

APS FUNDS SICAV P.L.C.

ANNUAL REPORT & FINANCIAL STATEMENTS **2019**

APS Funds SICAV p.l.c.
APS Centre,
Tower Street, Birkirkara BKR 4012 - Malta

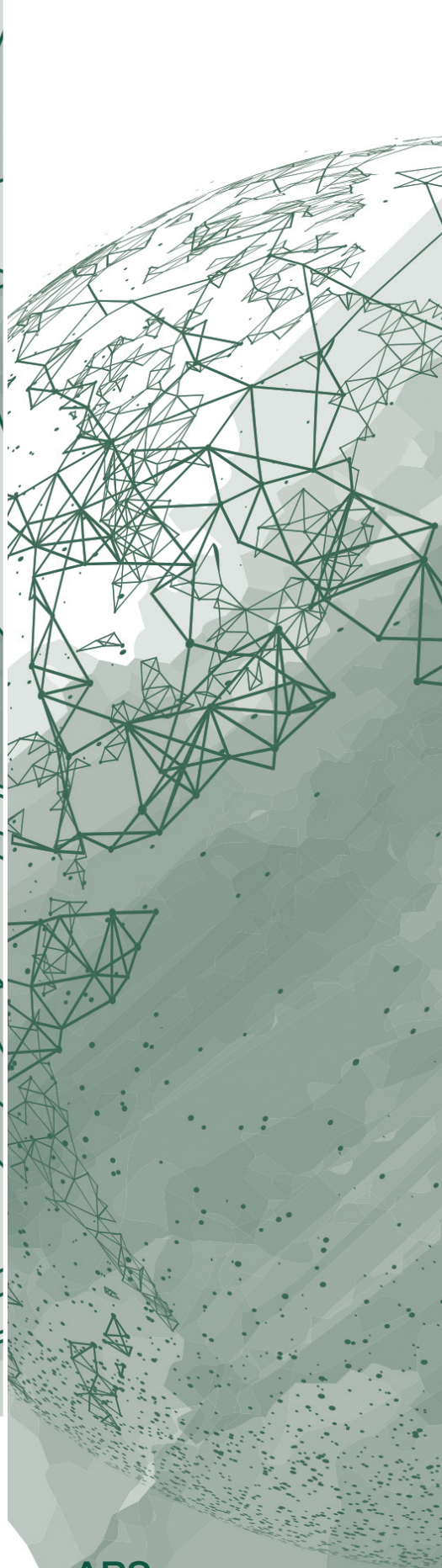
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**APS
Income
Fund**



**APS
Diversified
Bond
Fund**



**APS
Regular
Income
Ethical
Fund**

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MANAGEMENT AND ADMINISTRATION

DIRECTORS

Dr. Mario Felice (until 25 April 2019)
9, Bastion Square, Mdina, MDN 1150, Malta

Mr. Tony Mejlaq (as from 25 April 2019)
Solitaire, Triq il-Parilja, Santa Venera, Malta

Mr. Etienne Borg Cardona
'Mistral', Triq Esprit Barthet, Madliena, Swieqi, Malta

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

REGISTERED OFFICE

APS Centre, Tower Street, Birkirkara BKR 4012, Malta

COMPANY REGISTRATION NUMBER

SV 78

INVESTMENT MANAGER

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

SUB-INVESTMENT MANAGER

APS Bank p.l.c. (formerly APS Bank Ltd)
APS Centre, Tower Street, Birkirkara, BKR 4012, Malta
Licensed to conduct Investment Services business by the Malta Financial Services Authority.

ADMINISTRATOR AND COMPANY SECRETARY

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

CUSTODIAN

Bank of Valletta p.l.c. (up to 10 November 2019)
BOV Centre, Cannon Road, Santa Venera, SVR 9030, Malta
Licensed to conduct investment services business by the Malta Financial Services Authority.

Swissquote Financial Services (Malta) Limited. (from 11 November 2019)
Palazzo Spinola, 45 St. Christopher Street, Valletta VLT 1464, Malta
Licensed to conduct investment services business by the Malta Financial Services Authority.

SUB-CUSTODIAN

Swissquote Bank Limited (from 11 November 2019)
Ch. De La Cretaux 33, Gland CH-1196, Switzerland

BANKERS

APS Bank p.l.c. (formerly APS Bank Ltd)
APS Centre, Tower Street, Birkirkara, BKR 4012, Malta

Bank of Valletta p.l.c (up to 21 December 2019)
BOV Centre, Cannon road, Santa Venera SVR 9030, Malta

Swissquote Bank Limited (from 11 November 2019)
Ch. De La Cretaux 33, Gland CH-1196, Switzerland

AUDITORS

Deloitte Audit Limited,
Deloitte Place, Triq l-Intornjatur, Central Business District, Birkirkara, CBD 3050, 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 three funds: the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund. The Company is licensed by the Malta Financial Services Authority as a UCITS 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.

Changes made during the reporting period

Nil.

Changes made after the reporting period

The Company has sought approval for amendments to its Prospectus and to the Offering Supplement of the APS Diversified Bond Fund.

INVESTMENT MANAGER'S REPORT

The International Economy and Financial Market

Compared to the first half of the year, the pace of global economic expansion slowed down during the second half of 2019. Latest indicators show that during the third quarter of 2019, the economy of the United States (US) registered a year-on-year annual growth of 2.1%, while that of the Eurozone expanded by 1.2%. Economic growth in United Kingdom (UK) came in at 1.1% in the third quarter as the nation faced political and economic uncertainty due to an extended political process to implement Brexit. According to the International Monetary Fund, growth in developing economies is expected to bottom out at 3.9% in 2019.

The economic slowdown impinged on inflation expectations. More specifically, the Cleveland Fed five-year expected inflation has declined from 2.0% at the end of 2018 to 1.6% at the end of 2019. Similarly, the European Central Bank's (ECB) preferred measure of inflation expectations has shed around 25 basis points during the year under review, standing at 1.3% at the end of 2019. Meanwhile, unemployment inched marginally lower both in the US and Europe, with latest indicators showing that at the end of the third quarter of 2019 the unemployment rate stood at 3.6% and 7.6% respectively.

On the political front, uncertainties emanating from the US-China trade war have continued to dampen global economic activity. Having said this, in December, the two parties reached a 'phase one deal' that was largely seen as a de-escalation of the trade war and a first step towards an eventual resolution. Brexit headlines were yet again another source of uncertainty as Boris Johnson succeeded Theresa May as UK Prime Minister, before going on to lead the Conservatives to win a general election in December that paved the way for the country to formally leave the European Union on 31 January 2020. Within the Eurozone, Spain held two general elections during 2019, while Italy slipped into a political crisis as a new government had to be formed following Matteo Salvini's decision to end his party's alliance with the 'Movimento 5 Stelle'. 2019 was also marked by ongoing large-scale protests in Hong Kong, which together with the effects of the US-China trade war have had adverse effects on Hong Kong's economic activity.

In the sphere of monetary policy, during the September 2019 meeting of the ECB's Governing Council, the Central Bank decided to cut the interest rate on its deposit facility further into negative territory and to restart its asset purchase programme from November 2019. The Federal Reserve cut interest rates three times during the year as a means to sustain economic expansion in the US, before hinting that policy easing was to pause.

Yields on medium- and long-dated German sovereign debt moved lower during 2019, and at the end of the year all debt with an outstanding tenor of up to fifteen years was priced at negative yields. Government bond yields in the US declined across all tenors during the period under review, with the benchmark 10-year rate closing at 1.92% at the end of 2019. In the corporate bond market, spreads compressed during the year, with riskier segments outperforming credit of better quality.

Table 1 below shows the changes in the benchmark ten-year yields on selected developed market sovereign debt.

Generic 10-Year Yields as at the end of			
Country	2018	2019	Change
Germany	0.24%	-0.19%	-0.43%
Japan	0.00%	-0.01%	-0.01%
UK	1.28%	0.82%	-0.46%
US	2.68%	1.92%	-0.76%

Table 1

Following the equity market sell off during the fourth quarter of 2018, global equities have recovered steadily as shown in Table 2. The Dow Jones Industrial Average and the S&P 500 gained 22.3% and 28.9% respectively (both measured in US dollars) during the year ending 31 December 2019. In Europe, the EURO STOXX 50 gained 24.8% (measured in euro), while the UK's FTSE 100 gained 12.1% (measured in pound sterling). These favourable market movements were also reflected in the sustainable investment segment. Specifically, during 2019, the MSCI World Socially Responsible Investment Net Return Index gained 32.2% (measured in euro), beating the MSCI World Index (also measured in euro) by more than two full percentage points.

Index	End 2018	End 2019	Price Change
Dow Jones Industrial Average	23,327.46	28,538.44	+22.34%
S&P 500 Index	2,506.85	3,230.78	+28.88%
EURO STOXX 50 Index	3,001.42	3,745.15	+24.78%
FTSE 100 Index	6,728.13	7,542.44	+12.10%
MSCI World SRI Net Return Index	2,262.98	2,990.43	+32.15%
MSCI World Net Total Return Index	242.41	315.18	+30.02%

Table 2

In the forex market, the euro lost ground both against other major currencies and against emerging market currencies. Concerns about dampened economic growth in the Eurozone, developments pertaining to the US - China trade war, Brexit, and changes in monetary policy stances were among the factors that hurt the performance of the single currency. Table 3 shows the performance of some selected currencies against the euro.

Currency	End 2018	End 2019	Change in Value Against the Euro
EUR per 1 AUD	0.6147	0.6258	+1.81%
EUR per 1 GBP	1.1122	1.1825	+6.32%
EUR per 100 JPY	0.7951	0.8208	+3.23%
EUR per 1 USD	0.8722	0.8919	+2.26%

Table 3

In the commodities markets, the price of gold surged by 18.3% during the year as it was bolstered by lower interest rates, weak economic data, and policy uncertainty. During the same period, the price of oil, as measured by Brent futures, traded between USD 54 and USD 75 a barrel, averaging at USD 64. The relative stability in oil prices materialised as slowing global demand was counterbalanced by lower oil exports by Iran and Venezuela, due to US-imposed sanctions, and temporary supply disruptions in Saudi Arabia.

The Maltese Economy and Financial Market

In its autumn 2019 forecast, the European Commission expected the Maltese economy to expand by 5% in 2019, down from 7% in 2018. The latest data shows that economic activity is likely to have started cooling down as real GDP expanded by 3.4%, on an annualised basis, in the third quarter of 2019, the slowest rate in 27 consecutive quarters. Official forecasts indicate that the economy is likely to continue to grow, albeit at a relatively moderate pace when compared to previous years. Having said this, it is still too early to accurately gauge the impact of recent political developments on economic activity.

Data from the Labour Force Survey shows that during the first nine months of 2019, the number of gainfully employed individuals increased by nearly 16,000. More recent data shows that at the end of November the unemployment rate stood at 3.5%, down from 3.6% twelve months earlier and the second lowest in the Eurozone. Notwithstanding the tight labour market, the annual rate of inflation, as measured by the Harmonised Index of Consumer Prices, averaged 1.5% during 2019 and stood at 1.3% at the end of the year.

Meanwhile, a surplus in government finances was registered in the first half of 2019. As a result, the European Commission is projecting gross debt to GDP to have fallen to 43.3% in 2019.

Yields on Malta Government Bonds with outstanding tenors between two and twenty years were lower at the end of 2019 when compared to twelve months earlier, with the fall in yields being more pronounced at the longer end of the curve as the yield curve flattened. This is shown in Table 4.

Yields on Maltese Sovereign Debt as at the end of			
Tenor	2018	2019	Change
2 Years	-0.05%	-0.19%	-0.14%
3 Years	0.10%	-0.13%	-0.23%
4 Years	0.30%	-0.07%	-0.37%
5 Years	0.49%	0.00%	-0.49%
7 Years	0.85%	0.16%	-0.69%
10 Years	1.35%	0.45%	-0.90%
15 Years	1.77%	0.75%	-1.02%
20 Years	1.96%	0.93%	-1.03%

Table 4

Table 5 shows the difference, or spread, between the yield on ten-year Maltese sovereign debt and that of a selected group of Eurozone countries. The yield difference between Maltese sovereign debt and French, German, and Irish sovereign bonds narrowed, meaning that Maltese ten-year debt had become relatively more expensive over the course of the period under review. Conversely, the spread between ten-year Maltese sovereign debt and Italian and Spanish sovereign debt widened by 43 basis points and 5 basis points respectively.

Additional Yield from owning 10-Year Malta Sovereign Debt as at end			
Country	2018	2019	Change
France	+0.64%	+0.33%	-0.31%
Germany	+1.11%	+0.64%	-0.47%
Ireland	+0.45%	+0.33%	-0.12%
Italy	-1.39%	-0.96%	+0.43%
Spain	-0.07%	-0.02%	+0.05%

Table 5

Corporate bond activity in the regulated main market of the Malta Stock Exchange remained healthy, with more than €96 million worth of trades being executed during 2019. During the same period, thirteen companies came to market with sixteen new bond issues. Meanwhile, in terms of performance, the Malta Stock Exchange Corporate Bonds Total Return Index, which captures both price and interest coupon return, increased by 1.2% during the year. Table 6 shows the change in the yields of the ten most traded corporate bonds (by value) on the Regulated Main Market of the Malta Stock Exchange during the period under review.

Yields on selected Corporate Bonds listed on the Malta Stock Exchange as at the end of			
Security	2018	2019	Change
Bank of Valletta 3.50% 2030 S1 T1	3.50%	3.51%	+0.01%
Gap Group 3.65% 2022	N/A	2.73%	N/A
SD Finance 4.35% 2027	3.64%	4.19%	+0.55%
Hili Finance 3.85% 2028	3.54%	3.85%	+0.31%
Phoenicia Finance 4.15% 2023/28	3.23%	3.09%	-0.14%
Stivala Group Finance 4.00% 2027	3.36%	3.70%	+0.34%
Gap Group 4.25% 2023	3.26%	3.53%	+0.27%
Premier Capital 3.75% 2026	3.31%	3.02%	-0.29%
Bank of Valletta 3.50% 2030 S2 T1	3.51%	3.61%	+0.10%
Von Der Heyden Group Finance 4.40% 2024	3.86%	4.33%	+0.47%

Table 6

In the equity market, the Malta Stock Exchange Equity Total Return Index increased by 6.9% during the year under review. Table 7 shows that the gain registered in the said index was driven primarily by price returns, as the Malta Stock Exchange Equity Price Index advanced by 4.4% during the period under review.

During the course of the year more than EUR 89 million worth of shares exchanged hands, with nearly one half of the volume representing transactions in shares issued by Bank of Valletta p.l.c., Malta International Airport p.l.c., GO p.l.c., and RS2 p.l.c.. The latter was the top performer during the year, returning 72%. Shares in PG p.l.c., Simonds Farsons Cisk p.l.c., and International Hotel Investments p.l.c. also returned more than

20% during the same period as shown in Table 7. Meanwhile, HSBC Bank Malta p.l.c. and Grand Harbour Marina p.l.c. ended up being the worst performers in terms of share price performance.

Index / Security	End 2018	End 2019	Price Change
MSE Equity Total Return Index	8,999.03	9,615.70	6.85%
MSE Equity Price Index	4,514.37	4,714.17	4.43%
Bank of Valletta p.l.c.	1.209	1.060	-12.32%
BMIT Technologies p.l.c.	N/A	0.520	N/A
FIMBank p.l.c.	0.730	0.600	-17.81%
GlobalCapital	0.332	0.280	-15.66%
GO p.l.c.	3.960	4.260	7.58%
Grand Harbour Marina p.l.c.	0.700	0.550	-21.43%
HSBC Bank Malta p.l.c.	1.830	1.300	-28.96%
International Hotel Investments p.l.c.	0.620	0.830	33.87%
Lombard Bank Malta p.l.c.	2.440	2.280	-6.56%
Main Street Complex p.l.c.	0.650	0.600	-7.69%
Malita Investments p.l.c.	0.880	0.900	2.27%
Malta International Airport p.l.c.	5.800	6.900	18.97%
Malta Properties Company p.l.c.	0.570	0.630	10.53%
MaltaPost p.l.c.	1.580	1.310	-17.09%
Mapfre Middlesea p.l.c.	1.990	2.160	8.54%
Medserv p.l.c.	1.150	1.100	-4.35%
MIDI p.l.c.	0.670	0.540	-19.40%
PG p.l.c.	1.330	1.840	38.35%
Plaza Centres p.l.c.	1.020	1.010	-0.98%
RS2 Software p.l.c.	1.244	2.140	72.03%
Santumas Shareholdings p.l.c.	1.420	1.410	-0.70%
Simonds Farsons Cisk p.l.c.	8.750	11.500	31.43%
Tigné Mall p.l.c.	0.965	0.900	-6.74%
Trident Estates p.l.c.	1.339	1.550	15.76%

Table 7

INVESTMENT MANAGER'S REPORT

Review of Portfolio Activity

APS Income Fund

Investment Objective

The Investment Objective of the Fund is to maximise the total level of return to investors, minimising the volatility of the portfolio whilst having regard to attaining a desirable level of liquidity through investment. The Fund will seek to achieve its investment objective by investing primarily in Malta Government Bonds and Corporate Bonds listed on the Malta Stock Exchange, predominantly in euro and which may be at a fixed or floating rate, rated or unrated. The Fund may also hold selected equities, deposits and cash.

