

The Company invests only in marketable securities, which under normal market conditions are readily convertible to cash. In addition, the Company's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

It is the Company's policy that the Investment manager monitors Sub-Funds' liquidity position on a daily basis for APS Income Fund and on a weekly basis for APS Regular Income Ethical Fund.

Portfolio Statements

APS INCOME FUND	Market value 31.12.2016 €	% of net assets
<i>Quoted Local Equities</i>		
Bank of Valletta p.l.c.	1,794,443	2.14
GO p.l.c.	130,800	0.16
HSBC Bank Malta p.l.c.	1,802,405	2.15
Malita Investments p.l.c.	1,285,500	1.53
Malta Properties Company p.l.c.	23,600	0.03
Mapfre Middlesea Insurance p.l.c.	310,155	0.37
Medserve p.l.c.	1,718,925	2.05
Malta International Airport p.l.c.	3,427,588	4.09
Plaza Centers p.l.c.	1,539,194	1.84
RS2 Software p.l.c.	2,017,839	2.41
Simonds Farsons Cisk p.l.c.	2,008,825	2.40
Tigne Mall p.l.c.	2,442,997	2.90
<i>Quoted Local Corporate Bonds</i>		
4.600% Hsbc Bank Malta Plc 2017	342,377	0.41
7.150% Mediterranean Investment 2017	138,288	0.16
7.150% Mediterranean Investment 2017	29,672	0.04
4.800% Bank Of Valletta Plc 2018	575,916	0.69
5.900% Hsbc Bank Malta Plc 2018	334,883	0.40
4.250% Bank Of Valletta Plc 2019	650,014	0.78
5.350% Bank Of Valletta Plc 2019	305,795	0.36
4.800% Bank Of Valletta Plc 2020	815,000	0.97
5.500% Pendergardens Dev Plc 2020	563,430	0.67
6.600% Eden Finance 2020	569,812	0.68
6.000% Simonds Farsons Cisk 2020	412,412	0.49
6.200% Tumas Investments 2020	176,808	0.21
5.500% Mediterranean Investment 2020	627,952	0.75
6.000% Mediterranean Investment 2021	377,907	0.45
4.900% Gasan Finance Company 2021	972,709	1.16
5.800% International Hotel Inve 2021	191,937	0.23
6.000% Pendergardens Dev Plc 2022	872,480	1.04
6.000% Medserv Plc 2023	348,177	0.42
5.300% United Finance 2023	62,994	0.08
5.800% International Hotel Inve 2023	341,989	0.41
6.000% Ax Investments 2024	919,918	1.10
6.000% Island Hotels Grp Hldg 2024	976,108	1.16
5.000% Tumas Investments 2024	238,700	0.28
5.000% Halmann Vella Group 2024	771,264	0.92
5.750% International Hotel Inve 2025	80,072	0.10
4.500% Izola Bank Plc 2025	1,118,092	1.33
5.100% 6Pm Holdings Plc 2025	661,979	0.79
4.500% Hili Properties Plc 2025	30,450	0.04
4.000% International Hotel Inve 2026	204,308	0.24
4.500% Medserv Plc 2026	376,363	0.45
4.250% Corinthia Finance 2026	88,725	0.11
4.000% Midi Malta Plc 2026	1,161,300	1.39
4.000% International Hotel Inve 2026	415,895	0.50
3.900% Plaza Centres Plc 2026	52,000	0.06
5.000% Dizz Finance Plc 2026	189,000	0.23
3.750% Premier Capital Plc 2026	1,124,001	1.34
3.500% Bank Of Valletta Plc 2030	2,060,685	2.46

Portfolio Statements *(continued)*

Quoted MGS Bonds (5 to 15 years)

4.300% MGS 2022 (II)	18,273	0.02
1.500% MGS 2022 (IV)	107,310	0.13
5.100% MGS 2022	23,166	0.03
5.500% MGS 2023	664,331	0.79
3.300% MGS 2024 (I)	100,430	0.12
4.800% MGS 2028 (I)	2,678,802	3.20
4.500% MGS 2028 (II)	1,446,143	1.73
2.300% MGS 2029 (II)	111,250	0.13
5.100% MGS 2029 (I)	1,067,513	1.27
5.250% MGS 2030 (I)	7,612,114	9.08
5.200% MGS 2031 (I)	2,925,595	3.49

