

APS FUNDS SICAV P.L.C.

# ANNUAL REPORT & FINANCIAL STATEMENTS **2020**

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**APS  
Income  
Fund**



**APS  
Diversified  
Bond  
Fund**



**APS  
Regular  
Income  
Ethical  
Fund**



**APS  
Global  
Equity  
Fund**



# CONTENTS

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Management and Administration	6
Description	7
Investment Manager's Report	8
Report of the Directors	14
Statement of Directors' Responsibilities	18
Independent Auditor's Report	19
Reports of the Custodian	23
<b>Financial Statements</b>	
Statements of Financial Position	24
Statements of Changes in Net Assets attributable to Shareholders	26
Statements of Comprehensive Income	27
Statements of Cash Flows	28
Notes to the Financial Statements	29
Portfolio Statements	53
Statement of Changes in the Composition of the Portfolio	60
Information about the Scheme	61

# MANAGEMENT AND ADMINISTRATION

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## DIRECTORS

Mr. Tony Mejlaq  
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  
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

Swissquote Financial Services (Malta) Limited.  
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  
Ch. De La Cretaux 33, Gland CH-1196, Switzerland

## BANKERS

APS Bank p.l.c.  
APS Centre, Tower Street, Birkirkara, BKR 4012, Malta

Swissquote Bank Limited (from 11.11.2019)  
Ch. De La Cretaux 33, Gland CH-1196, Switzerland

## AUDITORS

Deloitte Audit Limited,  
Deloitte Place, Triq I-Intornjatur, Central Business District, Birkirkara, CBD 3050, Malta

## LEGAL ADVISORS

Saliba Stafrace Legal  
9/4, Britannia House, Old Bakery Street, Valletta, VLT 1455, Malta

## DESCRIPTION

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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 four Sub-Funds: the APS Income Fund, the APS Regular Income Ethical Fund, the APS Diversified Bond Fund, and the APS Global Equity 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**

The Company has launched the APS Diversified Bond Fund Class G and the APS Global Equity Fund.

### **Changes made after the reporting period**

Nil.



# INVESTMENT MANAGER'S REPORT

## The International Economy and Financial Market

2020 was a year like no other. COVID-19, which first emerged in China and soon engulfed the rest of the world, heralded in a year of unprecedented actions by governments attempting to navigate a health and economic crisis. The year under review was characterised by a cycle of lockdowns to control the pandemic and government aid to mitigate the economic damage. Good news came on 9 November in the form of promising results from BioNtech-Pfizer's Vaccine Phase 3 trial. Eventually, other pharmaceutical companies followed course by posting positive results from their own separate trials. Going into 2021, investors' focus is shifting from controlling the pandemic, to the vaccine rollout preceding an anticipated return to normality.

In 2020, over 82 million people tested positive for COVID-19, with 1.8 million people succumbing to the virus according to the World Health Organisation. The economic outlook for 2021 rests heavily on the vaccine rollout. Currently, over 42 million doses of the vaccine have been administered to people around the globe. At the time of writing, the United States (US), United Kingdom (UK), and Israel seem to be the fastest vaccinators, thereby implicitly leading the race to a return to normality. The initial rollout data suggests that the Eurozone will likely lag most of the developed world.

As shown in Figure 1 below, financial markets entered a period of sustained volatility, with the Chicago Board Options Exchange Volatility Index (commonly referred to as VIX) surpassing the record level that was registered during the peak of the 2008 financial crisis. Amidst this backdrop, risky assets were impacted negatively. The worsening situation in financial markets climaxed on 23 March, with the US Federal Reserve (Fed) announcing a response package including unlimited asset purchases aimed at bringing stability to financial markets and the US economy.

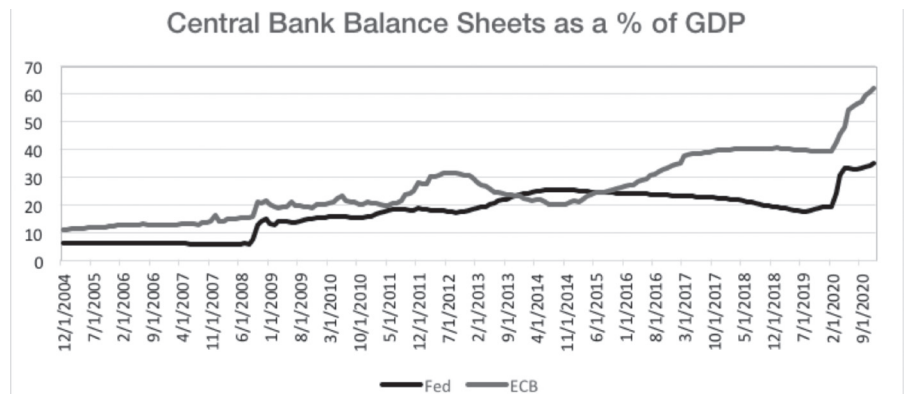


Figure 2

Source: Bloomberg

This would prove to be an inflection point for asset markets, with the slide in major indexes reversing and a shift in market sentiment that created a risk-on environment persisting throughout the rest of 2020.

In its October 2020 update to the World Economic Outlook, the International Monetary Fund (IMF) indicated that the euro-bloc's economy is estimated to have contracted by 8.3%, while that of the US is forecasted to shrink by 4.3%. The IMF projected that advanced economies would collectively shrink by 5.8% during 2020, before expanding by 3.9% in 2021. The impact on non-advanced economies is projected to be more benign with a contraction of 3.3% in 2020, followed by an expansion of 6.0% in 2021.

On the political front, European politics have been dominated by intense negotiations over the COVID-19 response, with the pandemic recovery package only being approved in December. On a positive note, the Brexit process concluded with a deal on goods, and an agreement in place to continue negotiating on services in the future. Looking into 2021, the focus of European politics is set to be on the upcoming elections, which

include France, the Netherlands and Germany, where a new Chancellor would succeed Angela Merkel.

Joe Biden won the US presidential election, with the Democratic Party securing control of both the House of Representatives and the Senate. As a result, the effort of US policy has tilted in favour of increased fiscal stimulus and focus on the environment, at the expense of potentially higher taxes. For the time being financial markets are focussing on the positive impact from fiscal stimulus and putting to a side worries over higher taxes that are a risk over the medium term.

In terms of monetary policy, central banks in advanced economies have responded to the economic crisis by enacting a series of supportive measures. The European Central Bank's (ECB) response to the pandemic has included the launch of the Pandemic Emergency Purchase Programme, an asset purchase programme first launched in March and eventually expanded to €1,850 billion by the end of the year, while leaving its key policy rates unchanged. In the US, the Fed lowered interest rates twice in March, leaving rates at 0.25%. The US Central Bank has maintained that it is committed to doing whatever was necessary to ensure financial stability. This included an unprecedented move into buying corporate bonds, including high yield bonds, through the purchasing of bond exchange traded funds. The Fed also announced changes to its monetary policy strategy moving to a flexible average inflation target of 2% over time. Meanwhile, supportive policies were also implemented by emerging market central banks, whose responses included a combination of interest rate cuts, and, for the first time in many cases, asset purchases. The 'whatever it takes' approach by central banks around the world has served to bolster markets and investors' confidence in the short term. Figure 2 shows the extent to which the ECB and the Fed have expanded their respective balance sheets in response to the economic damage inflicted by COVID-19.