Fund Performance

Accumulator Share Class

During the period from 31 December 2018 to 31 December 2019, the share price of the APS Income Fund Accumulator Shares increased by 8.23% from €179.0535 to €193.7937.

Distributor Share Class

During the year from 31 December 2018 to 31 December 2019, the share price of the APS Income Fund Distributor Shares increased by 5.49% from €126.1875 to €133.1133. During the same period, the Share Class distributed two dividends of €1.47326 and €1.82057 per share.

Overview of the Fund

The year 2019 was another successful year for the Income Fund. Healthy returns were registered in the first three calendar quarters of the year, as the domestic economy was growing at a faster rate when compared to the rest of the Eurozone. However, upon reaching a record high of €196.1545 on 11 October, the positive run in the Fund's share price took a breather. Political developments in Malta influenced market sentiment, resulting in the price of the Fund edging downwards towards the end of the year, closing 2019 at €193.7937. This resulted in the Accumulator Shares delivering a total net return of 8.23% for 2019. The Net asset value of the Fund increased from €79.3 million to €90.2 million during the twelve-month period under review.

In view of the weakening international economic environment, and given the increasing possibility of further monetary easing by central banks in developed markets, during the first half of the year, the Fund Manager sought to increase the duration, or interest rate, risk of the Fund via the purchase of long dated sovereigns, in particular Malta Government Stock. This strategy proved fruitful as the MSE Malta Government Stock Total Return Index registered a year on year increase of 11.78%.

Maltese corporate bonds remained the largest sub-asset class in the Fund. While a number of trades were executed in the secondary market, the Manager was also active in the primary market. New bond issues by International Hotel Investments p.l.c., Bank of Valletta p.l.c., TUM Finance p.l.c., MeDirect Bank (Malta) p.l.c. and AX Group p.l.c. were bought on behalf of the Fund. There were other primary market issues which the Manager decided to forgo.

At 23.7%, Maltese equities formed the second largest asset class in the Fund at the end of the period under review. During 2019, the MSE Equity Total Return Index increased by 6.85%. In terms of share price changes, of the twenty four companies listed on the Malta Stock Exchange, eleven ended the year up while the rest ended the year down. The Fund had only a minimal exposure towards the latter group of companies. Meanwhile, RS2 p.l.c. was by far the best performer of the year, increasing 72% during the period under review. The APS Income Fund had an exposure of 3.12% to RS2 p.l.c. at year-end.

As the months progressed, the prospect of the US Dollar appreciating further was considered minimal. As a result, the Manager decided to reduce the exposure towards the currency, ending 2019 with an allocation of 1%.

At the end of December, the Fund's allocation was as follows: Malta-listed corporate bonds: 34.0%; Malta-listed equities: 23.7%; Malta Government Bonds: 22.5%; International Government Bonds: 5.5%; International Corporate Bonds: 3.6%; Term Deposits: 8.7% and Cash: 2.0%.

APS Regular Income Ethical Fund

Investment Objective

The investment objective of the 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, following Ethical Principles according to the Fund's Ethical Policy. The Fund seeks to achieve its investment objective by investing primarily in Government and Corporate Bonds in any currency, which may be at a fixed or floating rate, rated or unrated, and in direct equities. The Fund may also hold selected CIs, deposits and cash.

Fund Performance

Class A - Accumulator Share Class

During the year from 31 December 2018 to 31 December 2019, the price of the APS Regular Income Ethical Fund Class A Shares increased by 11.24% from €1.3243 to €1.4731.

Class B - Distributor Share Class

During the year from 31 December 2018 to 31 December 2019, the price of the APS Regular Income Ethical Fund Class B Shares increased by 8.85% from €1.0872 to €1.1834. During the same period, the Share Class distributed two dividends of €0.01190 and €0.01320 per share.

Class C - Accumulator Share Class

During the year from 31 December 2018 to 31 December 2019, the price of the APS Regular Income Ethical Fund Class C Shares increased by 11.15% from €1.3207 to €1.4680.

Class D - Distributor Share Class

During the year from 31 December 2018 to 31 December 2019, the price of the APS Regular Income Ethical Fund Class D Shares increased by 8.80% from €1.0856 to €1.1811. During the same period, the Share Class distributed two dividends of €0.01178 and €0.01306 per share.

Overview of the Fund

The Fund differs from a traditional fund in the process by which investments are selected. Specifically, the investment process applies a rigorous ethical screening over and above the traditional investment selection process. The Fund Manager adopts a two-tiered approach to ethical screening. The Manager first excludes companies operating in certain industries which are deemed to be detrimental to humanity. This is followed by positive screening where the Fund Manager selects those companies which have high Environmental, Social and Governance (ESG) scores. A similar ethical screening is also applied to government and supranational issuers.

The Fund successfully generated a positive total return during 2019, with Class A shares appreciating by 11.24%. The Fund's net asset value increased from €30.5 million to €34.2 million during the twelve-month period under review.

Financial asset performance during 2019 was generally favourable, with the greater part of the Fund's performance being generated during the first eight months of the year. In this environment, the Fund Manager markedly increased its allocation to equity market risk. At the same time, the allocation to the US dollar was gradually reduced by nearly one-half to crystallise the capital gains that were registered as the US Dollar strengthened against the euro. Proceeds from the sale of US dollar were generally directed towards investments denominated in other currencies that were deemed to be attractively valued and at the same time offered incremental income over similar investments denominated in euro. The duration risk of the Fund was managed throughout the year as a means of enhancing investment returns. This was generally done by increasing or decreasing

the Fund's exposure to debt issued by the US sovereign. Similarly, the Investment Manager opportunistically added exposure to debt issued by selected Eurozone sovereigns that it considered to be cheaply priced. In terms of corporate credit exposure, the Fund Manager sought to protect the value of the portfolio by shedding exposure to issuers whose outlook was deemed to be deteriorating. Furthermore, a number of new corporate bonds were added to the portfolio as the Manager embarked on a strategy to generally steer away from debt securities having a credit rating just above the investment grade minimum.

At the end of December 2019, the Fund's asset allocation was made up as follows: Government and Supranational Bonds: 27.2%; Corporate Bonds: 31.3%; Equities: 18.4%; Collective Investment Schemes: 12.4%; Term Deposits: 2.7% and Cash: 8.0%.

APS Diversified Bond Fund

Investment Objective

The investment objective of the Fund is to maximise total return (income and capital), primarily through investment in international debt instruments rated BBB (or equivalent) or lower by a reputable rating agency, or if unrated, deemed by the Investment Manager to be of equivalent credit quality. The Fund seeks to achieve its investment objective by investing primarily in government and corporate debt instruments denominated in any currency which may pay a fixed or floating rate coupon, and which will be rated or unrated. The bonds held within the fund will generally have a credit rating of BBB (or equivalent) or lower, however investments in debt instruments of better quality will also be permissible.

Fund Performance

Class A - Accumulator Share Class

During the year from 31 December 2018 to 31 December 2019, the price of the APS Diversified Bond Fund Class A Shares increased by 9.52% from €1.0027 to €1.0982.

Class B - Distributor Share Class

During the year from 31 December 2018 to 31 December 2019, the price of the APS Diversified Bond Fund Class B Shares increased by 6.54% from €0.9535 to €1.0159. During the same period, the Share Class distributed two dividends of €0.01375 and €0.01391 per share.

Class C - Accumulator Share Class

During the year from 31 December 2018 to 31 December 2019, the price of the APS Diversified Bond Fund Class C Shares increased by 9.52% from €0.9800 to €1.0733.

Class D - Distributor Share Class

During the year from 31 December 2018 to 31 December 2019, the price of the APS Diversified Bond Fund Class D Shares increased by 6.54% from €0.9534 to €1.0158. During the same period, the Share Class distributed two dividends of €0.01375 and €0.01390 per share.

Overview of the Fund

The Fund successfully generated positive returns during 2019, with Class A shares appreciating by 9.52%. At the same time, the Fund's net asset value increased from €40.1 million to €46.5 million at the end of December 2019.

The period under review proved to be amicable to global bond investors as yields declined and credit spreads compressed. In this environment, the allocation to the US dollar was gradually reduced by almost one half in order to crystallise the capital gains that were registered as the US Dollar strengthened against the euro. Proceeds from the sale of US dollar were generally directed towards investments denominated in other currencies that were deemed to be attractively valued and at the same time offered incremental income over similar investments denominated in euro. Notably, at the end of the year under review, the Fund's allocation to emerging market currencies had more than tripled when compared to twelve months earlier. The duration risk of the Fund was managed throughout the year as a means of enhancing investment returns. This was generally done by increasing or decreasing the Fund's exposure to debt issued by the US Treasury. Similarly, the Investment Manager opportunistically added exposure to debt issued by selected Eurozone sovereigns that was considered to be cheaply priced. In terms of corporate credit exposure, the Fund Manager sought to protect the value of the portfolio by shedding exposure to issuers whose outlook was deemed to be deteriorating. Furthermore, a number of new credit names, including bonds listed on the Malta Stock Exchange, were added to the portfolio as the Manager embarked on a strategy to generally steer away from corporate bonds having a credit rating just above the investment grade minimum. At the end of the year, the Fund's duration stood at circa 4.2 years, down from 5.1 years twelve months earlier.

At the end of December 2019, the Fund's asset allocation was made up as follows: Government and Supranational Bonds: 43.8%; Corporate Bonds: 36.7%; Collective Investment Schemes: 8.9%; Term Deposits: 2.2% and Cash: 8.4%.

The Funds' performance figures listed above have been rounded to two decimal places whilst the fund prices are listed either to three decimal places or to four decimal places, as stipulated in the relevant Fund Supplement. Past performance is not necessarily indicative of future results. Some of the opinions expressed herein are of a forward-looking nature and should not be interpreted as investment advice. The Manager has obtained the information contained in this document from sources believed to be reliable but has not independently verified the information contained herein and therefore its accuracy cannot be guaranteed. The Manager makes no guarantees, representations or warranties and accept no responsibility or liability as to the accuracy or completeness of the information contained in this document. The Manager has no obligation to update, modify or amend this article or to otherwise notify a reader thereof in the event that any matter stated therein, or any opinion, projection, forecast or estimate set for the herein changes or subsequently becomes inaccurate.

Sources - IMF; Bloomberg; European Commission; Central Bank of Malta; National Statistics Office Malta; Eurostat; and Malta Stock Exchange.

REPORT OF THE DIRECTORS

The Directors are hereby laying before and for approval by the Shareholders at this Annual General Meeting, the Annual Report, including the Financial Statements of APS Funds SICAV p.l.c. (the "Company") for the year ended 31 December 2019.

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 UCITS Collective Scheme under the Investment Services Act [Cap. 370 of the Laws of Malta]. The Company has established three separate sub-funds namely; the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund. The Company has no employees.

Review of Business

The net assets attributable to Shareholders as at 31 December 2019 stood at €170,882,090 (2018: €149,923,405). This increase (13.98%), was spread between the three Sub-Funds and was the result of net subscriptions and a positive performance coming from each Sub-Fund. The individual performance of the Sub-Funds is further described in the Investment Manager's Report on pages 8 to 11.

The Sub-Funds' Custodian, Bank of Valletta plc, had indicated in the annual report and financial statements for the year ended 2018 that due to internal restructuring, it was in the process of winding down the custody business. As a result, during 2019, the Company took a proactive stance and started evaluating alternative fund custodians.

After considering various options and following a thorough due diligence exercise, the Company selected Swissquote Financial Services (Malta) Ltd ("Swissquote") as its new Custodian for the Sub-Funds. Swissquote, forms part of the Swissquote Group and has appointed Swissquote Bank Ltd ("SQB"), another member of the Swissquote Group, as sub-custodian to custody assets via a number of global custody relationships. SQB is a bank licensed and supervised by the Swiss Financial Market Supervisory Authority (FINMA).

The transition took place on the 11 November 2019.

Principal risks and uncertainties

The successful management of risk is essential to enable the Company to achieve its objectives. The ultimate responsibility for risk management rests with the Company's Directors, who evaluate the Company's risk appetite and formulate policies for identifying and managing such risks. The principal risks and uncertainties facing the Company are included below.

The Company defines risk as the probability of a permanent loss of capital. The risk management effort targets the minimisation of the probability of a permanent loss of invested capital within its investment objective. At the same time, it is also understood that the risk cannot be completely eliminated. Risk is considered acceptable by the Board of Directors if its sources are understood and within the appetite and tolerance levels set by the Board of Directors after consulting with the Investment Manager. Risks are taken only after an understanding of the nature of the risk, and only if that risk carries an adequate compensation in the form of return.

Non-Financial Risks

Operational risk

Operational risk, also referred to as operations risk, is the risk of loss from failures in a company's systems, processes and procedures such as computer breakdowns including viruses and hardware problems. Operational risk can also materialise from external events, which are not under the direct control of the Company such as terrorist attacks and "acts of God".

Settlement risk

The security settlement process involves a bilateral agreement whereby two counterparties trading with one another agree to pay for and transfer investment securities to each other. Settlement risk is defined as the risk that the Company could be in the process of paying the counterparty for securities purchased while the counterparty is declaring itself as bankrupt. The Company could also be in a position whereby it is expecting payment for securities sold whilst the counterparty declares bankruptcy.

Political risk

Political risk, also known as geopolitical risk, may be defined as the risk that asset returns decrease due to changes in the political environment within a country that lead to heightened instability. Political instability may arise from a change in government, legislative bodies and other policy makers.

Legal risk/Regulatory standing

This is the risk of losses due to non-compliance with legal requirements towards the Maltese regulator and other regulators in whose jurisdiction the Company may conduct its business. The Compliance function of the Company is carried out by an experienced person who is a lawyer. Professional external advice and experience is sought for other matters, where appropriate.

Reputational Risk

The Company is subject to numerous laws and regulations covering a wide range of matters. Failure to comply could have financial or reputational implications and could materially affect the Company's ability to operate. The Company has embedded operating policies and procedures to ensure compliance with existing legislation.

Regulatory risk

The regulatory environment is another source of uncertainty. Regulatory risk is associated with the uncertainty of how a transaction will be regulated or with the potential for regulations to change in the future. A change in regulation and/or statutes may end up increasing the cost of operations for the Company, reduce investment returns or completely change the competitive landscape.

Taxation risk

Taxation risk arises due to the uncertainty associated with tax legislations. Changes in tax legislations may have adverse effects and unforeseen negative consequences for transactions and business relationships. Taxation risk also encompasses the risk that tax legislations become more burdensome on the Company.

Leverage

The UCITS regulations permit the Company to borrow, for the account of a Sub-Fund, up to 10% of the value of assets of that Sub-Fund provided that such borrowing is on a temporary basis. The assets of such Sub-Fund may be charged as security for any such borrowings. To date, the

approved borrowing limits were much less than those permitted under UCITS rules.

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: market risk, interest rate risk, currency risk, investment risk, credit risk, liquidity risk, etc. The Company's objective in managing such risks is the creation and protection of shareholders' 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 41 to 48.

Results and Dividends

The results for the year 2019 can be found on the Statements of Comprehensive Income on page 25. The dividends declared for the year ended 31 December 2019 with respect to the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund distributor class of shares can be found under note 10 on page 38.

Directors

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

Auditors

Deloitte Audit Limited have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Going Concern

As required by Listing Rule 5.62, upon due consideration of the performance of the Sub-Funds, the Directors confirm the Company's ability to continue operating as a going concern for the foreseeable future.

APS Income Fund - Breach of the Investment Policy

The APS Income Fund has breached an investment restriction contained in the Offering Supplement. The Board reviewed the Offering Supplement and subsequently received regulatory approval on 11th April 2019, which effectively rectified the breach. Further details are disclosed in the annual report of the Custodian, which can be found on page 19. There were no breaches at 31 December 2019 as further confirmed in the Report of the Custodian, on page 20.

Standard licence conditions and regulatory sanctions

During the year under review there were no breaches of standard conditions or other regulatory requirements or administrative penalty which were subject to regulatory sanctions.

On behalf of the Board


Tony Mejlaq
Chairman


Joseph Portelli
Director


Etienne Borg Cardona
Director

21 February 2020

RAPPORT TAD-DIRETTURI

Id-Diretturi qeghdin iqiegħdu quddiem il-Kumpanija għall-approvazzjoni tal-Azzjonisti, f'din il-Laqgħa Generali Annwali, ir-Rapport Annwali, li jinkludi fih ir-Rapporti Finanzjarji tal-APS Funds SICAV p.l.c. (il-Kumpanija) għas-sena li għalqet fil-31 ta' Diċembru 2019.