Quoted Foreign Government Bonds

5.500% Kingdom Of Bahrain 2020	98,608	0.11
4.875% Republic Of Indonesia 2021	198,244	0.24
3.375% Republic Of Indonesia 2025	257,083	0.31
2.875% Obrigacoes Do Tesouro 2026	935,200	1.12
3.375% United Mexican States 2031	509,490	0.61

Quoted Foreign Bonds

2.625% Bestgain Real Estate 2018	188,296	0.22
5.250% Yapi Ve Kredi Bankasi As 2018	238,606	0.28
8.000% Provident Financial Plc 2019	284,864	0.34
2.750% Xerox Corporation 2020	232,991	0.28
2.100% Royal Bank Of Canada 2020	94,130	0.11
2.350% Royal Bank Of Canada 2020	378,788	0.45
6.250% Bank Of India London 2021	206,386	0.25
7.750% Commerzbank Ag 2021	359,372	0.43
10.000% Barclays Bank Plc 2021	299,135	0.36
2.500% Korea Midland Power Co 2021	326,636	0.39
4.875% Bulgarian Energy Hld 2021	260,345	0.31
3.875% Arcelik As 2021	203,278	0.24
5.500% Perusahaan Listrik Negar 2021	254,060	0.30
4.750% Empresa Nacional De Petr 2021	244,285	0.29
1.375% Leeds Building Society 2022	399,495	0.48
7.125% Erste Group Bank Ag 2022	311,927	0.37
4.750% A2D Funding Plc 2022	322,082	0.38
1.897% General Electric Co 2023	188,777	0.23
3.625% Royal Bk Scotlnd Grp Plc 2024	249,248	0.30

Term Deposits

APS Bank Limited	17,206,166	20.53
FIMBank p.l.c.	469,137	0.56
Izola Bank p.l.c.	1,825,854	2.18

Portfolio Statements *(continued)*

APS REGULAR INCOME ETHICAL FUND

	Market value 31.12.2016 €	% of net assets
<i>Quoted Foreign Equities</i>		
Aberdeen Asset Management p.l.c.	86,208	0.33
Adidas AG	397,898	1.51
Allianz SE	97,340	0.37
Anheuser-Busch InBev SA/NV	100,550	0.38
Ashtead Group p.l.c.	175,841	0.67
AT&T Inc	40,322	0.15
Atlantia SpA	445,198	1.70
AXA SA	395,753	1.50
Bayerische Motoren Werke AG	355,000	1.35
BNP Paribas SA	224,035	0.85
Bolsas y Mercados Espanoles SH	36,394	0.14
Capgemini SA	240,450	0.91
Endesa SA	201,250	0.77
Experian p.l.c.	110,636	0.42
Industria de Diseno Textil SA	324,300	1.23
Intel Corp	161,619	0.61
JPMorgan Chase & Co	531,766	2.02
Novartis AG	103,685	0.39
Orange SA	135,256	0.51
Procter & Gamble Co/The	167,401	0.64
Roche Holding AG	238,675	0.91
Sanofi	307,600	1.17
SAP SE	414,050	1.57
SGS SA	193,284	0.73
Taylor Wimpey p.l.c.	89,013	0.34
Vodafone Group p.l.c.	163,886	0.62
<i>Quoted Collective Investment Scheme</i>		
Etica Azionario I	707,731	2.69
<i>Quoted MGS Bonds (5 to 15 years)</i>		
4.500% MGS 2028 (II)	270,560	1.03
2.300% MGS 2029 (II)	111,250	0.42
<i>Quoted Foreign Government Bonds</i>		
4.000% Poland Government Bond 2023	94,756	0.36
4.250% Republic of Cyprus 2025	368,270	1.40
2.875% Republic of Portugal 2026	327,320	1.24
<i>Quoted Foreign Bonds</i>		
5.500% Zagrebacki Holding Doo 2017	201,445	0.76
19.500% European Bk Recon & Dev 2017	451,014	1.72
10.500% European Investment Bank 2017	435,199	1.65
10.000% European Investment Bank 2018	146,699	0.56
1.778% Westpac Banking Corp 2018	190,611	0.72
2.006% Goldman Sachs Group Inc 2018	191,427	0.73
9.000% Sprint Communications 2018	313,223	1.19
3.625% Banco Nac De Desen Econo 2019	205,537	0.78
1.868% Bank Of America Corp 2019	188,725	0.72
1.823% Credit Agricole London 2019	285,119	1.08