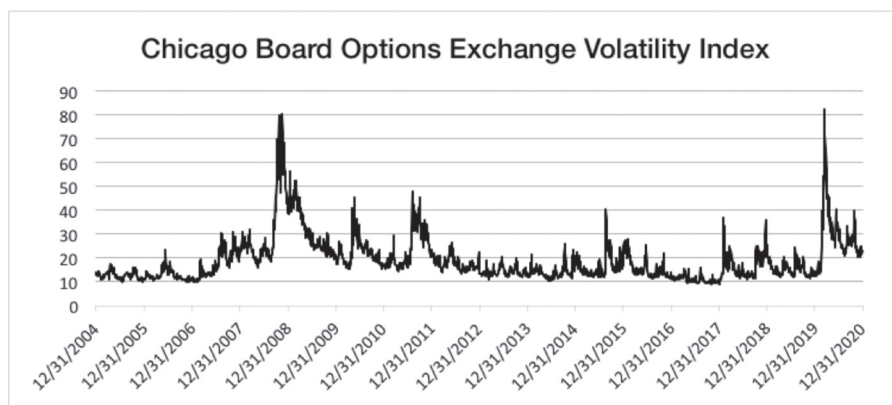


Figure 1

Source: Bloomberg



The combined impact of central banks' actions as well as investors parking capital in safe assets pushed yields on high-quality sovereign bonds sharply lower. Table 1 displayed below shows the changes in the benchmark 10-year yields on selected developed market sovereign debt.

Generic 10-Year Yields as at the end of			
Country	31.12.2019	31.12.2020	Change
Germany	-0.19%	-0.57%	-0.38%
UK	0.82%	0.20%	-0.63%
US	1.92%	0.91%	-1.01%

Table 1

Global equities suffered as COVID-19 spread globally and economies began to shut down, with the lowest point for equities arriving in late March. This was followed by a subsequent rally, triggered principally by the Fed's response to the crisis. In November, the upward trend was given new impetus by the inflow of vaccine efficacy news, kickstarted by Pfizer on 9 November, and subsequently followed by Moderna and then AstraZeneca. As can be seen in Table 2 below, during the period under review, the Dow Jones Industrial Average and S&P 500 surged 7.25% and 16.26% respectively. The NASDAQ Composite, whose composition is heavily tilted towards information technology stocks, advanced by 43.63% during the year (all three indices measured in US dollar). In Europe, equity markets fared a lot worse with the EURO STOXX 50 falling 5.14% (measured in euro), while the UK's FTSE 100 lost 14.34% (measured in Pound Sterling). The sustainable investment segment outperformed, with the MSCI World SRI Net Return Index gaining 9.96% (measured in euro) compared to the MSCI World Index, which gained 6.33% (also measured in euro).

Index	31.12.2019	31.12.2020	Price Change
Dow Jones Industrial Average (USD)	28,538.44	30,606.48	7.25%
S&P 500 Index (USD)	3,230.78	3,756.07	16.26%
NASDAQ Composite (USD)	8,972.60	12,888.28	43.64%
EURO STOXX 50 Index (EUR)	3,745.15	3,552.64	-5.14%
FTSE 100 Index (GBP)	7,542.44	6,460.52	-14.34%
MSCI World SRI Net Return Index (EUR)	2,990.43	3,288.40	9.96%
MSCI World Net Total Return Index (EUR)	315.18	335.13	6.33%

Table 2

In the foreign exchange market, the value of the US dollar fell against the euro, driven by the Fed's expansionary monetary policy and its willingness to tolerate higher inflation, as well as reflecting an improved global risk sentiment. By the end of 2020, the US Dollar had lost 8.22% against the euro. Meanwhile, the Pound Sterling weakened against the euro, as a result of difficult Brexit negotiations and Bank of England's policy easing.

Table 3 below shows the performance of selected exchange rates for the period under review.

Currency	31.12.2019	31.12.2020	Change in Value Against the Euro
EUR per 1 AUD	0.6258	0.6298	0.64%
EUR per 1 GBP	1.1825	1.1185	-5.41%
EUR per 100 JPY	0.8208	0.7924	-3.46%
EUR per 1 USD	0.8919	0.8186	-8.22%

Table 3

### The Maltese Economy and Financial Market

Just like the rest of the world, Malta experienced a social and economic shock brought about by the COVID-19 pandemic. The Maltese economy had already started to show signs of slowdown prior to the onset of the pandemic. The preventive measures and restrictions enacted in the first half of the year had a significant impact on the local economy. Furthermore, the spread of the pandemic outside of Malta meant that the Maltese economy would experience substantially weaker demand for its exports, primarily tourism services. At the same time, the government's fiscal support to the economy protected the livelihood of many, and in combination with the effectiveness of the preventive measures, enabled a move closer to normality by mid-year. By the end of August 2020, the number of confirmed daily infections was substantially higher than that registered earlier in the summer, however there was a reluctance to fully return to the same preventive measures and restrictions that were put in place to counter the first wave of infections.

At the time of writing, the most recent forecasts published by the European Commission indicated that the Maltese economy was set to shrink by 7.3% in 2020. Data from the National Statistics Office (NSO) showed that the seasonally adjusted unemployment rate in December stood at 4.5%, up from 3.6% at the end of 2019. Whilst arguably this was a sharp increase, in relative terms, data from Eurostat showed that the rate of unemployment in Malta remained one of the lowest amongst eurozone countries. In December, the year-on-year change in the Harmonised Index of Consumer Prices stood at 0.2%. This inflation

measure averaged 0.8% during 2020, down from 1.5% during the preceding year.

Meanwhile, the State's fiscal position has also been impacted by the COVID-19 pandemic. According to the NSO, recurrent revenue during the first eleven months of the year stood at €3,732.1 million, or €657.3 million lower in comparison to the same period in 2019. At the same time, total expenditure stood at €5,066.1 million, 15.1% higher than the comparative period in the preceding year. The deficit during the same period stood at €1,334 million in stark comparison with the €8 million surplus that was registered during the same period in 2019. This deficit translated in an increase in the stock of public debt, which stood at €6,756.4 million at the end of November 2020.

Yields on Malta Government Bonds with maturity between two and twenty years were lower at the end of 2020 when compared to twelve months earlier as shown in Table 4.

Yields on Maltese Sovereign Debt as at the end of			
Tenor	31.12.2019	31.12.2020	Change
2 Years	-0.19%	-0.36%	-0.17%
3 Years	-0.13%	-0.32%	-0.19%
4 Years	-0.07%	-0.26%	-0.19%
5 Years	0.00%	-0.20%	-0.20%
7 Years	0.16%	-0.03%	-0.19%
10 Years	0.45%	0.27%	-0.18%
15 Years	0.75%	0.66%	-0.09%
20 Years	0.93%	0.91%	-0.02%

Table 4

Table 5 shows the difference between yields on 10-year Maltese sovereign debt and that of a select group of Eurozone countries. The yield difference between Maltese sovereign debt and French, German, Irish, Italian, and Spanish sovereign bonds widened, meaning that Maltese ten-year debt had become relatively cheaper over the course of the period under review. Secondary market activity in corporate bonds listed on the Regulated Main Market of the Malta Stock Exchange amounted to more than €102 million during 2020. During the year, five different companies were active in the primary market and had new debt securities admitted to listing. The Malta Stock Exchange Corporate Bonds Total Return Index, which captures both price and interest return, gained 1.46% during 2020. Table 6 shows the change in yields on the largest corporate bond issues listed on the Regulated Main Market of the Malta Stock Exchange during the period under review.

# INVESTMENT MANAGER'S REPORT

Country	Additional Yield from owning 10-Year Malta Sovereign Debt		
	31.12.2019	31.12.2020	Change
France	0.33%	0.61%	0.28%
Germany	0.64%	0.84%	0.20%
Ireland	0.33%	0.57%	0.24%
Italy	-0.96%	-0.27%	0.69%
Spain	-0.02%	0.22%	0.24%

Table 5

Security	Yields on selected Corporate Bonds listed on the Malta Stock Exchange as at the end of		
	31.12.2019	31.12.2020	Change
3.80% Hili Finance Company p.l.c. 2029	3.80%	3.94%	0.14%
3.50% Bank of Valletta p.l.c. 2030 S1-T1	3.61%	3.38%	-0.24%
3.75% Premier Capital p.l.c. 2026	3.02%	3.65%	0.64%
4.35% SD Finance p.l.c. 2027	4.19%	4.35%	0.16%
4.00% International Hotel Investments p.l.c. Dec-2026	3.83%	4.39%	0.55%
4.00% International Hotel Investments p.l.c. Jul-2026	3.48%	3.67%	0.20%
3.25% APS Bank p.l.c. 2025-2030	N/A	3.01%	N/A
4.00% MIDI p.l.c. 2026	3.56%	3.49%	-0.07%
3.75% Bank of Valletta p.l.c. 2026-2031	3.67%	3.52%	-0.15%
5.75% International Hotel Investments p.l.c. 2025	4.36%	5.48%	1.12%
4.00% Stivala Group Finance p.l.c. Secured 2027	3.70%	3.83%	0.13%

Table 6

In the equity market, the Malta Stock Exchange Equity Total Return Index fell by 11.90% in 2020, whilst the Malta Stock Exchange Equity Price Index registered a decline of 12.37%. Table 7 provides granular data on the performance of individual stocks that are traded on the Malta Stock Exchange.