Principal Activities

Il-Kumpanija hija mwaqqfa bħala kumpanija ta' investment b'kapital azzjonarju varjabbli (SICAV) u b'fondi multipli taht l-Att dwar il-Kumpaniji [Kap. 386 tal-Liġijiet ta' Malta]. Il-Kumpanija kienet irregistrata fil-24 ta' Jannar 2008 u hija liċenzjata mill-Awtorità Maltija għas-Servizzi Finanzjarji bħala Skema ta' Investment Kollektiv UCITS taht l-Att dwar Servizzi ta' Investment [Kap. 370 tal-Liġijiet ta' Malta]. Il-Kumpanija waqfiet tliet fondi separati li huma: I-APS Income Fund, I-APS Regular Income Ethical Fund u I-APS Diversified Bond Fund. Il-Kumpanija m'għandhiex impjegati.

Rassenja tal-Attività tal-Kumpanija

L-assi netti attribwibbli lill-azzjonisti fil-31 ta' Diċembru 2019 kellhom il-valur ta' € 170,882,090 (2018: €149,923,405). Din iż-żieda (ta' 13.98%) kienet maqsuma bejn it-tliet Fondi u kienet ir-riżultat tal-konkorenza netta u tal-prestazzjoni pożittiva li kien hemm f'kull Fond. Il-prestazzjoni individwali ta' kull Fond hija deskritta aktar fid-dettall fir-Rapport tal-Investment Manager f'pagna 8 sa 11.

Il-Kustodju tal-Fondi, il-Bank of Valletta plc, kien ta' indikazzjoni fir-rapport annwali u r-rapporti finanzjarji għas-sena li għalqet fil-31 ta' Diċembru 2018 illi minhabba li kien għaddej minn ristrutturar intern kien fil-proċess li jiegħaf jopera ta' kustodju. Għaldaqstant fil-2019 il-Kumpanija hadet azzjoni proattiva u bdiet tagħmel evalwazzjoni ta' kustodji alternattivi ta' fondi.

Wara li ġew ikkunsidrati diversi opzjonijiet u wara li sar eżerċizzju metikoluż tal-għaqal misthoq, il-Kumpanija għazlet lil Swissquote Financial Services (Malta) Ltd ("Swissquote") bħala l-Kustodju l-ġdid għall-Fondi tagħha. Swissquote tifforma parti mill-Grupp Swissquote u hatret lil Swissquote Bank Ltd ("SQB"), membru iehor tal-Grupp Swissquote, bħala sotto-kustodju biex jikkustodja l-assi permezz ta' għadd ta' relazzjonijiet globali ta' kustodja. SQB huwa bank il-liċenjat u regolat mis-Swiss Financial Market Supervisory Authority (FINMA).

It-tranżizzjoni sehħet fil-11 ta' Novembru 2019.

Ir-riskji u l-inċertezzjoni ewlenin

Il-kontroll effettiv tar-riskju huwa essenzjali biex il-Kumpanija tilhaq l-għanijiet tagħha. Ir-responsabbiltà aħħarija għall-kontroll tar-riskju taqa' fuq id-diretturi tal-Kumpanija. Dawn jevalwaw id-dispożizzjoni tal-Kumpanija għar-riskju u jfasslu l-politika biex jidentifikaw u jikkontrollaw ir-riskji. Ir-riskji u l-inċertezzjoni ewlenin li tiffaċċa l-Kumpanija huma mnizzla hawn taht.

Il-Kumpanija tiddefinixxi r-riskju bħala l-probabbiltà ta' telf permanenti ta' kapital. L-isforz li jsir biex jiġi kkontrollat ir-riskju huwa mmirat biex inaqas kemm jista' jkun il-probabbiltà ta' telf permanenti ta' kapital investit fl-ambitu tal-oġettiv tal-kumpanija għall-investment. Fl-istess hin huwa rikonoxxut li r-riskju ma jistax jingata' għal kollox. Ir-riskju jittqies aċċettabbli għall-Bord tad-Diretturi jekk ikun magħruf minn fejn hu għej u jkun fil-parametri tad-dispożizzjoni u t-tolleranza li l-Bord tad-Diretturi jkun f'fissaw wara li kkonsultaw mal-Investment Manager. Ir-riskju jittiehed biss jekk ikun hemm għarfin tajeb tan-natura tar-riskju u jekk dak ir-riskju jgħib miegħu kumpens sodisfaċenti bħala rendita.

Riskji Mhux Finanzjarji

Riskju tal-operat

Ir-riskju tal-operat, imsejjaħ ukoll riskju mill-operazzjoni, huwa r-riskju li jkun hemm telf minhabba waqfien jew nuqqasijiet fis-sistemi, proċessi jew proċeduri tal-kumpanija, pereżempju waqfien tal-kompjuters, inkluzi problemi ta' infezzjoni minn virusi jew hsara ta' makkinarju. Ir-riskju tal-operat jiġi wkoll minn fatturi esterni li mhumiex taht il-kontroll dirett tal-Kumpanija, bħalma huma attakki terroristiċi jew diżastri naturali.

Riskju tas-saldu

Il-proċess tal-hlas għas-saldu tax-xiri u bejgħ ta' investimenti jinvolvi ftehim bilaterali fejn żewġ kontropartiti li qed jinnegożjaw bejniethom jiftiehem li jagħmlu trasferiment u hlas ta' titoli ta' investment lil xulxin. Ir-riskju tas-saldu huwa definit bħala r-riskju li l-Kumpanija tista' tkun fil-proċess li thallas lill-kontropartita għal investimenti mixtrija, jew inkella tkun fil-pożizzjoni fejn qed tistenna hlas għal titoli mibjugħa, waqt li l-kontropartita tkun qed tiddikjara lilha nnifisha bħala falluta.

Riskju politiku

Ir-riskju politiku, magħruf ukoll bħala riskju geopolitiku, huwa definit bħala r-riskju li r-rendita minn certi assi tista' tonqos minhabba bidliet fl-ambjent politiku ta' pajjiż, li jwasslu għal instabilità serja. L-instabilità politika tista' tkun ikkawżata minn bidla fil-gvern, korpi leġislativi jew atturi oħra li jinfluwenzaw il-politika.

Ir-riskju legali/il-pożizzjoni regolatorja

Dan hu r-riskju ta' telf ikkawżat minn nuqqas ta' osservanza tar-rekwiżiti legali tar-regolatur Malti jew ta' regolaturi oħra f'għuridazzjonijiet fejn topera l-Kumpanija. Il-funzjoni interna tal-Osservanza li għandha l-Kumpanija hija f'data f'idejn persuna ta' esperjenza, li hi avukat. Għar-rigward ta' materji oħra, il-Kumpanija tirrikorri skont il-htieġa għall-pariri u l-esperjenza legali ta' professjonisti esterni.

Riskju tar-reputazzjoni

Il-Kumpanija hija soġġetta għal diversi liġijiet u regolamenti li jkopru firxa wiesgħa ta' materji. Jekk il-Kumpanija tonqos milli tkun konformi magħhom, jista' jkun hemm implikazzjonijiet għall-finanzi u r-reputazzjoni tagħha u tista' tintlaqat materjalment il-kapaċità tal-kumpanija li tkompli topera. Il-Kumpanija għandha mdaħħlin fis-sistemi tagħha politika u proċeduri li jassiguraw li tkun konformi mal-leġislazzjoni eżistenti.

Riskju regolatorju

L-ambjent regolatorju huwa sors iehor ta' inċertezza. Ir-riskju regolatorju huwa marbut mal-inċertezza ta' kif tranżazzjoni se tkun regolata jew ta' kif ir-regoli jistgħu jinbidlu fil-futur. Jekk ikun hemm bdil fir-regoli jew l-istatuti, dan jista' jwassal biex jidiedu l-kosti tal-operat tal-Kumpanija, inaqqsu d-dhul mill-investment jew saħansitra jibdlu għal kollox ix-xenarju kompetittiv.

Riskju tat-Taxxa

Ir-riskju tat-taxxa għej mill-inċertezza li tinholg mill-leġislazzjoni tat-taxxa. Meta jsir tiddil fil-liġijiet tat-taxxa, dan jista' jkollu effetti negattivi u konsegwenzi tżiena mhux mistennija fuq it-tranżazzjonijiet u r-relazzjonijiet kummerċjali. Ir-riskju tat-taxxa jigbor ukoll ir-riskju li l-liġijiet tat-taxxa jidur l-piż tagħhom fuq il-Kumpanija.

Ingranaġġ

Ir-regolamenti tal-UCITS jippermettu li l-Kumpanija tissellef, akkont ta' xi Fond, sa 10% tal-valur tal-assi ta' dak il-Fond, sakemm is-self ikun fuq bażi temporanja. L-assi ta' dak il-Fond jistgħu jintużaw

biex joffru sigurtà kontra dak is-self. Sal-lum il-limiti approvati għas-self kienu dejjem hafna inqas minn dawk li jippermettu r-regoli tal-UCITS.

L-Immanigġjar tar-Riskju Finanzjarju

Ir-riskju finanzjarju hu l-possibbiltà li l-azzjonisti jistgħu jiftflu flushom meta jinvestuom f'xi assi. Hemm diversi riskji finanzjarji li potenzjalment jistgħu jolqtu l-attivitàjiet tal-fondi. Dawn li għejjin huma whud minnhom, imma mhux kollha: ir-riskju tas-suq, ir-riskju taċ-ċaqliq fir-rati tal-imghax, ir-riskju tal-valuta, ir-riskju tal-investment, ir-riskju tal-kreditu, ir-riskju tal-likwidità, eċċ. Il-mira tal-Kumpanija fl-immanigġjar ta' dawn ir-riskji hija li toħloq u ttiproteġi l-valur għall-azzjonisti. Bil-ghan li tikkontrolla u ttaffi dawn ir-riskji, il-Kumpanija, fl-operat tagħha ta' kuljum, thaddem numru ta' għodod żviluppati għall-immanigġjar tar-riskju. Aktar dettalji jidhru fin-nota 14 fuq pagna 41 sa 48.

Riżultati u Dividendi

Ir-riżultati għas-sena 2019 jinsabu fir-Rapporti tad-Dhul Komplexsiv fuq pagna 25. Id-dividendi dkljarati għas-sena li għalqet fil-31 ta' Diċembru 2019 għar-rigward tal-klassijiet distributorji tal-APS Income Fund, I-APS Regular Income Ethical Fund u I-APS Diversified Bond Fund jinsabu taht Nota 10 f'pagna 38.

Diretturi

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

Awdituri

Deloitte Audit Limited indikaw li huma lesti jibqgħu l-awdituri tal-Kumpanija. Għaldaqstant se titressaq riżoluzzjoni fil-Laqgħa Generali Annwali biex jergħu jinhtru.

Negożju Avvjat

Kif titlob ir-Regola 5.62 tal-Elenku, id-Diretturi, wara li kkonsidraw kif kienet il-prestazzjoni tal-Fondi, jikkonfermaw li l-Kumpanija għandha l-kapaċità li tkompli topera bħala negożju avvjat għall-futur prevedibbli.

APS Income Fund - Ksur tal-politika tal-investment

L-APS Income Fund kiser wahda mir-restrizzjonijiet tal-investment li hemm fis-Supplement tal-Offerta. Il-Bord irreveda s-Supplement tal-Offerta u eventwalment irċieva l-approvazzjoni tar-Regolatur fil-11 ta' April 2019, u b'hekk effettivament irrettifika l-ksur. Aktar dettalji huma mogħtija fir-rapport annwali tal-Kustodju, li jinsab f'pagna 19. Fil-31 ta' Diċembru 2019 ma kien hemm ebda ksur, kif ukoll ikkonfermat fir-Rapport tal-Kustodju li jinsab f'pagna 20.

Il-kondizzjonijiet standard tal-liċenzja (SLCs) u s-sanzjonijiet regolatorji

Matul is-sena li qed nirrapportaw fuqha, ma kien hemm ebda ksur ta' kondizzjonijiet standard jew ta' rekwiżiti oħra regolatorji jew penali amministrattivi li kienu soġġetti għal sanzjonijiet regolatorji.

F'isem il-Bord

Tony Mejlaq
Chairman

Joseph Portelli
Direttur

Etienne Borg Cardona
Direttur

21 ta' Frar 2020

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 Members of APS Funds SICAV p.l.c.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of APS Funds SICAV plc ("the Company"), constituting each of the sub-funds of the Company, set out on pages 22 to 48, which comprise each of the statements of financial position as at 31 December 2019, and the statements of profit or loss or other comprehensive income, statements of changes in net assets attributable to holders of redeemable shares and statements of cash flows for the year then ended, and notes to the financial statements, including 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 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

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 Accountancy Profession (Code of Ethics for Warrant Holders) Directive (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and the Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the Management and Administration information on page 6, Description on page 7, the Investment

Manager's Report on pages 8 to 11, the Report of the Directors on pages 12 to 13, the Statement of Directors' Responsibilities on page 14, the Report of the Custodian on pages 19 to 20, Portfolio Statements on pages 49 to 53, the Statement of Changes in the Composition of the Portfolio on page 54 and Information about the Scheme on page 55 but does not include the separate and consolidated financial statements and our auditor's report thereon.

Except for our opinion on the Directors' report in accordance with the Companies Act (Cap. 386), our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial 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.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386), and the statement required by Listing Rule 5.62 on the Company's ability to continue as a going concern.

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the Directors' Report on pages 12 to 13, in our opinion, based on the work undertaken in the course of the audit:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibility of the Directors for the Financial Statements

As explained more fully in the Statement of directors' responsibilities on page 14, the directors are responsible for the preparation of financial

statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Companies Act (Cap.386), 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.

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.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the 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 the 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 exception under the Companies Act

Under the Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- Proper accounting records have not been kept;
- Proper returns adequate for our audit have not been received from branches not visited by us;
- The financial statements are not in agreement with the accounting records and returns; or
- We have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

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

Consistency of the audit report with the additional report to the Board of Directors

Our audit opinion is consistent with the additional report to the Board of Directors in accordance with the provisions of Article 11 of the EU Audit Regulation No. 537/2014.

Auditor tenure

We were first appointed to act as statutory auditor of the Company by the members of the Company on 13 October 2017 for the financial year ended 31 December 2017. The period of total uninterrupted engagement as statutory auditor of the firm is three financial years.



Sarah Curmi as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Central Business District, Birkirkara, Malta.

21 February 2020

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RAPPORT TAL-AWDITURI INDIPENDENTI

Lill-Membri tal-APS Funds SICAV p.l.c.

Rapport dwar il-Verifika tar-Rapporti Finanzjarji

Opinjoni

L-verifikazzjoni r-rapporti finanzjarji tal-APS Funds SICAV plc (il-"Kumpanija"), kostitwita minn kull waħda mill-fondi tal-Kumpanija, li jidhru ma' dan ir-rapport f'pagna 22 sa 48, u li jikkonsistu f'kull wiehded mir-rapporti tal-pożizzjoni finanzjarja fil-31 ta' Diċembru 2019 u r-rapporti tad-dhul jew telf jew dħal iehor kumplessiv, ir-rapporti tat-tibdil fl-assi netti attribwibbli lill-azzjonisti tal-ishma li jinfedew, u r-rapporti tal-flussi tal-flus għas-sena li għalget f'dik id-data, u n-noti għar-rapporti finanzjarji, inklużi n-noti 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 2019, u tar-riżultati finanzjarji u l-flussi tal-flus tagħha għas-sena li għalget f'dik id-data, skont l-Istandards Internazzjonali tar-Rapport Finanzjarju (IFRSs) kif adottati mill-Unjoni Ewropea (UE), u kienet ppreparati kif meħtieġ skont ir-rekwiżiti tal-Att dwar il-Kumpaniji (Kap. 386 tal-Liġijiet ta' Malta).

Baži għall-opinjoni

Wettaqna l-verifika tagħna skont l-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 jitleb il-Code of Ethics for Professional Accountants tal-International Ethics Standards Board for Accountants (il-Kodiċi tal-IESBA) flimkien mal-*Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (il-Kodiċi ta' Malta) li huma rilevanti għall-verifika tagħna tar-rapporti finanzjarji f'Malta, u ahna onorajna r-responsabbiltajiet etiċi l-oħra tagħna skont dawn ir-rekwiżiti u skont il-kodiċi tal-IESBA u l-Kodiċi ta' Malta. Jidhrilna li l-evidenza li għarna għall-iskop tal-verifika tagħna hija adattata u biżżejjed biex tipprovdli baži għall-opinjoni tagħna.

Materji Kruċjali għall-Verifika

Ma ddeterminajna li hemm ebda materja kruċjali għall-verifika x'nikkomunikaw f'dan ir-rapport..