Portfolio Statements *(continued)*

8.500% European Investment Bank 2019	77,380	0.29
2.650% Morgan Stanley 2020	237,815	0.90
2.400% Citigroup Inc 2020	236,718	0.90
4.000% European Investment Bank 2020	128,121	0.49
3.625% Anglo American Capital 2020	478,189	1.82
1.928% At&T Inc 2020	330,933	1.26
3.500% Ote Plc 2020	256,650	0.98
2.680% Bank Of America Corp 2020	94,863	0.36
11.500% Morgan Stanley 2020	292,542	1.11
1.958% Wells Fargo & Company 2020	238,436	0.91
3.125% Cred Suis Gp Fun Ltd 2020	283,218	1.08
3.250% Barclays Plc 2021	283,994	1.08
6.250% Macquarie Group Ltd 2021	313,749	1.19
7.750% Commerzbank Ag 2021	359,372	1.37
2.590% Hsbc Holdings Plc 2021	387,216	1.47
3.750% Rio Tinto Fin Usa Ltd 2021	198,651	0.76
2.000% Harman Finance Int Sca 2022	263,325	1.00
6.250% Telenet Finance V 2022	211,976	0.81
5.000% Bbva Banco Continental 2022	299,215	1.14
7.125% Erste Group Bank Ag 2022	374,313	1.42
4.500% Transalta Corp 2022	465,746	1.77
2.375% Peugeot Sa 2023	422,404	1.61
5.625% Unitymedia Hessen / NRW 2023	172,042	0.65
2.273% Jpmorgan Chase & Co 2023	289,165	1.10
2.537% Goldman Sachs Group Inc 2023	193,830	0.74
3.625% Royal Bk Scotlnd Grp Plc 2024	299,097	1.14
3.750% Fiat Chrysler Automobile 2024	414,480	1.58
7.500% Inter-American Devel Bk 2024	183,346	0.70
2.250% Bnp Paribas 2027	194,676	0.74
5.921% Mapfre Sa 2037	407,520	1.55
7.500% Cloverie (Zurich Ins) 2039	231,850	0.88
6.250% Munich Re 2042	365,925	1.39
5.125% Axa Sa 2043	173,173	0.66
Term Deposits		
APS Bank Limited	4,489,359	17.07
Izola Bank p.l.c.	700,000	2.66

Statement of Changes in the Composition of the Portfolio

The composition of the portfolio as at 31 December 2016, detailed in the Portfolio Statement on pages 45 to 48, in comparison with the Portfolio Statement as at 31 December 2015 stood as follows:

APS INCOME FUND	% of net assets 31.12.2016	% of net assets 31.12.2015
Quoted Local Equities	22.07	19.05
Quoted Local Corporate Bonds	22.88	19.94
Quoted Malta Government Bonds	19.99	34.47
Quoted Foreign Government Bonds	2.38	0.74
Quoted Foreign Bonds	6.02	11.15
Term Deposits	23.27	10.09

APS REGULAR INCOME ETHICAL FUND	% of net assets 31.12.2016	% of net assets 31.12.2015
Quoted Foreign Equities	21.82	18.43
Quoted Foreign Bonds	44.75	49.97
Quoted Malta Government Bonds	1.45	5.49
Quoted Foreign Government Bonds	3.01	0.44
Foreign Collective Investment Schemes	2.69	2.91
Term Deposits	19.73	15.22

Information about the Scheme

1. AUTHORISATION

The Company is authorised by the Malta Financial Services Authority as a Collective Investment Scheme pursuant to Section 6 of the Investment Services Act, [Cap. 370 of the Laws of Malta].

2. INCOME

In the case of the distributor class of shares, the Company operates an equalisation account to ensure that the amount distributed in respect of each share will be the same for all shares notwithstanding different dates of issue of those shares. In the case of the accumulator class of shares, all income is accumulated within the price of the shares, and therefore, no equalisation is required.