Index / Security	Price	
	31.12.2019	31.12.2020 Change
MSE Equity Total Return Index	9,615.70	8,471.34 -11.90%
MSE Equity Price Index	4,714.17	4,131.09 -12.37%
Bank of Valletta p.l.c.	1.06	0.95 -10.38%
BMIT Technologies p.l.c.	0.52	0.48 -7.31%
FIMBank p.l.c.	0.60	0.50 -16.67%
LifeStar Holding p.l.c. (formerly called GlobalCapital p.l.c.)	0.28	0.50 78.57%
GO p.l.c.	4.26	3.54 -16.90%
Grand Harbour Marina p.l.c.	0.55	0.70 27.27%
Harvest Technology p.l.c.	N/A	1.48 N/A
HSBC Bank Malta p.l.c.	1.30	0.90 -30.77%
International Hotel Investments p.l.c.	0.83	0.72 -13.25%
Lombard Bank Malta p.l.c.	2.28	2.36 3.51%
Main Street Complex p.l.c.	0.60	0.50 -16.67%
Malita Investments p.l.c.	0.90	0.90 0.00%
Malta International Airport p.l.c.	6.90	6.20 -10.14%
Malta Properties Company p.l.c.	0.63	0.50 -20.63%
MaltaPost p.l.c.	1.31	1.33 1.53%
Mapfre Middlesea p.l.c.	2.16	2.46 13.89%
Medserv p.l.c.	1.10	0.79 -28.18%
MIDI p.l.c.	0.54	0.45 -17.04%
PG p.l.c.	1.84	2.00 8.70%
Plaza Centres p.l.c.	1.01	0.98 -2.97%
RS2 Software p.l.c.	2.14	2.00 -6.54%
Santumas Shareholdings p.l.c.	1.41	1.39 -1.42%
Simonds Farsons Cisk p.l.c.	11.50	7.80 -32.17%
Tigné Mall p.l.c.	0.90	0.85 -5.56%
Trident Estates p.l.c.	1.55	1.66 7.10%

Table 7

## Portfolio Activity Review

### APS Income Fund

#### Investment Objective

The investment objective of the Sub-Fund is to maximise the total level of return for investors, minimising the volatility of the portfolio and attaining a desirable level of liquidity through investment. The Sub-Fund seeks 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 Sub-Fund may also hold selected equities, deposits and cash.

#### Sub-Fund Performance

##### Accumulator Share Class

During the period from 31 December 2019 to 31 December 2020, the price of the APS Income Fund Accumulator Shares decreased by 1.85% from €193.7937 to €190.2051.

##### Distributor Share Class

During the period from 31 December 2019 to 31 December 2020, the price of the APS Income Fund Distributor Shares decreased by 3.82% from €133.1133 to €128.0337. This resulted from a combination of negative investment returns and the distribution of two dividends amounting to €1.39658 and €1.21894 per share during the year ending 31 December 2020.

#### Sub-Fund Overview

The Net Asset Value of the Sub-Fund decreased from €90.2 million to €88.95 million during the twelve-month period under review.

The global pandemic and the resultant restrictions on economic activity left their mark on the Maltese financial market. In comparison to international markets, the price movements in the local market were less volatile but the market's comparatively limited diversification and liquidity added an additional layer of complexity to navigate.

At the start of the year, the Sub-Fund's duration risk was increased to reflect the Investment Manager's view on the direction of interest rates. At the same time, available cash was deployed in local debt and equity instruments. As the outlook for financial markets worsened, the Sub-Fund's exposure to duration risk was increased as a means to protect capital. The market turmoil generated opportunities for the Sub-Fund to add risk to specific assets that were considered to be mis-priced, both in the local and in the international market. This opportunistic buying continued in the second half of the year. Notably, the increased exposure to international securities was not only a means to capitalise on attractive investment opportunities but also to augment the Sub-Fund's geographical diversification in a highly uncertain economic environment. Meanwhile, the Sub-Fund participated in a number of primary market

auctions for Malta Government Stocks. This was an opportunity for the Sub-Fund to switch existing positions into more attractive holdings. Similarly, the Sub-Fund participated in a number of new Maltese corporate bond issues that were deemed to offer an attractive return in comparison to the underlying fundamentals. Towards the end of the period under review, the Sub-Fund's interest rate risk was reduced as the Investment Manager's outlook on the economy improved.

At the end of the year under review, the Sub-Fund's asset allocation was made up as follows -

- Local corporate bonds - 33.57%
- Local equities - 22.49%
- Local government bonds - 25.93%
- International government bonds - 2.92%
- International corporate bonds - 9.08%
- Term deposits - 2.88%
- Cash - 3.13%

#### APS Regular Income Ethical Fund

##### Investment Objective

The investment objective of the Sub-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 Ethical Policy. The Sub-Fund seeks to achieve this objective by investing primarily in international government and corporate bonds, and in equities. The Sub-Fund may also invest in collective investment schemes, deposits, and cash.

##### Sub-Fund Performance

###### Class A - Accumulator Share Class

During the period from 31 December 2019 to 31 December 2020, the price of the APS Regular Income Ethical Fund Class A Shares increased by 1.45% from €1.4731 to €1.4945.

###### Class B - Distributor Share Class

During the period from 31 December 2019 to 31 December 2020, the price of the APS Regular Income Ethical Fund Class B Shares decreased by 0.33% from €1.1834 to €1.1795. This resulted from a combination of positive investment returns and the distribution of two dividends amounting to €0.00920 and €0.01230 per share during the year ending 31 December 2020.

###### Class C - Accumulator Share Class

During the period from 31 December 2019 to 31 December 2020, the price of the APS Regular Income Ethical Fund Class C Shares increased by 1.38% from €1.4680 to €1.4883.

###### Class D - Distributor Share Class

During the period from 31 December 2019 to 31 December 2020, the price of the APS Regular Income Ethical Fund Class D Shares decreased by 0.38% from €1.1811 to €1.1766. This resulted from a combination of positive investment returns and the distribution of two dividends amounting to

€0.00908 and €0.01230 per share during the year ending 31 December 2020.

##### Sub-Fund Overview

The Sub-Fund differs from a traditional fund in the process by which investments are selected. Because of the ethical approach in investing its assets, the investment process applies a rigorous ethical screening over and above the traditional investment selection process. The Investment Manager adopts a two-tiered approach to ethical screening. The Investment Manager first excludes companies operating in certain industries which are deemed to be detrimental to humanity. This is followed by positive screening, where the Investment 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 Net Asset Value of the Sub-Fund increased from €34.23 million to €36.25 million during the twelve-month period under review.