Informazzjoni Oħra Barra r-Rapporti Finanzjarji u r-Rapport tal-Awditur Fuqhom

Id-diretturi huma responsabbli għall-informazzjoni l-oħra. L-informazzjoni l-oħra tikkonsisti fil-*Management and Administration* f'pagna 6, *Description* f'pagna 7, *Investment Manager's Report* f'pagna 8 sa 11, *Report of the Directors* f'pagna 12 sa 13, *Statement of Directors' Responsibilities* f'pagna 14, *Report of the*

Custodian f'pagna 19 sa 20, *Portfolio Statements* f'pagna 49 sa 53, *Statement of Changes in the Composition of the Portfolio* f'pagna 54 u *Information about the Scheme* f'pagna 55, imma ma tinkludix ir-rapporti finanzjarji separati u konsolidati u r-rapport tal-verifika tagħna fuqhom.

Ħlief għall-opinjoni tagħna fuq ir-Rapport tad-diretturi mogħti b'konformità mal-Att dwar il-Kumpaniji (Kap. 386), l-opinjoni tagħna fuq ir-rapporti finanzjarji ma tkoprix l-informazzjoni l-oħra, u ahna m'ahna nesprimu ebda forma ta' konkluzjoni assigurativa dwarha.

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 tidhri b'xi mod iehor li hi materjalment żbaljata. Jekk nikkonkludu, abbażi tax-xogħol li nkunu għamilna, li dik l-informazzjoni l-oħra tinkludi xi informazzjoni materjalment żbaljata, ahna obbligati li nirrapportaw dak il-fatt. M'għandna xejn x'nirrapportaw f'dan ir-rigward.

Għar-rigward tar-Rapport tad-diretturi ahna qisna wkoll jekk ir-Rapport tad-Diretturi jkoprix l-iżvelar ta' informazzjoni kif rekwiżit mill-Artiklu 177 tal-Att dwar il-Kumpaniji (Kap. 386), kif ukoll id-dikjarazzjoni rekwiżita mir-Regola tal-Elenku 5.62 dwar il-kapaċità tal-Kumpanija li tibqa' topera b'ħala negozju avvjat.

B'konformità mar-rekwiżiti tas-subartiklu 179(3) tal-Att dwar il-Kumpaniji (Kap. 386) għar-rigward tar-Rapport tad-Diretturi f'pagna 12 sa 13, fl-opinjoni tagħna, abbażi tax-xogħol li għamilna fil-kors tal-verifika:

- L-informazzjoni mogħtija fir-Rapport tad-Diretturi għas-sena finanzjarja li għaliha ġew ippreparati r-rapporti finanzjarji hija konsistenti mar-rapporti finanzjarji; u
- Ir-Rapport tad-Diretturi ġie ppreparat b'konformità mar-rekwiżiti legali li japplikaw.

Fid-dawl tat-tagħrif u tal-fehma li ksibna dwar il-kumpanija u l-ambjent tagħha matul il-kors tal-verifika, ma identifikkajna ebda żball materjali fir-Rapport tad-Diretturi.

Responsabbiltà tad-diretturi għar-rapporti finanzjarji

Kif hemm spjegat aktar ampjament fid-Dikjarazzjoni tar-responsabbiltajiet tad-diretturi f'pagna 14, id-diretturi huma responsabbli għall-preparazzjoni ta' rapporti finanzjarji li jagħtu stampa reali u korretta skont ma jitolbu l-IFRSs kif adottati mill-UE u skont ir-rekwiżiti tal-Att dwar il-Kumpaniji (Kap. 386), u għall-kontroll intern skont ma d-diretturi jidhrilhom

neċessarju biex ir-rapporti finanzjarji jkunu jistgħu jiġu ppreparati hielsa minn kull żball materjali, sew jekk ikun 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 b'ħala negozju avvjat, u li tiżvela, skont il-każ, materji relatati man-negozju avvjat, u li tikkontabilizza fuq il-baži ta' negozju avvjat sakemm id-diretturi ma jkollhomx hsieb li jillikwidaw il-Kumpanija jew li jtemmu 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 assigurarazzjoni raġonevoli dwar jekk ir-rapporti finanzjarji, fit-totalità tagħhom, humiex hielsa minn kwalunkwe dikjarazzjoni li hi materjalment żbaljata, sew jekk kawża ta' frodi jew ta' żbalji, u li nohorgu rapport tal-awditur li jkun jagħti l-opinjoni tagħna. L-assigurarazzjoni raġonevoli hija assigurarazzjoni ta' livell għoli, imma mhijex garanzja 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, wiehded jista' raġonevolment jobsor li jistgħu jinfluwenzaw id-deċiżjonijiet ekonomiċi li l-utenti jiehdu abbażi ta' dawn ir-rapporti finanzjarji.

Meta nagħmlu verifika skont l-ISAs, ahna 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 tipprovdli baži 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' jinvolti 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 nfasslu proċeduri ta' verifika li huma adattati għaċ-ċirkostanzi, imma mhux għall-iskop li nesprimu xi opinjoni dwar l-effettività tal-kontroll intern tal-Kumpanija.

RAPPORT TAL-AWDITURI INDIPENDENTI

Ir-responsabbiltajiet tal-Awditur għall-Verifika tar-Rapporti Finanzjarji - ikompli

- Nevalwaw jekk il-politika użata fil-kontabilità hijiex adattata u jekk l-estimi tal-kontabilità u l-informazzjoni relatata żvelata mid-diretturi humiex raġonevoli.
- Naslu għal konklużjonijiet dwar jekk huwiex xieraq li d-diretturi jużaw il-bażi tan-negozju avvjat fil-kontabilità u abbażi tal-evidenza miksuba waqt il-verifika, jekk teżistix xi incertezza materjali marbuta ma' avvenimenti u kondizzjonijiet li jistgħu joħolqu dubju serju jekk il-Kumpanija tkunx kapaci tibqa' topera b'ħala negozju avvjat. Jekk nikkonkludu li teżisti xi incertezza materjali, aħna obbligati li niġbdu l-attenzjoni fir-rapport tal-verifika tagħna għall-informazzjoni relatata żvelata fir-rapporti finanzjarji jew, jekk ma jkunx hemm biżżejjed informazzjoni żvelata, li nimmodifikaw l-opinjoni tagħna. Il-konklużjonijiet tagħna huma bbażati fuq l-evidenza li ksbna għall-iskop tal-verifika sad-data tar-rapport tal-verifika tagħna.

Madankollu jistgħu jkun hemm avvenimenti jew kondizzjonijiet fil-futur li b'riżultat tagħhom il-Kumpanija jkollha tiegħa topera b'ħala negozju avvjat.

- Nevalwaw il-preżentazzjoni, l-istruttura u l-kontenut ġenerali tar-rapporti finanzjarji, inkluż l-informazzjoni żvelata, u jekk ir-rapporti finanzjarji jirrappreżentawx 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.

Nipprovdnu wkoll dikjarazzjoni lid-Diretturi li nkunu żammewna 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-perjodu attwali u li għaldaqstant huma l-materji kruċjali 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 tissewma fir-rapport tagħna minhabba li dan jista' jġib konsegwenzi negattivi li jkunu raġonevolment mistennija li jgħidbu l-benefiċċji għall-interess pubbliku ta' tali komunikazzjoni.

Rapport dwar Rekwiżiti Oħra Legali u Regolatorji

Materji li aħna mistennija nirrapportaw dwarhom b'eċċezzjoni taħt l-Att dwar il-Kumpaniji

Taħt l-Att dwar il-Kumpaniji (Kap. 386), għandna r-responsabbiltajiet li nirrapportawkom jekk fl-opinjoni tagħna:

- il-kotba tal-kontijiet ma nżammux kif suppost;
- ma rċevjoniex denunzi ta' informazzjoni, kif suppost u kemm meħtieġ għall-verifika tagħna, mill-fergħat li ma żornjix;
- ir-rapporti finanzjarji ma jaqblux mal-kotba tal-kontijiet u mad-denunzi; jew
- ma stajniex niksbi l-informazzjoni u l-ispejgazzjonijiet kollha li, skont l-aħjar tagħrif u twemmin tagħna, kellna b'żonn għall-verifika tagħna.

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

Konsistenza bejn ir-rapport tal-awditur u r-rapport addizzjonali lill-Bord tad-Diretturi

Our audit opinion is consistent with the additional report to the Board of Directors in accordance with the provisions of Article 11 of the EU Audit Regulation No. 537/2014.

Il-kariga tagħna b'ħala awditur

Aħna ġejna appuntati għall-ewwel darba biex nagħx b'ħala awditur statutorju tal-Kumpanija mill-membri tal-Kumpanija fit-13 ta' Ottubru 2017 għas-sena finanzjarja li għalget fil-31 ta' Diċembru 2017. Il-perjodu shiħ tal-inkarigu tagħna mingħajr interruzzjoni b'ħala awditur statutorju tal-kumpanija hu ta' tliet snin finanzjarji.



Sarah Curmi b'ħala Direttur
f'isem u għan-nom ta'
Deloitte Audit Limited
Awditur registrat
Central Business District, Birkirkara, Malta.

21 ta' Frar 2020

REPORT OF THE CUSTODIAN

10 November 2019

APS Funds SICAV p.l.c.

Annual Report of the Custodian

We, Bank of Valletta p.l.c., as Custodian to the APS Funds SICAV p.l.c. ("the Scheme") hereby confirm that having enquired into the conduct of the Manager during the period, 1st January to 10th November 2019, it is our opinion that during this period, the Scheme has been managed:

- i. In accordance with the limitations imposed on the investment and borrowing powers of the Fund by the constitutional documents and by the Malta Financial Services Authority, with the exception of;

The APS Income Fund contravened an investment restriction contained in the Prospectus by not holding at least 85% of its net assets in securities issued by companies whose principal activity is in Malta. The matter persisted until 11th April 2019, when the Authority approved an amended version of the Offering Supplement of the APS Income Sub-Fund.

- ii. Otherwise in accordance with the provisions of the constitutional documents and the Fund's license conditions.



Kevin Portelli
Head - Custody Services
Bank of Valletta p.l.c.

REPORT OF THE CUSTODIAN

Swissquote Financial Services (Malta) Ltd
46, Palazzo Spinola
St Christopher Street
Valletta VLT 1464
Malta

21 February 2020

Report of the Custodian to the Shareholders

We have enquired into the conduct of the Manager and APS FUNDS SICAV plc (the "Company"), for the period 11th November 2019 up until 31st December 2019 (the "Period") in our capacity as Custodian to the Company.

This report including the opinion, has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Malta Financial Services Authority (the "MFSA") Investment Services Act (Chapter 370 of the Laws of Malta), and for no other purpose. We do not, in giving this opinion, accept responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Custodian

Our duties and responsibilities are outlined in Part BIV to the MFSA Investment Services Rules. One of these duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether in our opinion the Company has been managed, in that period; (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Constitutional Documents and by the MFSA; and (ii) in accordance with its Constitutional Documents and its Licence Conditions. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, the Custodians should outline the steps taken to rectify the situation.

Basis of Custodian Opinion

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties outlined in Part BIV of the MFSA's Investment Services Rules and to ensure that in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the Company has been managed during the Period, in all material aspects:

- i. In accordance with the limitations imposed on the investment and borrowing powers of the Company by the Constitutional Documents and by the MFSA;
- ii. In accordance with the provisions of the Company's Constitutional Documents and the Regulations.

For and behalf of Swissquote Financial Services (Malta) Ltd:



Andrew Zarb Mizzi
Chief Executive Officer



Stefania Grech
Head of Legal & Compliance

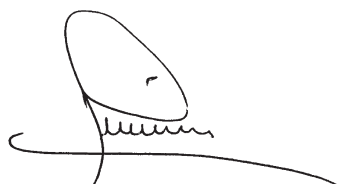
FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

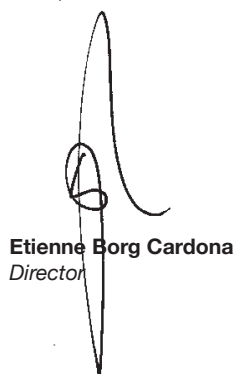
	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2019 €	2018 €	2019 €	2018 €	2019 €	2018 €	2019 €	2018 €
Assets								
Financial assets at fair value through profit or loss (note 5a)	150,506,371	132,383,905	79,225,556	69,362,387	30,266,898	27,659,847	41,013,917	35,361,671
Term Deposits at fair value through profit or loss (note 5b)	1,050,000	1,200,000	1,050,000	1,200,000	-	-	-	-
Term Deposits at amortised cost (note 5b)	8,613,606	10,243,460	6,690,885	5,824,768	922,721	918,692	1,000,000	3,500,000
Accrued income	1,491,397	1,468,818	666,366	692,626	306,233	334,354	518,798	441,838
Other receivables and prepayments	1,068,200	-	1,068,200	-	-	-	-	-
Cash and cash equivalents (note 13)	8,585,620	5,032,294	1,702,904	2,406,456	2,879,333	1,728,000	4,002,183	896,638
Total assets	171,315,194	150,328,477	90,403,911	79,486,237	34,375,185	30,640,893	46,534,898	40,200,147
Liabilities								
Accrued expenses (note 6)	380,840	338,513	203,002	180,719	99,964	94,518	77,874	63,276
Other creditors (note 6)	52,264	66,559	-	8,482	44,229	53,190	8,035	4,887
Total liabilities	433,104	405,072	203,002	189,201	144,193	147,708	85,909	68,163
	170,882,090	149,923,405	90,200,909	79,297,036	34,230,992	30,493,185	46,448,989	40,131,984
Represented by:								
Net assets attributable to shareholders	170,882,090	149,923,405	90,200,909	79,297,036	34,230,992	30,493,185	46,448,989	40,131,984

These financial statements on pages 22 to 48, were authorised for issue by the Board of Directors on the 21 February 2020 and were signed on its behalf by:



Tony Mejlaq
Chairman

21 February 2020



Etienne Borg Cardona
Director



Joseph Portelli
Director

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

Salient Statistics	APS Funds SICAV p.l.c. Combined	APS Income Fund	APS Regular Income Ethical Fund	APS Diversified Bond Fund
Shares in issue as at 31 December 2019 (note 7)				
Founder Shares	1,200.000	-	-	-
Accumulator	111,067.3610	111,067.3610	-	-
Distributor	515,926.8550	515,926.8550	-	-
Accumulator - Class A	4,088,698.7000	-	3,571,526.3690	517,172.3310
Distributor - Class B	48,615,284.5070	-	8,301,367.6350	40,313,916.8720
Accumulator - Class C	6,081,625.8000	-	4,404,472.1990	1,677,153.6010
Distributor - Class D	13,808,781.4450	-	10,734,699.6850	3,074,081.7600
		€	€	€
Net asset value as at 31 December 2019		90,200,909	34,230,992	46,448,989
Net asset value as at 31 December 2018		79,297,036	30,493,185	40,131,984
Net asset value as at 31 December 2017		81,363,561	32,554,103	41,041,116
Net asset value per Accumulator share as at 31 December 2019 (note 8)		193.7937	-	-
Net asset value per Distributor share as at 31 December 2019 (note 8)		133.1133	-	-
Net asset value per Accumulator Class A share as at 31 December 2019 (note 8)		-	1.4731	1.0982
Net asset value per Distributor Class B share as at 31 December 2019 (note 8)		-	1.1834	1.0159
Net asset value per Accumulator Class C share as at 31 December 2019 (note 8)		-	1.4680	1.0733
Net asset value per Distributor Class D share as at 31 December 2019 (note 8)		-	1.1811	1.0158
Net asset value per Accumulator share as at 31 December 2018 (note 8)		179.0535	-	-
Net asset value per Distributor share as at 31 December 2018 (note 8)		126.1875	-	-
Net asset value per Accumulator Class A share as at 31 December 2018 (note 8)		-	1.3243	1.0027
Net asset value per Distributor Class B share as at 31 December 2018 (note 8)		-	1.0872	0.9535
Net asset value per Accumulator Class C share as at 31 December 2018 (note 8)		-	1.3207	0.9800
Net asset value per Distributor Class D share as at 31 December 2018 (note 8)		-	1.0856	0.9534
Net asset value per Accumulator share as at 31 December 2017 (note 8)		175.9104	-	-
Net asset value per Distributor share as at 31 December 2017 (note 8)		127.3622	-	-
Net asset value per Accumulator Class A share as at 31 December 2017 (note 8)		-	1.3731	-
Net asset value per Distributor Class B share as at 31 December 2017 (note 8)		-	1.1573	0.9985
Net asset value per Accumulator Class C share as at 31 December 2017 (note 8)		-	1.3703	0.9985
Net asset value per Distributor Class D share as at 31 December 2017 (note 8)		-	1.1563	0.9985