3. UP-FRONT CHARGE AND OTHER FEES

APS Income Fund

Initial Fee

An initial charge of 1.50% on the amount invested.

APS Regular Income Ethical Fund

Initial Fee

An initial charge of up to 3.5% of the amount invested in Class A - Accumulator / Class B - Distributor shares.

An initial charge of up to 5% of the amount invested in Class C - Accumulator / Class D - Distributor shares.

Details on the Management, Custody and Administration fees can be found under note 9 on pages 35 and 36.

4. RISK WARNINGS

Market Fluctuations

Investment in the Funds should be regarded as a long-term investment. The Funds' investments are subject to normal market fluctuations and the risks inherent in all investments and there are no assurances that capital appreciation will occur.

The price of shares and the income derived from them (if any) can, from time to time, go down as well as up and investors may not realise the amount of their initial investment.

Past performance is no guarantee of future performance.

The value of the Funds, including the currency in which they are determined, may fall as well as rise.

Erosion of Capital

When redeeming a holding in the Funds, or part thereof, an investor should be aware that these redemptions will be made from the sale of shares in the Funds and may result in an erosion of capital.

In addition, deduction of the initial charge (where applicable) means that if an investor withdraws from the investment in the short-term he may not get back the amount he invested. Hence, investment in the Funds should be regarded as a long-term investment.

Currency Fluctuations

Currency fluctuations between the base currency of the Fund, and

(i) the investor's currency of reference, and,

(ii) the currency of the underlying investments of the Funds,

may adversely affect the value of investments and the income (if any) derived therefrom.

Investment on the Malta Stock Exchange

The Funds may invest in equity and debt securities quoted on the Malta Stock Exchange, which is a relatively new market, when compared to more established markets. In addition, the investments that can be made on the Malta Stock Exchange are limited. This may lead to an exposure to a particular security or industry sector, which is higher than that normally associated with a diversified portfolio. This may expose the Funds to higher levels of volatility and

Information about the Scheme *(continued)*

may adversely affect the performance of the Funds. Despite the fact that such securities are listed, the market in these securities may be illiquid.

Some Maltese companies listed on the Malta Stock Exchange impose, through their constitutional documents, a ceiling on the equity holding that any one particular investor may, directly or indirectly hold in such companies. In this respect investors should be aware that the Investment Manager might be restricted in implementing the Fund's investment policies by virtue of such impositions.

The trading volumes on emerging Stock Exchanges such as the Malta Stock Exchange are substantially less than the world's leading stock markets. Accordingly the buying and selling of securities may be time consuming and may need to be effected at unfavourable prices. Although it is not envisaged that this should create any difficulty in valuing the Funds' investments, reduced secondary market liquidity may have an adverse effect on the market price of such securities and the Company's ability to dispose of particular securities to meet its liquidity requirements.

Exposure to a single market

The APS Income Fund invests its assets predominately in the Maltese market and thus the degree of market diversification is limited to such market. Therefore, the performance of the Fund is closely linked to the performance of the Maltese market.

Investments in smaller companies

The Funds may invest in the securities of smaller companies, which securities can involve greater risk than is customarily associated with investment in larger, more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on one or two key individuals. This may result in investments in such markets being volatile.

Investments in unquoted companies

Funds investing in the securities of unquoted companies can be subject to risks not normally associated with quoted securities. These risks mainly relate to the illiquidity of the market.

5. SCHEME PARTICULARS

The above details are extracted from the APS Funds SICAV p.l.c. Prospectus, the APS Income Fund Supplement and the APS Regular Income Ethical Fund Supplement, all dated 24th April 2015. All these documents are available upon request from the Investment Manager, and were current at the date of publishing of this Annual Report and Financial Statements. Persons wishing to invest in the APS Income Fund and/or the APS Regular Income Ethical Fund should do so on the basis of the full information contained in the Prospectus and relative Supplement.

6. MANAGER'S STATEMENT

In the opinion of the Manager, this Annual Report and Financial Statements contains all the information necessary to enable the investors to make an informed judgment of the results and activities of the Company for the year ended 31 December 2016, and does not omit any matter or development of significance.

Your notes