2020 was a volatile year for financial assets, regardless of asset class. As the novel corona virus began to spread throughout the globe, it became clear that 2020 would be a year like no other for society, the economy or financial markets. The first half of the year was dominated by contagion and lockdown, with a global scramble to reconcile the health crisis caused by the contagion, with the economic damage wrought by the lockdown measures to curtail it. In terms of financial markets, this translated to a flight to safe haven assets and a sharp decline in the prices of risky assets that climaxed in March. The Sub-Fund entered the turmoil with high cash balances and responded by taking a defensive stance through increasing portfolio duration and reducing equity exposure. The second quarter saw a return to a risk-on environment, supported by unprecedented levels of monetary and fiscal stimulus by central banks and governments around the world, with the Sub-Fund reacting by reducing duration, increasing cyclical equity holdings, adding to corporate bonds across the credit quality spectrum and taking indirect commodity exposure to oil. Volatility remained throughout the second half of the year, as markets balanced negative virus figures from the second wave, with recovering economic data. The efficacy news of the BioNtech-Pfizer vaccine candidate on the 9th of November promised that financial markets would end 2020 on a high. The Sub-Fund responded by increasing equity exposure directly to developed and indirectly to emerging markets, reducing indirect gold holdings, continuing to purchase investment grade corporates, decreasing duration, reducing sovereign exposure, adopting a neutral stance on the US dollar and increasing exposure to high yield bonds.

At the end of the period under review, the Sub-Fund's asset allocation was made up as follows -

- Corporate bonds - 37.80%
- Government and supranational bonds - 30.49%
- Equities - 24.28%
- Cash - 7.43%

#### APS Diversified Bond Fund

##### Investment Objective

The investment objective of the Sub-Fund is to endeavour to maximise the total return, primarily through investment in international debt instruments rated Baa2 or lower by a reputable rating agency, or if unrated, deemed by the Investment Manager to be of equivalent credit quality.

##### Sub-Fund Performance

###### Class A - Accumulator Share Class

During the period from 31 December 2019 to 31 December 2020, the price of the APS Diversified Bond Fund Class A Shares increased by 2.45% from €1.0982 to €1.1251.

###### Class B - Distributor Share Class

During the period from 31 December 2019 to 31 December 2020, the price of the APS Diversified Bond Fund Class B Shares increased by 0.18% from €1.0159 to €1.0177. This resulted from a combination of positive investment returns and the distribution of two dividends amounting to €0.01230 and €0.00944 per share during the period under review.

###### Class C - Accumulator Share Class

During the period from 31 December 2019 to 31 December 2020, the price of the APS Diversified Bond Fund Class C Shares increased by 2.45% from €1.0733 to €1.0996.

###### Class D - Distributor Share Class

During the period from 31 December 2019 to 31 December 2020, the price of the APS Diversified Bond Fund Class D Shares increased by 0.18% from €1.0158 to €1.0176. This resulted from a combination of positive investment returns and the distribution of two dividends amounting to €0.01230 and €0.00945 per share during period under review.

###### Class G - Distributor Share Class

The APS Diversified Bond Fund Class G Shares started being offered to shareholders on 15 June 2020 at the initial offering price of £1 per share. As at the 31 December 2020, the shares had increased in value by 2.62% and were priced at £1.0262. This resulted from a combination of positive investment returns and the distribution of a dividend amounting to £0.00357 per share during the period under review.

##### Sub-Fund Overview

The Net Asset Value of the Sub-Fund increased from €46.45 million to €49.86 million during the year under review.

# INVESTMENT MANAGER'S REPORT

At the start of the year, the Sub-Fund's duration risk was increased to reflect the Investment Manager's view on the direction of interest rates. As the economic uncertainty increased, the Sub-Fund's strategy became focused on protecting capital by increasing duration risk, reducing exposure to emerging market currencies, and reducing idiosyncratic risk. Following various announcements of policy stimulus intended to support economic activity, the Sub-Fund responded by opportunistically adding exposure to debt securities that were expected to benefit from said stimulus or that had underperformed during previous months. Volatility persisted during the second half of the year, and as risky assets continued to outperform relative safe investments, the Sub-Fund's strategy shifted to gradually adding risk to the portfolio by switching out of credit positions that had performed well into debt securities that had relatively underperformed. In November, as news broke about the successful development of a vaccine against coronavirus, the Sub-Fund reacted by reducing duration risk, and by adding credit exposure to sectors that were expected to benefit from the reversal of pandemic-related restrictions on economic activity.

At the end of the year under review, the Sub-Fund's asset allocation was made up as follows -

- Government and supranational bonds - 34.72%
- Corporate bonds - 57.08%
- Cash - 8.20%

## APS Global Equity Fund

### Investment Objective

The investment objective of the Sub-Fund is to achieve long-term capital appreciation through investment, primarily, in a diversified portfolio of equity securities. To achieve the investment objective, the Sub-Fund invests mainly in listed equity securities, but may also invest in other types of securities such as preferred stock, rights, warrants, contingent convertible bonds and securities convertible into common equity shares.

### Sub-Fund Performance

#### Accumulator Share Class

During the period from 28 October 2020 to 31 December 2020, the price of the APS Global Equity Fund Accumulator Shares increased by 5.24% from €1.0000 to €1.0524.

#### Distributor Share Class

During the period from 28 October 2020 to 31 December 2020, the price of the APS Global Equity Fund Distributor Shares increased by 5.25% from €1.0000 to €1.0525.

### Sub-Fund Overview

The Sub-Fund was first offered to investors on 28 September 2020 with the offering period closing on 26 October 2020. The Net Asset Value of the Sub-Fund stood at €5.73 million at the end of the period under review.

Initial Investment ideas were split between value rotation and 'recovery' stocks, whilst maintaining exposures to equities that were more focused on longer term growth trends. This enabled the Sub-Fund to exploit both present market conditions, as well as positioning the Sub-Fund to benefit from expected future market trends. Geographically, the Sub-Fund had a tilt towards the UK and Europe. The Sub-Fund also was exposed to Asian emerging markets due to Asia's superior track record in combating the virus. In order to take advantage of opportunities caused by the expected volatility, the Sub-Fund's strategy was to initially hold higher levels of cash and roll out investments over time.

At the end of the period under review, the Sub-Fund's asset allocation was made up as follows -

- Equity - 86.26%
- Cash - 13.74%

## Remuneration Disclosure

### Remuneration Policy of the Company

For the purposes of SLC 1.9 of Appendix II to Part B of the Standard Licence Conditions, the total, fixed remuneration paid to the Company's three Directors is disclosed on page 27.

Other identified staff consist of the Compliance Officer and the Money Laundering Reporting Officer.

None of the identified staff are employed with APS Funds SICAV plc. During the financial year ended 31 December 2020, the total, fixed, contribution paid by the Company towards the remuneration of these identified staff, totalling 2 beneficiaries, amounted to €22,381.

Details of the management fees paid by the Company to the Investment Manager, and a description of how they are calculated, are disclosed in the statement of comprehensive income and in note 9a to the financial statements.

### Remuneration Policy of the Investment Manager

In accordance with its obligations pursuant to the Directive 2014/91/EU of the European Parliament and the Council ("the UCITS Directive"), ReAPS Asset Management Limited ("ReAPS"), as a licensed Investment Manager of APS Funds SICAV plc, an UCITS Collective Investment Scheme, is required to have remuneration policies and practices in place.

The remuneration provisions are:

- Consistent with and promote sound and effective risk management of the UCITS;
- Do not encourage risk-taking which is inconsistent with the risk profiles or fund rules governing the relevant UCITS;

- Do not impair compliance with UCITS Manager's duty to act in the best interest of the UCITS.

ReAPS is the subsidiary of APS Bank p.l.c. and thus forms part of APS Group. A Group Remuneration Policy was drawn and subsequently approved by the Bank's Board of Directors. In turn, ReAPS drew a separate and distinct Remuneration Policy which is in line and consistent with that of the Group.

ReAPS' Remuneration Policy covers all those staff who fall into the 'Identified Staff' Category only. The term 'Identified Staff' is broadly defined in the UCITS Directive and includes senior management, risk takers, control functions, and other employees in same remuneration bracket, whose professional activities have a material impact on the company's risk profile or of the UCITS it manages. These include the ReAPS' Board of Directors, Committee Members, Senior Management, Investment Managers and Investment Analysts, other employees involved in the investment decision and risk taking process, and Senior Staff engaged in Control Functions.