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 December 2019

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2019 €	2018 €	2019 €	2018 €	2019 €	2018 €	2019 €	2018 €
As at 1 January	149,923,405	154,959,980	79,297,036	81,363,561	30,493,185	32,554,103	40,131,984	41,041,116
Issue of shares	17,570,593	5,926,452	10,247,770	3,295,841	3,481,408	1,617,217	3,841,415	1,013,394
Redemption of shares	(7,170,131)	(7,045,554)	(4,309,542)	(5,020,407)	(2,632,550)	(1,960,975)	(228,039)	(64,172)
Net equalisation	51,707	(11,449)	29,508	(11,208)	(1,205)	(4,058)	23,404	3,817
Net decrease/increase in net assets during the year	10,506,516	(3,906,024)	4,936,137	(330,751)	2,890,154	(1,713,102)	2,680,225	(1,862,171)
As at 31 December	170,882,090	149,923,405	90,200,909	79,297,036	34,230,992	30,493,185	46,448,989	40,131,984

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2019 €	2018 €	2019 €	2018 €	2019 €	2018 €	2019 €	2018 €
Income								
Net gain on financial assets at fair value through profit or loss (note 5a)	14,432,601	(441,703)	6,921,250	1,663,891	3,528,560	(1,031,203)	3,982,791	(1,074,391)
Interest income	257,074	323,924	214,283	232,992	16,156	51,255	26,635	39,677
Dividend income	1,091,464	1,467,374	651,299	639,204	260,462	283,700	179,703	544,470
	15,781,139	1,349,595	7,786,832	2,536,087	3,805,178	(696,248)	4,189,129	(490,244)
Expenses								
Management fee (note 9a)	1,164,079	1,101,254	636,453	589,830	310,929	308,779	216,697	202,645
Administration fee (note 9b)	99,799	96,500	42,000	42,000	38,000	38,000	19,799	16,500
Custodian fee (note 9c)	94,510	77,172	39,506	34,438	26,261	21,957	28,743	20,777
Transaction costs	38,137	34,114	11,961	9,010	8,376	9,965	17,800	15,139
Legal and professional fees	15,503	10,323	6,569	6,645	2,279	2,200	6,655	1,478
Directors' remuneration	27,966	28,034	14,711	14,668	5,723	5,912	7,532	7,454
Audit fee (note 9d)	13,200	12,600	4,400	4,200	4,400	4,200	4,400	4,200
Publicity, printing and publishing costs	67,341	61,499	36,765	51,008	15,551	5,583	15,025	4,908
Compliance fees	1,180	2,449	621	-	237	2,132	322	317
General administrative costs	48,482	28,424	23,821	16,937	10,274	4,358	14,387	7,129
	1,570,197	1,452,369	816,807	768,736	422,030	403,086	331,360	280,547
Net income	14,210,942	(102,774)	6,970,025	1,767,351	3,383,148	(1,099,334)	3,857,769	(770,791)
Finance costs - distributions to shareholders (note 10)	(3,254,081)	(3,353,591)	(1,635,700)	(1,693,717)	(457,016)	(568,494)	(1,161,365)	(1,091,380)
Tax expense on income (note 11)	(450,345)	(449,659)	(398,188)	(404,385)	(35,978)	(45,274)	(16,179)	-
Net increase in net assets during the year	10,506,516	(3,906,024)	4,936,137	(330,751)	2,890,154	(1,713,102)	2,680,225	(1,862,171)

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2019

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2019 €	2018 €	2019 €	2018 €	2019 €	2018 €	2019 €	2018 €
Cash flows from/used in operating activities								
Interest received	4,060,255	3,946,214	2,165,914	2,199,379	624,190	740,473	1,270,151	1,006,362
Dividend income received	1,087,393	1,491,342	651,298	639,204	256,392	287,102	179,703	565,036
Operating expenses paid	(2,624,492)	(1,447,976)	(1,859,245)	(777,584)	(461,398)	(419,872)	(303,849)	(250,520)
Tax paid	(450,345)	(449,659)	(398,188)	(404,385)	(35,978)	(45,274)	(16,179)	-
Payments for purchase of financial investments	(72,891,450)	(64,948,239)	(22,843,049)	(18,151,526)	(15,529,557)	(16,856,535)	(34,518,844)	(29,940,178)
Proceeds from sale of financial investments	67,121,613	65,731,998	17,247,682	21,928,970	15,862,818	17,283,321	34,011,113	26,519,707
Net cash generated from/used in operating activities	(3,697,026)	4,323,680	(5,035,588)	5,434,058	716,467	989,215	622,095	(2,099,593)
Cash flows from/used in financing activities								
Amounts received on creation shares	17,622,300	5,915,003	10,277,278	3,284,633	3,480,203	1,613,159	3,864,819	1,017,211
Amounts paid on redemption of shares	(7,170,131)	(7,045,554)	(4,309,542)	(5,020,407)	(2,632,550)	(1,960,975)	(228,039)	(64,172)
Distributions paid	(3,201,817)	(3,353,591)	(1,635,700)	(1,693,717)	(412,787)	(568,494)	(1,153,330)	(1,091,380)
Net cash generated from/used in financing activities	7,250,352	(4,484,142)	4,332,036	(3,429,491)	434,866	(916,310)	2,483,450	(138,341)
Movements in cash & cash equivalents	3,553,326	(160,462)	(703,552)	2,004,567	1,151,333	72,905	3,105,545	(2,237,934)
Cash & cash equivalents at beginning of year	5,032,294	5,192,756	2,406,456	401,889	1,728,000	1,655,095	896,638	3,134,572
Cash & cash equivalents at end of year (note 13)	8,585,620	5,032,294	1,702,904	2,406,456	2,879,333	1,728,000	4,002,183	896,638

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

APSFunds 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 with registration number SV 78. The registered address of the Company is APS Centre, Tower Street, Birkirkara, BKR4012, Malta. The Company consists of three Sub-Funds, the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond 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, the APS Regular Income Ethical Fund was launched on 24 May 2012 and the APS Diversified Bond Fund was launched on 23 October 2017. 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, except for financial assets at fair value through profit or loss, comprising financial investments and certain term deposits, which are stated at their fair values.

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.

Financial investments 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, except as specifically disclosed.

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. Interest income is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably.

Dividend income

Dividend income is recognised, when the Company's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend income is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably.

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 measured as at fair value through profit or loss, comprising financial investments and certain term deposits, and interest income thereon.

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 AVCO method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Expenses

Expenses are recognised on an accrual basis.

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, the APS Regular Income Ethical Fund and the APS Diversified Bond 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 Instruments

(a) Financial Assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at Fair Value through Profit or Loss ('FVTPL') on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost include certain term deposits, other receivables (representing amounts receivable for transactions contracted for but not yet delivered by the end of the period) and cash and cash equivalents.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

For financial assets at amortised cost, appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Company's accounting policy on ECLs.

Financial assets at FVTPL

A financial asset is measured at FVTPL if it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or its contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Company may irrevocably designate a financial asset as measured at FVTPL when doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company includes in this category, derivative contracts in an asset position, financial assets classified as held for trading, financial assets managed, evaluated and reported on a fair value basis in accordance with the Funds' documented investment strategy, and those financial investments and term deposits whose contractual cash flows do not solely represent payments of principal and interest, which are mandatorily measured at FVTPL.

(b) Financial liabilities

Financial liabilities measured at amortised cost

Financial liabilities that are not classified at FVTPL are classified at amortised cost. Financial liabilities measured at amortised cost include other payables (representing amounts payable for transactions

contracted for but not yet delivered by the end of the period) and overdrawn bank balances.

Financial liabilities measured at FVTPL

A financial liability is measured at FVTPL if it meets the definition of held for trading. The Company includes in this category, derivative financial liabilities.

Recognition, derecognition and measurement

Regular 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 or financial liabilities are initially recognised at fair value, and transaction costs for all financial instruments carried at FVTPL are expensed as incurred. Financial assets are derecognised when the rights to receive cash flows expire or when the entity transfers the financial asset and the transfer qualifies for derecognition. Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities at FVTPL category are included in the Statement of Comprehensive Income in the period in which they arise. Interest and dividends earned or paid on these instruments are recorded in 'other net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss' and 'dividend income' in the Statement of Comprehensive Income.

Financial assets, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of Comprehensive Income. Any gain or loss on derecognition is recognised in the Statement of Comprehensive Income.

Financial liabilities, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method.

The fair value of financial instruments listed or dealt on a regulated market, is based on the latest

available dealing price, appearing to the Directors. The fair values of unquoted investments are established by using valuation techniques. These include reference to recent financial statements and similar financial instruments as well as option pricing models.

Impairment

The Company recognises a loss allowance for ECLs on the following – financial assets at amortised cost.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Financial assets that are determined to have a low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

A financial instrument is determined to have low credit risk if:

- i) the financial instrument has a low risk of default,
- ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions. To the extent applicable, the Company has applied the low credit risk assumption for the following classes of financial assets - cash at bank and term deposits.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. In this regard, the Company has an internal credit scoring system in place that analyses the credit quality of the counterparties

accordingly. Such credit scoring system takes into consideration both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, and also considers the counterparties' macroeconomic context.

The Company has elected the rebuttable presumption from IFRS 9 by assuming that the credit risk on a financial asset has increased significantly if the financial asset is more than 30 days past due.

Moreover, unless the low credit risk assumption is applied, if the counterparty becomes downgraded by two notches (or more) based on the credit score assessment, the Company deems the financial asset's credit risk to have increased significantly.

Moreover, the Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days past due.

The maximum period considered when estimated ECLs is the maximum contractual period over which the Company is exposed to credit risk.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: significant financial difficulty; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for that financial asset because of financial difficulties.

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

For financial assets, the credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. ECLs represent the weighted average of credit losses with the respective risks of a default occurring as the weights.

Under IFRS 9, the Company has incorporated forward-looking information, where applicable. A third party provider has been engaged to provide forward-looking PDs and LGDs.

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. 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.

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.

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 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. INTERNATIONAL FINANCIAL REPORTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

IAS 1 and IAS 8 Amendment - definition of material.

The amendments clarify the definition of material and how it should be applied by including the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. These amendments are effective for annual periods beginning on or after 1 January 2020.

NOTES TO THE FINANCIAL STATEMENTS

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

APS Income Fund

	Fair value 31.12.19 €	% of net assets	% of total assets	Fair value 31.12.18 €	% of net assets	% of total assets
Quoted Local Equities	21,210,279	23.51	23.46	19,030,827	24.00	23.94
Quoted Local Corporate Bonds	29,940,470	33.19	33.12	27,645,549	34.86	34.78
Quoted Malta Government Stocks	20,067,861	22.25	22.20	13,517,795	17.05	17.01
Quoted Foreign Bonds	8,006,946	8.88	8.86	9,168,216	11.56	11.53
	79,225,556	87.83	87.64	69,362,387	87.47	87.26

APS Regular Income Ethical Fund

	Fair value 31.12.19 €	% of net assets	% of total assets	Fair value 31.12.18 €	% of net assets	% of total assets
Quoted Foreign Equities	6,291,049	18.38	18.30	3,794,456	12.44	12.38
Exchange Traded Funds	3,371,290	9.85	9.81	1,538,625	5.05	5.02
Quoted Malta Government Stocks	483,000	1.41	1.41	434,200	1.42	1.42
Quoted Foreign Bonds	19,242,860	56.21	55.98	21,177,876	69.45	69.12
Quoted Collective Investment Scheme	878,699	2.57	2.56	714,690	2.34	2.33
	30,266,898	88.42	88.06	27,659,847	90.70	90.27

APS Diversified Bond Fund

	Fair value 31.12.19 €	% of net assets	% of total assets	Fair value 31.12.18 €	% of net assets	% of total assets
Exchange Traded Funds	4,118,328	8.87	8.85	6,470,429	16.12	16.10
Quoted Malta Government Stocks	646,608	1.39	1.39	591,948	1.48	1.47
Quoted Local Corporate Bonds	1,711,756	3.69	3.68	410,100	1.02	1.02
Quoted Foreign Bonds	34,537,225	74.36	74.22	27,889,194	69.49	69.38
	41,013,917	88.31	88.14	35,361,671	88.11	87.97

The reconciliation of fair value measurements of financial assets is disclosed below:

APS Income Fund

	Fair value 31.12.19 €	Fair value 31.12.18 €
Opening balance	69,362,387	69,750,572
Net acquisitions/disposals	5,356,081	146,541
Movement recognised in profit or loss	4,507,088	(534,726)
Closing balance	79,225,556	69,362,387

APS Regular Income Ethical Fund

	Fair value 31.12.19 €	Fair value 31.12.18 €
Opening balance	27,659,847	28,092,100
Net acquisitions/disposals	(90,374)	1,713,017
Movement recognised in profit or loss	2,697,425	(2,145,270)
Closing balance	30,266,898	27,659,847

APS Diversified Bond Fund

	Fair value 31.12.19 €	Fair value 31.12.18 €
Opening balance	35,361,671	36,102,537
Net acquisitions/disposals	3,538,588	228,604
Movement recognised in profit or loss	2,113,658	(969,470)
Closing balance	41,013,917	35,361,671

Fair Value hierarchy

Fair Value Measurement

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 at 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.

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.

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 2019 and 2018 all financial assets of the Company, which are classified as at fair value through profit or loss, are classified as Level 1.

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	
	31.12.19 €	31.12.18 €	31.12.19 €	31.12.18 €
Realised gain/(loss)	292,054	140,130	349,894	843,165
Unrealised gain/(loss)	4,644,904	(474,210)	2,709,830	(2,127,250)
Interest income	1,925,370	1,912,209	575,843	666,319
Foreign exchange gain/ (loss)	58,922	85,762	(107,007)	(413,437)
	6,921,250	1,663,891	3,528,560	(1,031,203)

NOTES TO THE FINANCIAL STATEMENTS

APS Diversified Bond Fund

	31.12.19	31.12.18
	€	€
Realised gain/ (loss)	303,900	(932,109)
Unrealised gain/ (loss)	2,131,458	(954,331)
Interest income	1,320,476	998,307
Foreign exchange gain/ (loss)	226,957	(186,258)
	3,982,791	(1,074,391)

The following industry concentrations in connection with financial assets at fair value through profit or loss are considered significant:

APS Income Fund

	2019 % of net assets	2018 % of net assets
Oil and Gas Services	2.87	4.24
Beverages	3.97	3.76
Insurance	2.83	2.84
Engineering and Construction	6.02	6.01
Investment Companies	4.66	5.19
Financial Services	7.28	7.67
Real Estate	11.92	13.01
Banks	9.98	11.84
Sovereign	27.63	21.97
Other	10.67	10.94
	87.83	87.47

APS Regular Income Ethical Fund

	2019 % of net assets	2018 % of net assets
Pharmaceuticals	2.11	0.99
Telecommunications	4.49	4.57
Commercial Services	2.92	1.45
Electric	1.62	3.47
Sovereign	23.35	25.62
Multi-National	2.77	0.99
Auto Manufacturers	3.69	5.99
Insurance	9.72	14.05
Banks	12.90	15.01
Other	24.85	18.56
	88.42	90.70

APS Diversified Bond Fund

	2019 % of net assets	2018 % of net assets
Leisure Time	4.69	0.95
Computers	1.34	0.84
Telecommunications	3.90	5.50
Electric	1.76	2.97
Automotive	4.61	-
Banks	4.92	4.68
Insurance	2.01	2.59
Oil and Gas	2.02	1.89
Multi-National	4.24	0.49
Sovereign	37.92	36.77
Debt Fund	8.87	13.28
Other	12.03	18.15
	88.31	88.11

5 (b). OTHER INVESTMENTS - TERM DEPOSITS

APS Income Fund

	31.12.19 €	% of net assets	% of total assets	31.12.18 €	% of net assets	% of total assets
Term Deposits maturing within 1 year:						
Measured at amortised cost	6,690,885	7.42	7.40	5,824,768	7.34	7.33
Measured at fair value through profit or loss	1,050,000	1.16	1.16	1,200,000	1.52	1.51
	7,740,885	8.58	8.56	7,024,768	8.86	8.84

APS Regular Income Ethical Fund

	31.12.19 €	% of net assets	% of total assets	31.12.18 €	% of net assets	% of total assets
Term Deposits maturing within 1 year	922,721	2.70	2.68	918,692	3.01	3.00
	922,721	2.70	2.68	918,692	3.01	3.00

APS Diversified Bond Fund

	31.12.19 €	% of net assets	% of total assets	31.12.18 €	% of net assets	% of total assets
Term Deposits maturing within 1 year	1,000,000	2.15	2.15	3,500,000	8.72	8.71
	1,000,000	2.15	2.15	3,500,000	8.72	8.71

As at year-end, the APS Income Fund had three (2018: four) 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. These financial assets are measured at fair value through profit or loss.

At 31 December 2019 and 2018, the fair value of the remaining term deposits which are measured at amortised cost approximated their contracted amount plus accrued unpaid interest due to their short term maturities or the fact that they carried an interest rate which at the year-end is representative of an arm's length rate.

NOTES TO THE FINANCIAL STATEMENTS

The fair value of term deposits has been determined using discounted cash flows using relevant interest rates applicable at year end.

These financial assets are classified as Level 2 within the fair value hierarchy.

The reconciliation of measurements of Term Deposits is disclosed below:

APS Income Fund

	31.12.19 €	31.12.18 €
Opening balance	7,024,768	10,671,355
Net acquisitions/disposals	590,262	(3,698,094)
Movement recognised in profit or loss	125,855	51,507
Closing balance	7,740,885	7,024,768

APS Regular Income Ethical Fund

	31.12.19 €	31.12.18 €
Opening balance	918,692	2,620,712
Net acquisitions/disposals	-	(1,710,076)
Movement recognised in profit or loss	4,029	8,056
Closing balance	922,721	918,692

APS Diversified Bond Fund

	31.12.19 €	31.12.18 €
Opening balance	3,500,000	1,426,500
Net acquisitions/disposals	(2,500,000)	2,073,500
Movement recognised in profit or loss	-	-
Closing balance	1,000,000	3,500,000

6. ACCRUED EXPENSES AND OTHER CREDITORS

	APS Income Fund		APS Regular Income Ethical Fund	
	31.12.19 €	31.12.18 €	31.12.19 €	31.12.18 €
Management fees payable	169,022	146,822	87,093	73,856
Administration fees payable	3,682	7,019	3,644	6,455
Custody fees payable	11,238	17,001	1,870	10,082
Other unpaid expenses	19,060	9,877	7,357	4,125
Accrued expenses	203,002	180,719	99,964	94,518
Withholding tax on distributions	-	8,482	44,229	53,190
Other creditors	-	8,482	44,229	53,190

	APS Diversified Bond Fund	
	31.12.19	31.12.18
	€	€
Management fees payable	61,484	49,524
Administration fees payable	3,293	2,803
Custody fees payable	3,308	9,472
Other unpaid expenses	9,789	1,477
Accrued expenses	77,874	63,276
Withholding tax on distributions	8,035	4,887
Other creditors	8,035	4,887

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, APS Regular Income Ethical Fund and APS Diversified Bond Fund are fully paid.

Distributor shareholders are entitled to distributions in accordance with the distribution policy. The determination of the net asset value per accumulator and distributor share is explained in note 8. Other differences in the fee structure related to the respective share classes is explained in note 9.

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

	2019 Shares	2018 Shares
Shares in issue at the beginning of the year		
Accumulator shares	95,476.949	94,926.341
Distributor shares	492,929.435	507,725.236
Creation of Accumulator shares	20,022.549	7,493.383
Creation of Distributor shares	50,095.373	15,957.791
Redemption of Accumulator shares	(4,432.137)	(6,942.775)
Redemption of Distributor shares	(27,097.953)	(30,753.592)
Shares in issue at the end of the year		
Accumulator shares	111,067.361	95,476.949
Distributor shares	515,926.855	492,929.435

NOTES TO THE FINANCIAL STATEMENTS

APS Regular Income Ethical Fund

	2019 Shares	2018 Shares
Shares in issue at the beginning of the year		
Class A Accumulator	3,388,724.727	3,388,724.727
Class B Distributor	8,814,581.122	8,803,186.835
Class C Accumulator	4,067,501.743	4,112,246.814
Class D Distributor	10,178,490.445	10,444,268.376
Creation of Class A Accumulator shares	216,915.035	-
Creation of Class B Distributor shares	686,132.911	361,258.715
Creation of Class C Accumulator shares	660,420.246	353,534.064
Creation of Class D Distributor shares	1,247,074.546	652,855.101
Redemption of Class A Accumulator shares	(34,113.393)	-
Redemption of Class B Distributor shares	(1,199,346.398)	(349,864.428)
Redemption of Class C Accumulator shares	(323,449.790)	(398,279.135)
Redemption of Class D Distributor shares	(690,865.306)	(918,633.032)
Shares in issue at the end of the year		
Class A Accumulator	3,571,526.369	3,388,724.727
Class B Distributor	8,301,367.635	8,814,581.122
Class C Accumulator	4,404,472.199	4,067,501.743
Class D Distributor	10,734,699.685	10,178,490.445

APS Diversified Bond Fund

	2019 Shares	2018 Shares
Shares in issue at the beginning of the year		
Class A Accumulator	305,208.171	-
Class B Distributor	40,000,000.000	40,000,000.000
Class C Accumulator	513,590.706	268,995.836
Class D Distributor	1,242,007.617	832,813.296
Creation of Class A Accumulator shares	211,964.160	305,208.171
Creation of Class B Distributor shares	313,916.872	-
Creation of Class C Accumulator shares	1,243,309.253	298,555.890
Creation of Class D Distributor shares	1,977,216.610	421,199.132
Redemption of Class A Accumulator shares	-	-
Redemption of Class B Accumulator shares	-	-
Redemption of Class C Accumulator shares	(79,746.358)	(53,961.020)
Redemption of Class D Accumulator shares	(145,142.467)	(12,004.811)
Shares in issue at the end of the year		
Class A Accumulator	517,172.331	305,208.171
Class B Distributor	40,313,916.872	40,000,000.000
Class C Accumulator	1,677,153.601	513,590.706
Class D Distributor	3,074,081.760	1,242,007.617

For any restrictions of the Sub-Funds or specific capital requirements on the subscriptions and redemptions of shares, kindly refer to the Company's Offering Memorandum and the Sub-Funds' Offering Supplements.

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

8. NET ASSET VALUE PER SHARE

The net asset value per share of the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond 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

On the 7th April 2017 ReAPS Asset Management Limited, an APS Bank fully-owned subsidiary, was licensed by the MFSA as the fund manager of APS Funds SICAV p.l.c.. On the same day APS Funds SICAV p.l.c. entered into an Investment Management Agreement with ReAPS Asset Management Limited. In turn, ReAPS Asset Management Limited appointed APS Bank p.l.c. (formerly APS Bank Ltd) as the sub-investment manager of the said SICAV, by virtue of an Agreement signed on the same said date.

The Manager 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 up to 1.0% per annum of the net asset value for Class A and Class B shares, and up to 1.3% per annum of the net asset value for Class C and Class D shares.

In the case of APS Diversified Bond Fund the Manager receives a management fee of up to 1.0% per annum of the net asset value for Class A and Class B shares, and up to 1.25% per annum of the net asset value for Class C and Class D shares.

b) Administration fee

The Company appointed BOV Fund Services Limited as Administrator to provide administration services, under an agreement dated 1 February 2008 and revised on 28 May 2012. Upon the conversion to UCITS, an agreement was signed on 7 April 2017 and revised on 23 October 2017.

The Administrator, BOV 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 (2017: €25,000) per annum and a maximum fee of €42,000 (2017: €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 (2017: €21,000) per annum and a maximum fee of €38,000 (2017: €38,000) per annum.

In respect of the APS Diversified Bond Fund, the Administrator shall receive a fixed fee of €16,500 per annum for the first two years from the date of the launch of the sub-fund. Thereafter, the Administrator shall receive for its services a fee calculated as 0.14% per annum of the net asset value. This fee is subject to a minimum fee of €21,000 per annum and a maximum fee of €38,000 per annum.

c) Custodian fee

Under the terms of an agreement dated 1 February 2008 (revised 28 May 2012 and further revised on 23 October 2017), Bank of Valletta p.l.c. acted as Custodian and provided custody services to the Company until 10 November 2019.

In the case of the APS Income Fund, Bank of Valletta p.l.c. received a custody fee of 0.045% for the first €50 million of NAV, 0.04% for a NAV between €50 million and €100 million and 0.035% for a NAV between €100 million and €200 million, subject to a minimum of €20,000 per annum.

In the case of the APS Regular Income Ethical Fund, Bank of Valletta p.l.c. received a custody fee of 0.045% for the first €50 million of NAV, 0.04% for a NAV between €50 million and €100 million and 0.035% for a NAV between €100 million and €200 million, subject to a minimum of €20,000 per annum.

In the case of the APS Diversified Bond Fund Bank of Valletta p.l.c. received a custody fee of 0.045% per annum for the first €50 million of NAV, 0.04% to be applied between €50 million - €100 million of NAV and 0.035% between €100 million - €200 million of NAV, subject to a minimum fee of €20,000 per annum.

As from 11 November 2019, the Company appointed Swissquote Financial Services (Malta) Limited to act as Custodian of the Company.

In the case of the APS Income Fund, Swissquote Financial Services (Malta) Limited receives a custody fee of 0.040% for the first €100 million of NAV and 0.035% for a NAV above €100 million, subject to a minimum of €1,000 per month.

In the case of the APS Regular Income Ethical Fund, Swissquote Financial Services (Malta) Limited receives a custody fee of 0.040% for the first €100 million of NAV and 0.035% for a NAV above €100 million, subject to a minimum of €1,000 per month.

In the case of the APS Diversified Bond Fund, Swissquote Financial Services (Malta) Limited receives a custody fee of 0.040% for the first €100 million of NAV and 0.035% for a NAV above €100 million, subject to a minimum of €1,000 per month.

d) Auditor's remuneration

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

	2019 €	2018 €
Annual statutory fee	13,200	12,600
Tax compliance services	1,250	7,250
	14,450	19,850

NOTES TO THE FINANCIAL STATEMENTS

10. DIVIDEND DISTRIBUTION

Distributions reflected in the Statement of Comprehensive Income for the year ended 31 December 2019:

APS Income Fund Distributor Shares	Ex-dividend date	Rate per share	Distribution paid
	28 December 2018	€ 1.4732	€ 726,213
	27 June 2019	€ 1.8205	€ 909,487
APS Regular Income Ethical Fund Distributor Shares	Ex-dividend date	Rate per share	Distribution paid
B Class	26 March 2019	€ 0.0119	€ 98,387
D Class	26 March 2019	€ 0.0117	€ 120,420
B Class	24 September 2019	€ 0.0132	€ 100,521
D Class	24 September 2019	€ 0.0131	€ 137,688
APS Diversified Bond Fund Distributor Shares	Ex-dividend date	Rate per share	Distribution paid
B Class	26 March 2019	€ 0.0137	€ 550,000
D Class	26 March 2019	€ 0.0137	€ 17,657
B Class	24 September 2019	€ 0.0139	€ 560,767
D Class	24 September 2019	€ 0.0139	€ 32,941

Distributions reflected in the Statement of Comprehensive Income for the year ended 31 December 2018:

APS Income Fund Distributor Shares	Ex-dividend date	Rate per share	Distribution paid
	28 December 2017	€ 1.5495	€ 786,741
	27 June 2018	€ 1.8259	€ 906,976
APS Regular Income Ethical Fund Distributor Shares	Ex-dividend date	Rate per share	Distribution paid
B Class	27 March 2018	€ 0.0134	€ 119,475
D Class	27 March 2018	€ 0.0133	€ 139,852
B Class	25 September 2018	€ 0.0163	€ 141,754
D Class	25 September 2018	€ 0.0162	€ 167,413
APS Diversified Bond Fund Distributor Shares	Ex-dividend date	Rate per share	Distribution paid
B Class	27 March 2018	€ 0.0114	€ 456,000
D Class	27 March 2018	€ 0.0115	€ 13,728
B Class	25 September 2018	€ 0.0151	€ 602,800
D Class	25 September 2018	€ 0.0151	€ 18,852

A final dividend of €1.39658 per share which amounted to a distribution of €720,533 was declared by the Directors on 31 December 2019 with respect to the distributor shares of the APS Income Fund (31 December 2018 €1.47326 per share which amounted to a distribution of €726,213). This distribution will be reflected in the Statement of Comprehensive Income for the year ending 31 December 2020.

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 which 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 and the APS Diversified Bond Fund are classified as non-prescribed funds for Maltese income tax purposes and should not be subject to tax on their 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 person) 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 Maltese resident individual investor may opt to declare such dividends paid from the Untaxed Account of the Company in his/her 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 individual'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.

12. RELATED PARTIES

(i) Shareholding

APS Bank p.l.c. (formerly APS Bank Ltd), whose ultimate parent is Arom Holdings Limited with registered address at Archbishop's Curia, St. Calcedonius Square, Floriana, Malta, has an investment in APS Funds SICAV p.l.c. as follows:

	APS Funds SICAV p.l.c. Founder Shares 31.12.19	APS Income Fund Distributor Shares 31.12.19	APS Regular Income Ethical Fund Distributor Shares Class B 31.12.19	APS Funds SICAV p.l.c. Founder Shares 31.12.18	APS Income Fund Distributor Shares 31.12.18	APS Regular Income Ethical Fund Distributor Shares Class B 31.12.18
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	€325,593	€125,500	Nil	€333,675	€148,550

	APS Diversified Bond Fund Distributor Shares Class B 31.12.19	APS Diversified Bond Fund Distributor Shares Class B 31.12.18
Number of Shares	40,000,000,000	40,000,000,000
Dividend Income	€1,104,000	€1,058,800

NOTES TO THE FINANCIAL STATEMENTS

The directors consider the ultimate controlling party to be the Archdiocese of Malta. Copies of the consolidated financial statements of APS Bank p.l.c. (formerly APS Bank Ltd) may be obtained from the Registry of Companies.

The APS Income Fund and the APS Regular Income Ethical Fund are associates of APS Bank p.l.c. (formerly APS Bank Ltd), since the latter holds a 15.77% and 18.51% equity interest in the Funds respectively (2018: 16.80% and 18.90% respectively).

The APS Diversified Bond Fund is a subsidiary of APS Bank p.l.c. (formerly APS Bank Ltd) since the latter holds an 87.75% equity interest in the Fund (2018: 95.10%).

As at 31 December 2019, the APS Funds SICAV p.l.c. ("The Company") held net bank balances at APS Bank p.l.c. (formerly APS Bank Ltd) amounting to €3,173 (2018: overdrawn €903) and term deposits of €6,963,606 (2018: €7,743,460).

As at 31 December 2019, the APS Income Fund held overdrawn bank balances at APS Bank p.l.c. (formerly APS Bank Ltd) amounting to €3 (2018: €1,678) and term deposits of €6,740,885 (2018: €5,024,768). These amounts are unsecured and will be settled by way of cash. The interest income recognised in profit or loss in relation to these balances amounted to €154,133 in 2019 (2018 - €173,765).

As at 31 December 2019, the APS Regular Income Ethical Fund held overdrawn bank balances at APS Bank p.l.c. (formerly APS Bank Ltd) amounting to €1 (2018: €775) and term deposits of €222,721 (2018: €218,692). These amounts are unsecured and will be settled by way of cash. The interest income recognised in profit or loss in relation to these balances amounted to €7,303 in 2019 (2018 - €34,980).

As at 31 December 2019, the APS Diversified Bond Fund held bank balances at APS Bank p.l.c. (formerly APS Bank Ltd) amounting to €3,177 (2018: Nil) and no term deposits (2018: €2,500,000). These amounts are unsecured and will be settled by way of cash. The interest income recognised in profit or loss in relation to these balances amounted to €13,994 in 2018 (2018 - €31,006).

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

(ii) Management agreement

During 2017 ReAPS Asset Management Limited, a subsidiary of APS Bank p.l.c. (formerly APS Bank Ltd), started acting as the Investment Manager of APS Income Fund, APS Regular Income Ethical Fund and APS Diversified Bond Fund. Previously management services were provided by APS Bank p.l.c. (formerly APS Bank Ltd). Management fees due to ReAPS Asset Management 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 2019 and 31 December 2018, the Company remunerated its Directors the amount of €27,966 and €28,034 respectively for each reporting year as disclosed separately in the Statement of Comprehensive Income. There were no other payments to key management personnel. These amounts represent short-term employee benefits.

As at 31 December 2019 and 31 December 2018, the Directors held units in the Sub-Funds, as detailed below:

	Sub-Fund	Type of shares held	Number of shares	Income from Dividends
2019	APS Income Fund	Accumulator	Nil	Nil
2018	APS Income Fund	Accumulator	60	Nil

All related party transactions, including the management services provided by ReAPS Asset Management Limited to APS Funds SICAV p.l.c. were made at arm's length on normal commercial terms and conditions.

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:

	2019 €	% of net assets	2018 €	% of net assets
APS Funds SICAV p.l.c.	8,585,620	5.02	5,032,294	3.35
APS Income Fund	1,702,904	1.89	2,406,456	3.03
APS Regular Income Ethical Fund	2,879,333	8.41	1,728,000	5.67
APS Diversified Bond Fund	4,002,183	8.62	896,638	2.18

Interest rates on cash at Bank held by the sub-funds, are fixed but subject to changes whenever such interest rates are revised by the respective Banks.

The APS Income Fund has an overdraft facility with APS Bank p.l.c. (formerly APS Bank Ltd) of €2,500,000 (2018: €2,500,000). As at 31 December 2019, the overdraft amount was of €3. (2018: €1,776). This facility is secured by a general pledge on all assets of the fund, with the total value of €2,500,000 (2018: €2,500,000).