ReAPS' Remuneration Policy complies with the following principles in a way and to the extent that is appropriate to the size, internal organisation and the nature, scope and complexity of its activities -

- The remuneration policy is in line with the business strategy, objectives, values and interests of ReAPS and the UCITS it manages and of the investors in such UCITS, and includes measures to avoid conflicts of interest;
- The remuneration policy is adopted by the management body of ReAPS in its supervisory function, and that body adopts, and reviews at least annually, the general principles of the remuneration policy and is responsible for, and oversees their implementation;
- Staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas they control;
- Appropriate balancing of the fixed and variable components of total remuneration such that the fixed component represents a sufficiently high portion of the total remuneration and there is the option of paying no variable remuneration.

Management Companies that are significant in terms of their size or of the size of the UCITS that they manage, their internal organisation and the nature, scope and complexity of their activities will also need to establish a 'Remuneration Committee'. Following due consideration of the Investment Manager's size, internal organisation as well as the nature, scope and complexity of its activities, ReAPS' Board of Directors applied for a derogation from MFSA to be exempt from having a ReAPS' Remuneration Committee. The Authority had granted the derogation on May 2018

on the basis that ReAPS would rely on the Group's Remuneration Committee for which the Authority had granted a renewal to the derogation in April 2020.

Below is the remuneration structure for the Directors and Staff Members of ReAPS:

**a. Remuneration Structure for Directors**

The remuneration of the Chairman and the Non-Executive Directors is a fixed pay and set at a level, which is competitive with the rest of the market, the competencies and contribution required, and reflect the extent of responsibilities and the number of board meetings and committee membership/s.

**b. Remuneration Structure for Staff Members**

The remuneration of the staff members is based on the following criteria:

*Fixed Remuneration*

The base salary provides a predictable base level of income reflecting each staff member's level of responsibility, capabilities, skills and experience. Base salaries are reviewed annually, and increases are granted in line with performance and when a staff member assumes increased responsibilities or significantly deepens knowledge and expertise. Base salaries are also reviewed when there is a material change in the remuneration levels of comparable roles in the respective market.

*Variable Remuneration*

Staff members may have a variable component to their remuneration in addition to their fixed remuneration. The relation between fixed and variable remuneration shall not exceed twenty-five (25) per cent of the fixed component for each individual.

'Identified Staff' of the Investment Manager consist of its Directors including the Managing Director, Investment Committee Members, Portfolio Managers, Assistant Portfolio Managers, Compliance Officer, Risk Manager and Money Laundering Reporting Officer. ReAPS reimburses APS Bank p.l.c. for these services. This fee is based on the time allocated by these staff members to perform their duties in relation to their activities.

Total remuneration paid to the Identified Staff, totalling 12 beneficiaries, amounted to €322,125 fixed and €22,058 variable during the financial year ended 31 December 2020.

*The Sub-Funds' performance figures listed above have been rounded to two decimal places whilst the Fund prices are listed to four decimal places, as stipulated in the Prospectus. 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 Investment 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 Investment Manager makes no guarantees, representations or warranties and accepts no responsibility or liability as to the accuracy or completeness of the information contained in this document. The Investment 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 - Bloomberg; Central Bank of Malta; International Monetary Fund; National Statistics Office Malta; 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 2020.

## 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 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 four separate Sub-Funds namely; the APS Income Fund, the APS Regular Income Ethical Fund, the APS Diversified Bond Fund, and the APS Global Equity Fund. The Company has no employees.

## Review of Business

The net assets attributable to Shareholders as at 31 December 2020 stood at €180,792,769 (2019: €170,882,090). The increase in net assets (5.80%) was mainly the result of net subscriptions across all Sub-Funds. The effect of investment performance on the Company's net assets was marginally positive as the negative performance registered by the APS Income Fund was offset slightly by the positive performance of the other three Sub-Funds.

During the year under review, there were two main separate business developments. On 15 June, a new share class denominated in pound sterling was introduced for the APS Diversified Bond Fund. Subsequently, on 28 September 2020, the Company launched a new Sub-Fund, the APS Global Equity Fund.

Other than being the first share class that is offered by the Company in pound sterling, the APS Diversified Bond Fund Class G is intended to distribute dividends periodically, and like the other four share classes of the same Sub-Fund, it is priced on a weekly basis.

The investment objective of the APS Global Equity Fund is to achieve long-term capital appreciation through investment, primarily, in a diversified portfolio of equity securities. The Sub-Fund offers both accumulator and distributor share classes, is priced on a weekly basis, and has the euro as its base currency.

The performance of the individual Sub-Funds is further described in the Investment Manager's Report on pages 8 to 13.

## 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 materialize 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.

### Financial Risk Management

Financial risk is the possibility that shareholders could suffer financial loss when they invest their money in an asset. There are a number of financial risks that could potentially impact the activities of the Sub-Funds and include, but not solely, the following: market risk, interest rate risk, currency risk, credit risk, and liquidity risk. 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 44 to 52.

### Results and Dividends

The results for the year 2020 can be found on the Statements of Comprehensive Income on page 27. The dividends declared for the year ended 31 December 2020 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 41.

### 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

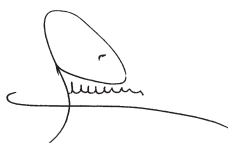
The COVID-19 pandemic has developed rapidly since the first cases were identified in the final weeks of 2019. The disease has resulted in a global economic shock as countries imposed restrictions on social and economic activities in order to slow its spread. The value of the Sub-Funds and the future performance of the

underlying investments might be significantly affected, depending on the duration of the crisis and the continued negative effect on economic activity. As required by Listing Rule 5.62 the Directors have taken due consideration of the performance and outlook for the Sub-Funds, and have a reasonable expectation that the impact of the current challenging economic environment does not create a material uncertainty that casts doubt upon the Company's ability to continue operating as a going concern for the foreseeable future.

### 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



**Etienne Borg Cardona**  
Director



**Joseph Portelli**  
Director

26 February 2021



# RAPPORT TAD-DIRETTURI

Id-Diretturi qeghdin iqiegħdu dan ir-Rapport Annwali quddiem l-Azzjonisti, għall-approvazzjoni tagħhom f'din il-Laqqgħa Ġenerali Annwali. Dan ir-Rapport Annwali jinkludi fih ir-Rapporti Finanzjarji tal-APS Funds SICAV p.l.c. (il-Kumpanija) għas-sena li għalqet fil-31 ta' Diċembru 2020.

## Attivitajiet Prinċipali

Il-Kumpanija hija mwaqqfa bħala kumpanija ta' investiment b'kapital azzjonarju varjabbli (SICAV) u b'fondi multipli taħt l-Att dwar il-Kumpaniji [Kap. 386 tal-Liġijiet ta' Malta]. Il-Kumpanija kienet irreġistrata fl-24 ta' Jannar 2008 u hija liċenzjata mill-Awtorità Maltija għas-Servizzi Finanzjarji bħala Skema ta' Investiment Kollettiv UCITS taħt l-Att dwar Servizzi ta' Investiment [Kap. 370 tal-Liġijiet ta' Malta]. Il-Kumpanija waqqfet erba' fondi separati li huma: l-APS Income Fund, l-APS Regular Income Ethical Fund, l-APS Diversified Bond Fund u l-APS Global Equity Fund. Il-Kumpanija m'għandhiex impjegati.

## Rassenja tal-Attività tal-Kumpanija

L-assi netti attribwibbli lill-azzjonisti fil-31 ta' Diċembru 2020 kellhom il-valur ta' €180,792.769 (2018: €170,882,090). Iż-żieda fl-assi netti (ta' 5.80%) kienet prinċipalment riżultat tal-konkorrenza netta li kien hemm għal kull Fond. Il-prestazzjoni tal-investimenti halliet impatt marginalment pożittiv fuq l-assi netti tal-Kumpanija, peress li minkejja li l-APS Income Fund irreġistrat prestazzjoni negattiva, it-tliet fondi l-oħra pattew xi ftit għaliha bi prestazzjoni pożittiva.