The APS Regular Income Ethical Fund has an overdraft facility with APS Bank p.l.c. (formerly APS Bank Ltd) of €1,000,000 (2018: €1,000,000). As at 31 December 2019, the overdraft amount was of €1 (2018: Nil). This facility is secured by a general pledge on all assets of the fund, with a total value of €1,000,000 (2018: €1,000,000).

The APS Diversified Bond Fund requested APS Bank p.l.c. (formerly APS Bank Ltd) for an overdraft facility of a maximum of €1,000,000. As at 31 December 2019 and 2018 the facility was not overdrawn. This facility will be secured by a general pledge on all assets of the fund, with a total value of €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

APS Income Fund

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 2019 had increased by 15% (2018: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €3,181,542 (2018: €2,854,624). Conversely, if the MSE Index had decreased by 15% (2018: 15%), this would have had an equal but opposite effect.

APS Regular Income Ethical Fund

The equity securities are selected from recognised stock exchanges across the world. If equities and holdings in collective investment schemes and Exchange Traded Funds at 31st December 2019 had increased by 15% (2018: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €1,581,156 (2018: €907,166). Conversely, if equities and holdings in other collective investment schemes had decreased by 15% (2018: 15%), this would have had an equal but opposite effect.

APS Diversified Bond Fund

The APS Diversified Bond Fund does not invest in equity securities. Nevertheless, it holds investments in Exchange Traded Funds. If holdings in Exchange Traded Funds at 31st December 2019 had increased by 15% (2018: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €617,749 (2018: 970,564). Conversely, if and holdings in other collective investment schemes had decreased by 15% (2018: 15%), this would have had an equal but opposite effect.

Interest-bearing financial assets 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 to the extent that such assets are measured at fair value. 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)	
	2019	2018	2019	2018
APS Income Fund	61.11	69.12	3.20	6.24
APS Regular Income Ethical Fund	40.38	54.59	17.24	25.06
APS Diversified Bond Fund	70.85	70.45	8.58	12.45

APS Income Fund

At 31st December 2019, should interest rates have lowered / increased by 50 (2018:50) 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 €2,077,424 (2018: €1,584,964), arising from the change in market values of these corporate and government bonds.

NOTES TO THE FINANCIAL STATEMENTS

APS Regular Income Ethical Fund

At 31st December 2019, should interest rates have lowered / increased by 50 (2018:50) 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 €488,889 (2018: €636,437), arising from the change in market values of these corporate and government bonds.

APS Diversified Bond Fund

At 31st December 2019, should interest rates have lowered / increased by 50 (2018: 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 €835,192 (2018: €798,729), arising from the change in market values of these corporate and government bonds.

Such movements in the NAV of the Funds would be dependent on the duration of the Funds. Duration, in turn, is dependent on the maturity date, coupon and 'yield to maturity' of every underlying bond held. Duration measures a bond's sensitivity to a change in interest rates. Usually, the higher the duration, the more is the volatility in the prices.

For the purposes of measuring the interest rate risk of each Sub-Fund, the duration of each individual debt security held within a Sub-Fund is calculated. This applies to all debt securities, including those that pay zero interest or pay a variable rate of interest. Other assets, such as equity securities, exchange traded funds, term deposits, and cash balances are assumed to have zero interest rate risk. The duration of each Sub-Fund is calculated as the sum of the weighted average duration of the underlying assets within the Sub-Fund. The weights reflect each asset's share of market value out of the Sub-Fund's total value.

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

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 Corporate Bonds 31.12.19 €	Quoted Malta Government 31.12.19 €	Quoted Foreign Bonds 31.12.19 €
Up to 1 year	2,008,139	-	-
1 to 5 years	6,683,778	1,175,081	263,065
5 to 15 years	21,248,553	12,811,320	3,529,168
Over 15 years	-	6,081,460	4,214,713
	29,940,470	20,067,861	8,006,946
	31.12.18 €	31.12.18 €	31.12.18 €
Up to 1 year	1,063,041	-	-
1 to 5 years	8,919,879	1,153,186	3,492,763
5 to 15 years	17,662,629	11,867,501	2,173,986
Over 15 years	-	497,108	3,501,468
	27,645,549	13,517,795	9,168,217

APS Regular Income Ethical Fund

	Quoted Malta Government Bonds 31.12.19 €	Quoted Malta Government Bonds 31.12.18 €	Quoted Foreign Bonds 31.12.19 €	Quoted Foreign Bonds 31.12.18 €
Up to 1 year	-	-	-	302,315
1 to 5 years	-	-	4,153,260	5,719,463
5 to 15 years	483,000	434,200	10,368,040	8,734,732
Over 15 years	-	-	4,721,560	6,421,366
	483,000	434,200	19,242,860	21,177,876

APS Diversified Bond Fund

	Quoted Local Corporate Bonds	Quoted Malta Government Bonds	Quoted Foreign Bonds
	31.12.19	31.12.19	31.12.19
	€	€	€
Up to 1 year	-	-	356,354
1 to 5 years	200,000	-	12,473,546
5 to 15 years	1,511,756	646,608	17,555,317
Over 15 years	-	-	4,152,008
	1,711,756	646,608	34,537,225
	31.12.18	31.12.18	31.12.18
	€	€	€
Up to 1 year	-	-	656,024
1 to 5 years	312,450	-	11,363,741
5 to 15 years	97,650	591,948	10,641,717
Over 15 years	-	-	5,227,713
	410,100	591,948	27,889,195

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. The Directors are currently in the process of finalising agreements and procedures to enable the hedging of foreign currency risk within the Sub-Funds should this be deemed necessary.

Although the majority of APS Income Fund's transactions, assets and liabilities are denominated in euro, as at 31 December 2019, the Fund had 1.43% (2018: 7.64%) of its underlying assets denominated in foreign currencies.

The APS Regular Income Ethical Fund is exposed to considerable foreign currency risk. As at 31 December 2019, the Fund had 19.81% (2018: 20.95%) of its underlying assets denominated in foreign currencies.

The APS Diversified Bond Fund is exposed to considerable foreign currency risk. As at 31 December 2019, the Fund had 38.86% (2018: 33.22%) 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 calculates the effect of a reasonably possible movement of the currency rate against the Euro on the net assets attributable to shareholders with all other variables held constant.

APS Income Fund		2019	2018
	Change in currency rate	Effect on the net assets Attributable to shareholders	Effect on the net assets Attributable to shareholders
Currency	%	€	€
Australian Dollar	+10	€12	€14
Canadian Dollar	+10	-	€8
British Pound	+10	€28,659	€26,222
Norwegian Krone	+10	€10,918	-
Swedish Krona	+10	-	€154,867
US Dollar	+10	€89,413	€425,107

NOTES TO THE FINANCIAL STATEMENTS

APS Regular Income Ethical Fund

		2019	2018
	Change in currency rate	Effect on the net assets Attributable to shareholders	Effect on the net assets Attributable to shareholders
Currency	%	€	€
Australian Dollar	+10	€60	€26,663
Brazilian Real	+10	€60,072	-
British Pound	+10	€77,009	€59,114
Indonesian Rupiah	+10	€60,031	€30,231
Norwegian Krone		€4,839	-
Polish Zloty	+10	€107,131	€10,463
Swedish Krona	+10	-	€64,942
Turkish Lira	+10	€65,885	-
US Dollar	+10	€286,835	€447,629

APS Diversified Bond Fund

		2019	2018
	Change in currency rate	Effect on the net assets Attributable to shareholders	Effect on the net assets Attributable to shareholders
Currency	%	€	€
Australian Dollar	+10	€315	€65,679
Brazilian Real	+10	€144,174	-
British Pound	+10	€85,571	€78,222
Hungarian Forint	+10	€99,084	-
Indonesian Rupiah	+10	€129,698	€19,650
Mexican Peso	+10	€175,517	€39,801
New Zealand Dollar	+10	€241,202	-
Norwegian Krone	+10	€8,099	-
Polish Zloty	+10	€159,938	-
South African Rand	+10	€140,102	€24,857
Swedish Krona	+10	-	€80,948
Turkish Lira	+10	€122,575	-
US Dollar	+10	€498,895	€1,024,118

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 2019 and 31 December 2018 on its monetary financial assets.

APS Income Fund

	As at 31 December 2019 €	% of net assets	As at 31 December 2018 €	% of net assets
Australian Dollar	125	-	141	-
Canadian Dollar	-	-	78	-
British Pound	286,589	0.32	262,219	0.33
Swedish Krona	-	-	1,548,671	1.95
Norwegian Krone	109,179	0.12	-	-
US Dollar	894,132	0.99	4,251,065	5.36
	1,290,025	1.43	6,062,174	7.64

APS Regular Income Ethical Fund

	As at 31 December 2019 €	% of net assets	As at 31 December 2018 €	% of net assets
Brazilian Real	600,725	1.75	-	-
British Pound	770,085	2.25	591,145	1.94
Polish Zloty	1,071,305	3.13	104,634	0.34
US Dollar	2,868,346	8.87	4,476,292	14.68
Turkish Lira	658,852	1.92	-	-
Norwegian Krone	48,389	0.14	-	-
Argentine Peso	-	-	649,416	2.13
Australian Dollar	600	0.00	266,634	0.87
Indonesian Rupiah	600,311	1.75	302,311	0.99
	6,618,613	19.81	6,390,432	20.95

APS Diversified Bond Fund

	As at 31 December 2019 €	% of net assets	As at 31 December 2018 €	% of net assets
Australian Dollar	3,150	0.01	656,789	1.64
British Pound	855,708	1.84	782,221	1.95
Hungarian Forint	990,839	2.13	-	-
US Dollar	4,988,946	10.74	10,241,182	25.51
Brazilian Real	1,441,739	3.10	-	-
Mexican Pesos	1,755,172	3.78	398,012	0.99
New Zealand Dollar	2,412,019	5.19	-	-
Indonesian Rupiah	1,296,976	2.79	196,502	0.49
Turkish Lira	1,225,748	2.64	-	-
South African Rand	1,401,020	3.02	248,565	0.62
Polish Zloty	1,599,383	3.44	-	-
Norwegian Krone	80,985	0.17	-	-
Swedish Krona	-	-	809,480	2.02
	18,051,685	38.86	13,332,751	33.22

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, term deposits and cash.

The carrying amounts of each financial asset represents the maximum exposure to credit risk.

Financial assets at amortised cost are presented net of an allowance for doubtful debts, where applicable. Up to the end of the previous financial year, an allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. As further disclosed in the remaining notes to the financial statements, in terms of IFRS 9 the Company applies an ECL model as opposed to an incurred credit loss model under IAS 39.

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 as categorised by a reputable external rating agency.

NOTES TO THE FINANCIAL STATEMENTS

APS Income Fund

	Aa	A	Baa	Ba	Not Rated	Fair Value 31.12.2019 €
Debt securities classified as fair value through profit or loss	1.48%	25.62%	3.75%	0.52%	33.46%	58,015,277
	AAA	AA	A	BBB	BB	Not Rated 31.12.2018 €
Debt securities classified as fair value through profit or loss	-	2.80%	18.91%	9.29%	1.32%	31.15% 50,331,560

APS Regular Income Ethical Fund

	Aaa	Aa	A	Baa	Ba	B	Not Rated	Fair Value 31.12.2019 €
Debt securities classified as fair value through profit or loss	6.97%	2.80%	16.11%	24.91%	4.72%	2.12%	-	19,725,860
	AAA	AA	A	BBB	BB	B	Not Rated	31.12.2018 €
Debt securities classified as fair value through profit or loss	0.99%	16.34%	20.89%	22.10%	5.26%	1.39%	1.90%	21,612,076

APS Diversified Bond Fund

	Aaa	Aa	A	Baa	Ba	B	Not Rated	Fair Value 31.12.2019 €
Debt securities classified as fair value through profit or loss	10.32%	1.60%	16.25%	26.65%	14.36%	6.57%	3.69%	36,895,589
	AAA	AA	A	BBB	BB	B	Not Rated	31.12.2018 €
Debt securities classified as fair value through profit or loss	1.99%	10.57%	10.65%	18.60%	10.71%	8.24%	11.23%	28,891,242

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 2019 and 2018.

Bank balances (note 13) are held and transacted with APS Bank p.l.c. (formerly APS Bank Ltd) and term deposits (note 5b) are held with reputable banks, including APS Bank p.l.c. (formerly APS Bank Ltd), and Izola Bank p.l.c. APS Bank p.l.c. (formerly APS Bank Ltd) and Izola Bank p.l.c. are not rated.

The table below details, by credit risk rating grades, the gross carrying amount of cash at bank;

APS Income Fund

	2019 EUR 12m ECL	2018 EUR 12m ECL
Performing	1,702,904	2,406,456
Gross / net carrying amount at 31 December	1,702,904	2,406,456

APS Regular Income Ethical Fund

	2019 EUR 12m ECL	2018 EUR 12m ECL
Performing	2,879,333	1,728,000
Gross / net carrying amount at 31 December	2,879,333	1,728,000

APS Diversified Bond Fund

	2019 EUR 12m ECL	2018 EUR 12m ECL
Performing	4,002,183	896,638
Gross / net carrying amount at 31 December	4,002,183	896,638

The table below details, by credit risk rating grades, the gross carrying amount of term deposits measured at amortised cost;

APS Income Fund

	2019 EUR 12m ECL	2018 EUR 12m ECL
Performing	6,690,885	5,824,768
Gross / net carrying amount at 31 December	6,690,885	5,824,768

APS Regular Income Ethical Fund

	2019 EUR 12m ECL	2018 EUR 12m ECL
Performing	922,721	918,692
Gross / net carrying amount at 31 December	922,721	918,692

NOTES TO THE FINANCIAL STATEMENTS

APS Diversified Bond Fund

	2019 EUR 12m ECL	2018 EUR 12m ECL
Performing	1,000,000	3,500,000
Gross / net carrying amount at 31 December	1,000,000	3,500,000

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 and for the APS Diversified Bond Fund. The Investment Manager may limit the total number of Shares to be redeemed on any Dealing Day and may also temporarily suspend determination of the Fund's Net Asset Value together with the sale and repurchase of Shares.

Investor Shares can be redeemed at the prevailing Redemption Price, by submission to the Company at the office of the Administrator of the relevant and properly completed Redemption Notice before the Redemption Notice Deadline.

In terms of the Memorandum and Articles, redemption requests and/or exchange requests are, once made, irrevocable. A Redemption Notice if accepted by the Company will be effective as at the applicable Redemption Day. Investor Shares shall be cancelled on the relevant Redemption Day and redemption requests will generally be settled within fourteen (14) Business Days from the relevant Redemption Day.

Capital risk management

The capital of the Funds is represented by the net assets attributable to holders of redeemable shares as disclosed in the Statement of Financial Position. The amount of net assets attributable to holders of redeemable shares can change significantly on a daily basis in the case of the APS Income Fund and on a weekly basis in the case of the APS Regular Income Ethical Fund and APS Diversified Bond Fund, as the Funds are subject to subscriptions and redemptions at the discretion of the shareholders. The Funds' objective when managing capital is to safeguard the Funds' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Funds.

PORTFOLIO STATEMENTS

	Market Value 31.12.2019 €	% of net assets
APS INCOME FUND		
Quoted Local Equities		
Bank of Valletta p.l.c.	608,523	0.67
BMIT Technologies p.l.c.	223,860	0.25
GO p.l.c.	1,439,454	1.60
HSBC Bank Malta p.l.c.	1,103,224	1.22
Malita Investments p.l.c.	1,053,641	1.17
Malta International Airport p.l.c.	5,427,650	6.02
Mapfre Middlesea p.l.c.	297,881	0.33
Medserv p.l.c.	1,100,000	1.22
PG p.l.c.	1,557,192	1.73
Plaza Centres p.l.c.	672,847	0.75
RS2 Software p.l.c.	2,787,889	3.09
Simonds Farsons Cisk p.l.c.	2,912,157	3.23
Tigné Mall p.l.c.	1,598,759	1.77
Trident Estates p.l.c.	427,202	0.47
Quoted Local Corporate Bonds		
4.80% Bank of Valletta p.l.c. Subordinated Bonds 2020	797,900	0.88
5.50% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2020	603,800	0.67
5.50% Pendergardens Developments p.l.c. Series I Secured Bonds 2020	606,439	0.67
5.80% International Hotel Investments p.l.c. Unsecured Bonds 2021	179,554	0.20
4.90% Gasan Finance Company p.l.c. 2019-2021	970,900	1.08
6.00% Mediterranean Investments Holdings p.l.c. Unsecured Bonds 2021	358,498	0.40
5.00% Mediterranean Investments Holdings p.l.c. Unsecured Bonds 2022	289,567	0.32
6.00% Pendergardens Developments p.l.c. Series II Secured Bonds 2022	989,940	1.10
5.80% International Hotel Investments p.l.c. Unsecured Bonds 2023	345,139	0.38
6.00% Medserv p.l.c. Secured and Guaranteed Notes 2020-2023 Series 1 Tranche 1	320,900	0.36
6.00% AX Investments p.l.c. Unsecured Bonds 2024	1,010,446	1.12
5.00% Hal Mann Vella Group p.l.c. Secured Bonds 2024	965,721	1.07
6.00% International Hotel Investments p.l.c. Unsecured Bonds 2024	1,028,713	1.14
5.00% Tumas Investments p.l.c. Unsecured Bonds 2024	224,400	0.25
4.50% Hili Properties p.l.c. Unsecured Bonds 2025	258,195	0.29
5.75% International Hotel Investments p.l.c. Unsecured Bonds 2025	206,291	0.23
4.50% Izola Bank p.l.c. Unsecured Bonds 2025	1,265,328	1.40
4.25% Corinthia Finance p.l.c. Unsecured Bonds 2026	87,035	0.10
5.00% Dizz Finance p.l.c. Unsecured Bonds 2026	203,000	0.23
4.00% International Hotel Investments p.l.c. Secured Bonds 2026	420,137	0.47
4.00% International Hotel Investments p.l.c. Unsecured Bonds 2026	473,387	0.52
4.50% Medserv p.l.c. Unsecured Bonds 2026	533,709	0.59
4.00% MIDI p.l.c. Secured Bonds 2026	1,189,205	1.32
3.90% Plaza Centres p.l.c. Unsecured Bonds 2026	203,100	0.23
3.75% Premier Capital p.l.c. Unsecured Bonds 2026	2,059,904	2.28
4.00% Eden Finance p.l.c. Unsecured Bonds 2027	1,959,152	2.17
5.00% MeDirect Bank (Malta) p.l.c. Subordinated Unsecured Bonds 2022-2027	757,625	0.84
4.35% SD Finance p.l.c. Unsecured Bonds 2027	2,020,000	2.24
3.50% Simonds Farsons Cisk p.l.c. Unsecured Bonds 2027	665,132	0.74
4.00% Stivala Group Finance p.l.c. Secured Bonds 2027	835,074	0.93
3.75% Tumas Investments p.l.c. Unsecured Bonds 2027	545,514	0.60
4.00% Exalco Finance p.l.c. Secured Bonds 2028	586,681	0.65
4.15% Phoenicia Finance Company p.l.c. Unsecured Bonds 2023-2028	1,520,057	1.69
3.75% AX Group p.l.c. Unsecured Bonds 2029 Series 2	438,320	0.49
4.00% MeDirect Bank (Malta) p.l.c. Sub Unsecured Bonds 2024-2029	352,920	0.39
3.65% Stivala Group Finance p.l.c. Secured Bonds 2029	93,636	0.10
3.75% TUM Finance p.l.c. Secured Bonds 2029	718,998	0.80
3.50% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 1 Tranche 1	2,543,854	2.82
3.50% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 2 Tranche 1	556,677	0.62
3.75% Bank of Valletta p.l.c. Unsecured Subordinated Bonds 2026-2031	755,625	0.84

PORTFOLIO STATEMENTS

	Market Value 31.12.2019 €	% of net assets
APS INCOME FUND (continued)		
Quoted Foreign Bonds		
10.00% Barclays Bank p.l.c. 2021	263,065	0.29
3.375% Aviva p.l.c. 2045	1,109,516	1.23
3.099% Allianz SE 2047	1,145,240	1.27
4.50% Repsol International Finance BV 2075	635,938	0.71
Quoted MGS Bonds (up to 5 years)		
3.30% Malta Government Stock 2024 (I)	1,175,081	1.30
Quoted MGS Bonds (5 to 15 years)		
1.50% Malta Government Stock 2027 (I)	4,444,000	4.93
4.80% Malta Government Stock 2028 (I)	3,169,249	3.51
4.50% Malta Government Stock 2028 (II)	2,114,262	2.34
5.10% Malta Government Stock 2029 (I)	1,069,215	1.19
2.30% Malta Government Stock 2029 (II)	2,014,593	2.23
Quoted MGS Bonds (over 15 years)		
2.50% Malta Government Stock 2036 (I)	110,124	0.12
2.10% Malta Government Stock 2039 (I)	5,207,150	5.77
3.00% Malta Government Stock 2040 (I)	462,674	0.51
2.40% Malta Government Stock 2041 (I)	301,512	0.33
Foreign Government Bonds		
1.25% Republic of Italy 2026	2,455,343	2.72
3.00% Croatia Government International Bond 2027	468,360	0.52
3.375% United Mexican States 2031	605,465	0.67
4.50% Government of France 2041	1,324,019	1.47
Term Deposits		
APS Bank p.l.c. (formerly APS Bank Ltd)	6,740,885	7.47
Izola Bank p.l.c.	1,000,000	1.11
APS REGULAR INCOME ETHICAL FUND		
Quoted Foreign Equities		
Adidas AG	478,170	1.40
Allianz SE	331,968	0.97
Anheuser-Busch InBev SA/NV	290,840	0.85
Ashtead Group p.l.c.	420,230	1.23
AXA SA	414,315	1.21
Bayerische Motoren Werke AG	292,560	0.85
Bolsas y Mercados Espanoles	240,660	0.70
Credit Agricole SA	310,200	0.91
Delta Airlines Inc	270,914	0.79
Endesa SA	237,900	0.70
Industria de Diseno Textil SA	314,500	0.92
KBC Group NV	335,300	0.98
Merck & Co Inc	364,617	1.07
Microsoft Corp	463,625	1.35
Orange SA	122,934	0.36
Sanofi	358,480	1.05
SAP SE	397,056	1.16
The Walt Disney Company	335,006	0.98
Vodafone Group p.l.c.	311,773	0.91

	Market Value 31.12.2019 €	% of net assets
APS REGULAR INCOME ETHICAL FUND (continued)		
Quoted Foreign Bonds		
0.00% European Investment Bank 2022	617,113	1.80
7.40% European Investment Bank 2022	329,632	0.96
1.875% Barclays p.l.c. 2023	158,657	0.46
7.875% Inter-American Development Bank 2023	270,679	0.79
3.75% Fiat Chrysler Automobile 2024	452,060	1.32
2.00% Imerys 2024	321,295	0.94
3.625% PVH Corporation 2024	390,380	1.14
2.50% Banco Santander 2025	326,005	0.95
1.25% Goldman Sachs Group Inc. 2025	620,868	1.81
1.625% RCI Banque SA 2025	517,635	1.51
1.375% WPP Finance 2025	311,721	0.91
1.75% DXC Technology 2026	301,695	0.88
1.375% Morgan Stanley 2026	421,264	1.23
3.50% Banco Bilbao Vizcaya Argentaria SA 2027	467,004	1.36
2.50% Bankinter SA 2027	312,750	0.91
2.25% BNP Paribas SA 2027	326,691	0.95
2.00% Barclays p.l.c. 2028	203,000	0.59
1.375% Societe Generale SA 2028	306,336	0.90
1.25% Svenska Handelsbanken AB 2028	358,313	1.05
6.25% Munchener Reinsurance Co. 2042	344,016	1.01
4.25% Aquarius & Investments p.l.c. 2043	283,943	0.83
5.125% AXA SA 2043	347,544	1.02
4.625% NN Group NV 2044	576,178	1.68
3.375% Aviva p.l.c. 2045	332,855	0.97
3.099% Allianz SE 2047	343,572	1.00
4.375% Mapfre SA 2047	353,229	1.03
4.50% Lanxess AG 2076	339,450	0.99
3.00% Telia Co. AB 2078	326,663	0.95
6.25% Orsted A/S 3013	318,047	0.93
1.38% Engie SA Perpetual	303,666	0.89
2.88% OMV AG Perpetual	321,750	0.94
4.25% Solvay SA Perpetual	222,250	0.65
2.13% Unibail Rodamco Perpetual	308,397	0.90
Quoted MGS Bonds (5 to 15 years)		
2.30% Malta Government Stock 2029 (II)	483,000	1.41
Foreign Government Bonds		
5.75% Republic of Poland 2021	910,498	2.66
4.00% Republic of Poland 2023	102,221	0.30
8.50% Federative Republic of Brazil 2024	600,725	1.76
2.15% Spain Government Bond 2025	336,657	0.98
3.00% US Treasury Bond 2025	285,807	0.84
1.25% Republic of Italy 2026	1,329,978	3.89
2.875% Obrigacoes do Tesouro 2026	410,799	1.20
1.625% US Treasury Bond 2026	882,811	2.58
0.75% Government of France 2028	957,600	2.80
0.90% Republic of Ireland 2028	965,565	2.82
3.875% Hellenic Republic 2029	725,544	2.12
Foreign Collective Investment Schemes		
Etica Azionario I	878,699	2.57
Exchange Traded Funds		
iShares USD Treasury Bond 7-10 Year EUR Hedged UCITS ETF	2,196,910	6.42
iShares USD Treasury Bond 20+ Year EUR Hedged UCITS ETF	1,174,380	3.43

PORTFOLIO STATEMENTS

	Market Value 31.12.2019 €	% of net assets
APS REGULAR INCOME ETHICAL FUND (continued)		
Term Deposits		
APS Bank p.l.c. (formerly APS Bank Ltd)	222,721	0.65
Izola Bank p.l.c.	700,000	2.04
APS DIVERSIFIED BOND FUND		
Quoted Local Corporate Bonds		
6.00% Medserv p.l.c. Secured and Guaranteed Notes 2020 - 2023 Series 1 Tranche 1	200,000	0.43
4.00% International Hotel Investments p.l.c. Unsecured Bonds 2026	244,016	0.53
4.50% Medserv p.l.c. Unsecured Bonds 2026	99,000	0.21
4.35% SD Finance p.l.c. Unsecured Bonds 2027	252,500	0.54
4.15% Phoenicia Finance Company p.l.c. Unsecured Bonds 2023 - 2028	311,700	0.67
4.00% Exalco Finance p.l.c. Secured Bonds 2028	97,780	0.21
4.00% MeDirect Bank (Malta) p.l.c. Subordinated Unsecured 2024-2029	105,060	0.23
3.75% TUM Finance p.l.c. Secured Bonds 2029	102,000	0.22
3.50% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 1 Tranche 1	299,700	0.65
Quoted Foreign Bonds		
2.65% EMC Corp 2020	356,354	0.77
3.875% Arcelik AS 2021	417,568	0.90
6.75% Codere Finance 2021	186,178	0.40
5.125% CBR Fashion 2022	206,328	0.44
0.00% European Investment Bank 2022	1,178,126	2.54
7.40% European Investment Bank 2022	214,261	0.46
4.75% FMG Resources August 2006 Pty Ltd. 2022	368,381	0.79
3.25% Teva Pharmaceutical Finance 2022	201,714	0.43
5.25% Fiat Chrysler Automobile 2023	448,769	0.97
3.125% Gaz Capital SA 2023	219,550	0.47
7.875% Inter-American Development Bank 2023	1,082,715	2.33
4.60% RZD Capital 2023	398,664	0.86
4.125% Adler Pelzer Holding GmbH 2024	373,324	0.80
6.00% Cemex Finance LLC 2024	262,076	0.56
5.50% Cott Corp 2024	208,180	0.45
3.25% Nemak SAB De CV 2024	208,028	0.45
4.875% Orano SA 2024	348,525	0.75
4.75% Softbank Group Corp 2024	226,062	0.49
2.50% Banco Santander SA 2025	434,674	0.94
5.05% Embraer Netherlands Finance BV 2025	444,996	0.96
3.25% IQVIA Inc. 2025	255,406	0.55
2.75% Phillip Morris International 2025	559,855	1.21
1.375% WPP Finance 2025	415,628	0.90
1.75% DXC Technology 2026	351,978	0.76
3.625% LKQ European Holdings BV 2026	263,508	0.57
4.25% Playtech 2026	265,208	0.57
2.20% Altria Group Inc. 2027	423,628	0.91
2.25% BNP Paribas SA 2027	108,897	0.23
4.125% Verizon Communications Inc. 2027	394,718	0.85
1.875% Volkswagen Communications Inc. 2027	424,394	0.91
5.50% Ziggo BV 2027	376,399	0.81
2.00% Barclays p.l.c. 2028	253,750	0.55
3.00% CEZ AS 2028	342,947	0.74

	Market Value 31.12.2019 €	% of net assets
APS DIVERSIFIED BOND FUND (continued)		
Quoted Foreign Bonds (continued)		
2.00% CK Hutchison 2028	322,965	0.70
1.375% Daimler AG 2028	425,140	0.92
3.125% BAT International Finance 2029	454,974	0.98
4.625% NN Group NV 2044	460,942	0.99
4.375% Mapfre SA 2047	470,972	1.01
6.375% America Movil SAB de CV 2073	421,549	0.91
4.50% Repsol International Finance BV 2075	422,031	0.91
4.50% Lanxess AG 2076	438,000	0.94
6.25% Orsted A/S 3013	471,180	1.01
1.38% Engie SA Perpetual	404,888	0.87
2.88% OMV AG Perpetual	429,000	0.92
4.25% Solvay SA Perpetual	222,250	0.48
2.13% Unibail Rodamco Perpetual	411,196	0.89
Quoted MGS Bonds (5 to 15 years)		
4.50% Malta Government Stock 2028 (II)	405,108	0.87
2.30% Malta Government Stock 2029 (II)	241,500	0.52
Foreign Government Bonds		
5.75% Republic of Poland 2021	1,517,497	3.27
6.75% Republic of South Africa 2021	510,087	1.10
2.375% Saudi Government International Bond 2021	424,753	0.91
6.50% United Mexican States 2021	258,650	0.56
6.125% Kingdom of Bahrain 2023	294,658	0.63
5.625% Macedonia Government International Bond 2023	502,386	1.08
8.50% Federative Republic of Brazil 2024	1,441,739	3.10
2.50% Republic of Hungary 2024	975,329	2.10
2.75% Government of New Zealand 2025	2,316,895	4.99
2.15% Spain Government Bond 2025	392,767	0.85
3.375% Republic Of Indonesia 2025	415,941	0.90
1.25% Republic of Italy 2026	1,841,508	3.97
10.50% Republic of South Africa 2026	783,541	1.69
4.375% Oriental Republic of Uruguay 2027	590,683	1.27
0.75% Government of France 2028	744,800	1.60
0.90% Republic of Ireland 2028	1,180,135	2.54
7.6003% Arab Republic Of Egypt 2029	439,597	0.95
3.875% Hellenic Republic 2029	967,392	2.08
8.50% United Mexican States 2029	1,362,991	2.93
Exchange Traded Funds		
iShares JP Morgan EM Local Govt Bond UCITS ETF	915,255	1.97
iShares JP Morgan USD EM Bond EUR Hedged UCITS ETF	542,811	1.17
iShares USD High Yield Corp Bond UCITS ETF	851,042	1.83
iShares USD Treasury Bond 7-10 EUR Hedged Year UCITS ETF	1,809,220	3.90
Term Deposits		
Izola Bank p.l.c.	1,000,000	2.15

STATEMENT OF CHANGES IN THE COMPOSITION OF THE PORTFOLIO

The composition of the portfolio, detailed in the Portfolio Statement on pages 49 to 53, in comparison with the Portfolio Statement as at 31 December 2018 stood as follows:

	% of net assets 31.12.2019	% of net assets 31.12.2018
APS Income Fund		
Quoted Local Equities	23.51	24.00
Quoted Local Corporate Bonds	33.19	34.88
Quoted Foreign Bonds	3.50	6.63
Quoted Malta Government Bonds	22.25	17.05
Foreign Government Bonds	5.38	4.94
Term Deposits	8.58	8.86
APS Regular Income Ethical Fund		
Quoted Foreign Equities	18.38	12.44
Quoted Foreign Bonds	34.28	45.26
Quoted Malta Government Bonds	1.41	1.42
Foreign Government Bonds	21.93	24.20
Foreign Collective Investment Schemes	2.57	2.34
Exchange Traded Funds	9.85	5.05
Term Deposits	2.70	3.02
APS Diversified Bond Fund		
Quoted Local Corporate Bonds	3.69	1.02
Quoted Foreign Bonds	37.84	34.20
Quoted Malta Government Bonds	1.39	1.48
Foreign Government Bonds	36.52	35.29
Exchange Traded Funds	8.87	16.12
Term Deposits	2.15	8.72

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 up to 1.5% on the amount invested.

APS Regular Income Ethical Fund

Initial Fee

An initial charge of up to 2.0% of the amount invested in Class A - Accumulator/Class B - Distributor shares.

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

APS Diversified Bond Fund

Initial Fee

An initial charge of up to 2.0% of the amount invested in Class A - Accumulator/Class B - Distributor shares.

An initial charge of up to 3.5% 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 page 37.

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 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, the APS Regular Income Ethical Fund Supplement and the APS Diversified Bond Fund Supplement, all dated 11 November 2019. 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, APS Regular Income Ethical Fund and/or the APS Diversified Bond 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 2019, and does not omit any matter or development of significance.

YOUR NOTES



YOUR NOTES

YOUR NOTES