Fis-sena li qed nirrapurtaw fuqha, se'n hew separatament żewġ żviluppi kummerċjali ewlenin. Fil-15 ta' Ġunju introduċejna klassi ġdida ta' azzjonijiet denominati fl-istess lina fl-APS Diversified Bond Fund. U aktar tard, fit-28 ta' Settembru 2020, il-Kumpanija varat fond ġdid, l-APS Global Equity Fund.

Apparti milli hi l-ewwel klassi ta' azzjonijiet li l-Kumpanija qed toffri fl-istess lina, il-Klassi G tal-APS Diversified Bond Fund hija maħsuba biex tqassam id-dividendi perjodikament u, l-istess bħall-erba' klassijiet l-oħra tal-istess Fond, il-prezz tagħha jinhadem darba fil-ġimgħa.

L-objettiv tal-investiment tal-APS Global Equity Fund huwa li jinkiseb apprezzament kapitali fuq perijodu twil permezz ta' investiment li jsir primarjament f'portafoll diversifikat ta' titoli ta' ekwità. Il-Fond joffri ishma sew fi klassi ta' akkumulazzjoni kif ukoll ta' distribuzzjoni. Il-prezz tiegħu jinhadem darba fil-ġimgħa u l-valuta bażi tiegħu hija l-ewro.

Aktar dettalji dwar il-prestazzjoni ta' kull Fond individwali huma mogħtija fir-Rapport tal-Investment Manager f'paġni 8 sa 13.

## Ir-riskji u l-inċertezz ewlenin

Il-kontroll effettiv tar-riskju huwa essenzjali biex il-Kumpanija tilhaq l-għanijiet tagħha. Ir-responsabbiltà aħħarja 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-inċertezz ewlenin li tiffaċċa l-Kumpanija huma mniżżla hawn taħt.

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 inaqqas kemm jista' jkun il-probabbiltà ta' telf permanenti ta' kapital investit fl-ambitu tal-objettiv tal-kumpanija għall-investiment. Fl-istess ħin huwa rikonoxxut li r-riskju ma jistax jinqata' għal kollox. Ir-riskju jitqies aċċettabbli għall-Bord tad-Diretturi jekk ikun magħruf minn fejn hu ġej u jkun fil-parametri tad-dispożizzjoni u t-tolleranza li l-Bord tad-Diretturi jkun iffissa wara li jkun ikkonsulta mal-Investment Manager. Ir-riskju jittiehed biss jekk ikun hemm għarfien tajjeb 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, imsejjah 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 xi virus jew hsara ta' makkinarju. Ir-riskju tal-operat jista' jiġi wkoll minn fatturi esterni li mhumx taħt 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 jiftiehm li jagħmlu trasferiment u hlas ta' titoli ta' investiment 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, fl-istess ħin li l-kontropartita tkun qed tiddikjara lilha nnifisha bħala falluta.

## Riskju politiku

Ir-riskju politiku, magħruf ukoll bħala riskju ġeopolitiku, huwa definit bħala r-riskju li r-rendita minn ċerti assi tista' tonqos minhabba bidliet fl-ambjent politiku ta' pajjiż, li jwasslu għal instabbiltà serja. L-instabbiltà politika tista' tkun ikkawżata minn bidla fil-gvern, korpi leġislattivi 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'ġurisdizzjonijiet fejn topera l-Kumpanija. Il-funzjoni interna tal-Osservanza li għandha l-Kumpanija hija fdata 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-inċertezza tista' tiġi wkoll mill-ambjent regolatorju. 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 jiżdiedu l-kosti tal-operat tal-Kumpanija, inaqqas d-dhul mill-investiment jew saħansitra jibdlu għal kollox ix-xenarju tal-kompetizzjoni.

## Riskju tat-Taxxa

Ir-riskju tat-taxxa ġej mill-inċertezza marbuta mal-leġislazzjoni tat-taxxa. Meta jsir tibdil fil-liġijiet tat-taxxa, dan jista' jkollu effetti negattivi u konsegwenzi żżżenja mhux mistennja fuq it-tranżazzjonijiet u r-relazzjonijiet kummerċjali. Ir-riskju tat-taxxa jiġbor ukoll ir-riskju li l-liġijiet tat-taxxa jżidu 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.

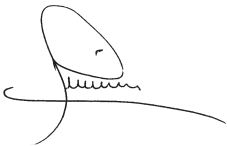
### L-Immaniġġjar tar-Riskju Finanzjarju

Ir-riskju finanzjarju hu l-possibbiltà li l-azzjonisti jistgħu jtilfu flushom meta jinvestuhom f'xi assi. Hemm diversi riskji finanzjarji li potenzjalment jistgħu jolqtu l-attivitajiet tal-fondi. Dawn li ġeijin huma wħud minnhom, imma mhux kollha: ir-riskju tas-suq, ir-riskju taċ-ċaqliq fir-rati tal-imghax, ir-riskju tal-valuta, ir-riskju tal-kreditu, u r-riskju tal-likwidità. Il-mira tal-Kumpanija fl-immaniġġjar ta' dawn ir-riskji hija li tohloq u ttiproteġi l-valur għall-azzjonisti. Bil-għan li tikkontrolla u ttaffi dawn ir-riskji, il-Kumpanija, fl-operat tagħha ta' kuljum, thaddem numru ta' għodod żviluppati għall-immaniġġjar tar-riskju. Aktar dettalji jidhru fin-nota 14 fuq paġni 44 sa 52.

### Riżultati u Dividendi

Ir-riżultati għas-sena 2020 jinsabu fir-Rapporti tad-Dhul Komplexsiv fuq paġna 27. Id-dividendi dikjarati għas-sena li għalget fil-31 ta' Diċembru 2020 għar-rigward tal-klassijiet distributorji tal-APS Income Fund, l-APS Regular Income Ethical Fund u l-APS Diversified Bond Fund jinsabu taħt Nota 10 f'paġna 41.

F'isem il-Bord



**Tony Mejlaq**  
Chairman

26 ta' Frar 2021

### Diretturi

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

### Awdituri

Deloitte Audit Limited indikaw li huma lesti jibqgħu l-awdituri tal-Kumpanija. Għaldaqstant se titressaq riżoluzzjoni fil-Laqqgħa Ġenerali Annwali biex jerġgħu jinhatru.

### Negożju Avvjat

Il-pandemija tal-COVID-19 infirxet ma' kullimkien f'temp qasir wara li ġew identifikati l-ewwel każi fl-aħħar ġimgħat tal-2019. L-imxija kkawżat xokk ekonomiku globali hekk kif ħafna pajjiżi daħħlu restrizzjonijiet fuq l-attivitajiet soċjali u ekonomiċi biex iżommuha milli tixtered iżjed. Il-valur tal-Fondi u l-prestazzjoni futura tat-titoli li jinvestu fihom jistgħu jintlaqtu serjament, skont kemm ittul din il-kriżi u l-impatt negattiv prolongat li għandha fuq l-attività ekonomika. Kif titlob ir-Regola 5.62 tal-Elenku, id-Diretturi kkonfidraw x'kienet il-

prestazzjoni tal-Fondi u x'inhi l-prospettiva għall-futur, u għandhom aspettativa raġonevoli li l-impatt tas-sitwazzjoni ekonomika diffiċli li qegħdin fiha ma johlqx incertezza materjali li tiffa' dubju fuq il-kapaċità tal-Kumpanija li tibqa' topera bħala negożju avvjat għall-futur prevedibbli.

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

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



**Etienne Borg Cardona**  
Direttur



**Joseph Portelli**  
Direttur

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

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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 p.l.c. ("the Company"), constituting each of the Sub-Funds of the Company, set out on pages 24 to 52, which comprise each of the statements of financial position as at 31 December 2020, 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 2020, 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 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. In conducting our audit, we have remained independent of the Company and have not provided any of the non-audit services prohibited by article 18A(1) of the Accountancy Profession Act (Cap. 281).

### **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, the investment manager's report on pages 8 to 13, the Report of the Directors on pages 14 and 15 the Statement of Directors' Responsibilities on 18, the Report of the Custodian on page 23, Portfolio Statements on pages 53 to 59, the Statement of Changes in the Composition of the Portfolio and Information About the Scheme on pages 61 to 62 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 14 to 15, 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 18, 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**

This report, including the opinions set out herein, has been prepared for the Company's members as a body in accordance with articles 179,179A and 179B of the Companies Act (Cap. 386).

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 opinions in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386). 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.

In terms of article 179A(4) of the Companies Act (Cap. 386), the scope of our audit does not include assurance on the future viability of the Company or on the efficiency or effectiveness with which the directors have conducted or will conduct the affairs of the Company. The financial position of the Company may improve, deteriorate, or otherwise be subject to change as a consequence of decisions taken, or to be taken, by the management thereof, or may be impacted by events occurring after the date of this opinion, including, but not limited to, events of force majeure.

# INDEPENDENT AUDITOR'S REPORT

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

As such, our audit report on the Company's historical financial statements is not intended to facilitate or enable, nor is it suitable for, reliance by any person, in the creation of any projections or predictions, with respect to the future financial health and viability of the Company, and cannot therefore be utilised or relied upon for the purpose of decisions regarding investment in, or otherwise dealing with (including but not limited to the extension of credit), of the Company. Any decision-making in this respect should be formulated on the basis of a separate analysis, specifically intended to evaluate the prospects of the Company and to identify any facts or circumstances that may be materially relevant thereto.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the

related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. Accordingly, in terms of generally accepted auditing standards, the absence of any reference to a material uncertainty about the Company's ability to continue as a going concern in our auditor's report should not be viewed as a guarantee as to the Company's ability 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.

For the avoidance of doubt, any conclusions concerning the adequacy of the capital structure of the audited entity, including the formulation of a view as to the manner in which financial risk is distributed between shareholders and/or creditors cannot be reached on the basis of these financial statements alone and must necessarily be based on a broader analysis supported by additional information.

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.

## 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 four financial years.



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

26 February 2021

*Note: If there is any conflict between this document and the Maltese translation thereof, the English text shall prevail.*

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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 p.l.c. (il-"Kumpanija"), kostitwita minn kull waħda mill-fondi tal-Kumpanija, li jidhru ma' dan ir-rapport f'pagna 24 sa 52, u li jikkonsistu f'kull wieħed mir-rapporti tal-pożizzjoni finanzjarja fil-31 ta' Diċembru 2020 u r-rapporti tad-dhul jew telf jew dhul ieħor 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 għalqet 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 2020, u tar-risultati finanzjarji u l-flussi tal-flus tagħha għas-sena li għalqet f'dik id-data, skont l-Istandards Internazzjonali tar-Rappurtar Finanzjarju (IFRSs) kif adottati mill-Unjoni Ewropea (UE), u kienu ppreparati kif meħtieġ skont ir-rekwiżiti tal-Att dwar il-Kumpaniji (Kap. 386 tal-Liġijiet ta' Malta).

#### Baži għall-opinjoni

Wettagħna 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*. Aħna indipendenti mill-Kumpanija, skont ma jitolb 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 aħna onorajna r-responsabbiltajiet etici 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 tipprovdi baži għall-opinjoni tagħna. Waqt li għamilna l-verifika tagħna, bqajna dejjem indipendenti mill-Kumpanija u ma pprovdnejnha ebda wieħed mis-servizzi mhux ta' verifika li huma pprojbiti mill-Artiklu 18A(1) tal-Att dwar il-Professjoni tal-Accountancy (Kap. 281).

#### Materji Kruċjali għall-Verifika

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

### Informazzjoni Ohra Barra r-Rapporti Finanzjarji u r-Rapport tal-Awditur Fuqhom

Id-diretturi huma responsabbli għall-informazzjoni l-oħra. L-informazzjoni l-oħra tikkonsisti fl-informazzjoni dwar it-tmexxja u l-amministrazzjoni f'pagna 6, *Investment Manager's Report* f'pagna 8 sa 13, ir-Rapport tad-Diretturi f'pagna 16 sa 17, *Statement of Directors' Responsibilities* f'pagna 18, *Report of the Custodian* f'pagna 23, *Portfolio Statements* f'pagna 53 sa 59, *Statement of Changes in the Composition of the Portfolio* u *Information about the Scheme* f'pagna 61 sa 62, imma ma tinkludix ir-rapporti finanzjarji separati u konsolidati u r-rapport tal-verifika tagħna fuqhom.

Hleif 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 aħna m'aħna nesprimu ebda forma ta' konklużjoni assigurativa dwarha.

Għar-rigward tal-verifika tagħna tar-rapporti finanzjarji, ir-responsabbiltà tagħna hi li naqraw l-informazzjoni l-oħra u fil-proċess inqis jekk dik l-informazzjoni l-oħra hijiex materjalment inkonsistenti mar-rapporti finanzjarji jew mat-tagħrif li nkunu ksibna fil-verifika jew jekk tidhix b'xi mod ieħor li hi materjalment żbaljata. Jekk nikkonkludu, abbażi tax-xogħol li nkunu għamilna, li dik l-informazzjoni l-oħra tinkludi xi informazzjoni materjalment żbaljata, aħna obbligati li nirrapporaw dak il-fatt. M'għandna xejn x'nirrapporaw f'dan ir-rigward.

Għar-rigward tar-Rapport tad-Diretturi aħna 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 bħala 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 16 sa 17, 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 matul il-kors tal-verifika dwar il-kumpanija u l-ambjent tagħha, 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 18, 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 bħala 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 hleif li jagħmlu hekk.

### Ir-Responsabbiltajiet tal-Awditur għall-Verifika tar-Rapporti Finanzjarji

Dan ir-rapport, inklużi l-opinjoni jiet li hawn fih, sar għall-membri tal-kumpanija bħala korp skont kif mitlub mill-Artikli 179, 179A u 179B tal-Att dwar il-Kumpaniji (Kap. 386).

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 nohroġu rapport tal-awditur li jkun jagħti l-opinjoni jiet tagħna skont l-Artikli 179, 179A u 179B tal-Att dwar il-Kumpaniji (Kap. 386). L-assigurarazzjoni raġonevoli hija assigurarazzjoni ta' livell għoli, imma mhijiex garanzija li verifika li tkun saret skont l-ISAs se tiskopri kull dikjarazzjoni materjalment żbaljata li jista' jkun hemm. Dikjarazzjoni jiet żbaljati jistgħu jkunu kkawżati minn frodi jew minn żbalji ġenwini u jkunu meqjusa materjali jekk, kull waħda waħda jew kollha flimkien, wieħed jista' raġonevolment jobsor li jistgħu jinfluwenzaw id-deċiżjonijiet ekonomiċi li l-utenti jiehdu abbażi ta' dawn ir-rapporti finanzjarji.

Skont l-Artiklu 179A(4) tal-Att dwar il-Kumpaniji (Kap. 386 tal-Liġijiet ta' Malta), l-ambitu tal-verifika li nagħmlu aħna ma jinkludix xi assigurarazzjoni dwar il-vijabilità futura tal-Kumpanija jew dwar l-effiċjenza jew l-effettività li bihom id-diretturi jkunu mexxew jew se jmxexxu l-operat tal-Kumpanija. Il-pożizzjoni finanzjarja tal-Kumpanija tista' tmur 'il quddiem jew lura jew tista' b'xi mod tinbidel b'riżultat tad-deċiżjonijiet meħuda, jew li jkunu se jittiehdu, minn dawk li jmxexxuha, jew tista' tintlaqat minn grajiet li jseħhu wara d-data ta' din l-opinjoni, inklużi imma mhux biss avvenimenti ta' *force majeure*.



# RAPPORT TAL-AWDITURI INDIPENDENTI

## Ir-Responsabbiltajiet tal-Awditur għall-Verifika tar-Rapporti Finanzjarji - ikompli

Għaldaqstant ir-rapport tal-awditur li naghmlu ahna fuq ir-rapporti finanzjarji storiċi tal-Kumpanija la hu intenzjonat u lanqas hu adattat biex jiffaċilita jew jgħin lil xi persuna biex tipproġetta jew tipprevedi x'jistgħu jkun s-saħħa finanzjarja u l-vijabilità fil-futur tal-Kumpanija, u għalhekk hadd m'għandu jużahom jew jorbot fuqhom biex jiehu xi deċiżjoni jekk jinvestix jew le fil-Kumpanija jew jekk b'xi mod ieħor jitrattax magħha, inkluż imma mhux biss jekk għandux jestendilha xi kreditu. It-tehdid ta' kwalunkwe deċiżjoni f'dawn ir-rigwardi għandu jkun ibbażat fuq analiżi separata, maħsuba speċifikament biex tevalwa l-prospetti tal-Kumpanija u biex tidentifika kull fatt jew ċirkostanza li jista' jkollha xi rilevanza materjali għal dik id-deċiżjoni.

Meta naghmlu 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 tipprovi bażi għall-opinjoni tagħna. Ir-riskju li dikjarazzjoni materjalment żbaljata ma tinqabadx huwa akbar meta din issir bi frodi milli bi żball, għaliex il-frodi jista' jinvolvi kollużjoni, falsifikazzjoni, omissjonijiet intenzjonati, rappreżentazzjonijiet foloz, jew it-twarrib ta' kontrolli interni.
- Nakkwistaw idea ċara tas-sistema ta' kontroll intern, sa fejn ikun rilevanti għall-verifika, biex inkunu nistgħu nfaslu proċeduri ta' verifika li huma adattati għaċ-ċirkostanzi, imma mhux għall-iskop li nesprimu xi opinjoni dwar l-effettività tal-kontroll intern tal-Kumpanija.
- 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-baži 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 kapaċi tibqa' topera bħala negozju avvjat. Jekk nikkonkludu li

teżisti xi incertezza materjali, ahna 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 ksibna għall-iskop tal-verifika sad-data tar-rapport tal-verifika tagħna. Għaldaqstant, skont it-termini tal-istandards tal-verifika ġeneralment aċċettati, il-fatt li ma jkun hemm ebda referenza fir-rapport tal-awditur li naghmlu ahna għal xi incertezza materjali dwar il-kapaċità tal-Kumpanija li tibqa' topera bħala negozju avvjat m'għandux jittiehed bħala garanzija li l-Kumpanija hija kapaċi tkompli topera bħala 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.

Sabiex jitneħħa kull dubju, kwalunkwe konklużjoni dwar l-adegwatezza tal-istruttura kapitali tal-entità verifikata, inkluż l-formulazzjoni ta' xi opinjoni dwar il-mod ta' kif ir-riskju finanzjarju huwa mqassam bejn l-ażżjonisti u/jew il-kredituri, ma tistax tintlaħaq biss abbażi ta' dawn ir-rapporti finanzjarji imma trid neċessarjament tkun ibbażata fuq analiżi aktar wiesgħa u informazzjoni ulterjuri.

Ahna 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.

## Rapport dwar Rekwiżiti Ohra Legali u Regulatorji

### Materji li ahna mistennija nirrapportaw dwarhom b'eċċezzjoni taht l-Att dwar il-Kumpaniji

Taht 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 żornjex;
- ir-rapporti finanzjarji ma jaqblux mal-kotba tal-kontijiet u mad-denunzi; jew
- ma stajniex niksbu l-informazzjoni u l-isjegazzjonijiet kollha li, skont l-aħjar taġġir u twemmin tagħna, kellna bżonn 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

L-opinjoni li qed nagħtu bħala awdituri hija konsistenti mar-rapport addizzjonali li qed nagħtu lill-Bord tad-Diretturi skont id-dispożizzjonijiet tal-Artiklu 11 tar-Regolament Nru 537/2014 tal-UE dwar il-Verifika.

## Il-kariga tagħna bħala awditur

Ahna ġejna appuntati għall-ewwel darba biex nagħxu bħala awditur statutorju tal-Kumpanija mill-membri tal-Kumpanija fit-13 ta' Ottubru 2017 għas-sena finanzjarja li għalqet fil-31 ta' Diċembru 2017. Il-perjodu shiħ tal-inkarigu tagħna mingħajr interruzzjoni bħala awditur statutorju tal-kumpanija hu ta' erba' snin finanzjarji.

Sarah Curmi bħala Direttur  
f'isem u għan-nom ta'  
**Deloitte Audit Limited**  
Awditur reġistrat  
Central Business District,  
Birkirkara, Malta.

26 ta' Frar 2021

*Nota: Jekk ikun hemm xi konflitt bejn dan id-dokument u l-verżjoni Inġliża tiegħu, għandu jipprevali t-test Inġliż.*



# REPORT OF THE CUSTODIAN

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

26 February 2021

## Report of the Custodian to the Shareholders

We have enquired into the conduct of the Manager and **APS FUNDS SICAV p.l.c.** (the "Company"), for the period 1 January 2020 up until 31 December 2020 (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

  
**Franciska Hehr**  
Custody Operations Manager

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

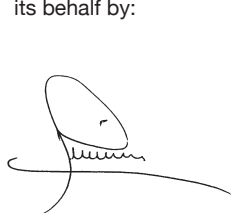
	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund		APS Global Equity Fund	
	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €
<b>Assets</b>										
Financial assets at fair value through profit or loss (note 5a)	166,627,502	150,506,371	82,954,312	79,225,556	33,288,683	30,266,898	45,367,654	41,013,917	5,016,853	-
Term Deposits at fair value through profit or loss (note 5b)	1,050,000	1,050,000	1,050,000	1,050,000	-	-	-	-	-	-
Term Deposits at amortised cost (note 5b)	1,500,000	8,613,606	1,500,000	6,690,885	-	922,721	-	1,000,000	-	-
Accrued income	1,492,354	1,491,397	677,953	666,366	286,333	306,233	525,649	518,798	2,419	-
Other receivables and prepayments	-	1,068,200	-	1,068,200	-	-	-	-	-	-
Cash and cash equivalents (note 13)	10,575,181	8,585,620	2,965,592	1,702,904	2,821,381	2,879,333	4,061,068	4,002,183	725,940	-
<b>Total assets</b>	<b>181,245,037</b>	<b>171,315,194</b>	<b>89,147,857</b>	<b>90,403,911</b>	<b>36,396,397</b>	<b>34,375,185</b>	<b>49,954,371</b>	<b>46,534,898</b>	<b>5,745,212</b>	<b>-</b>
<b>Liabilities</b>										
Accrued expenses (note 6)	399,805	380,840	194,106	203,002	105,440	99,964	85,686	77,874	14,573	-
Other creditors (note 6)	52,463	52,264	1,674	-	37,562	44,229	13,227	8,035	-	-
<b>Total liabilities</b>	<b>452,268</b>	<b>433,104</b>	<b>195,780</b>	<b>203,002</b>	<b>143,002</b>	<b>144,193</b>	<b>98,913</b>	<b>85,909</b>	<b>14,573</b>	<b>-</b>
	<b>180,792,769</b>	<b>170,882,090</b>	<b>88,952,077</b>	<b>90,200,909</b>	<b>36,253,395</b>	<b>34,230,992</b>	<b>49,855,458</b>	<b>46,448,989</b>	<b>5,730,639</b>	<b>-</b>
<b>Represented by:</b>										
<b>Net assets attributable to shareholders</b>	<b>180,792,769</b>	<b>170,882,090</b>	<b>88,952,077</b>	<b>90,200,909</b>	<b>36,253,395</b>	<b>34,230,992</b>	<b>49,855,458</b>	<b>46,448,989</b>	<b>5,730,639</b>	<b>-</b>

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

Salient Statistics	APS Funds SICAV p.l.c. Combined	APS Income Fund	APS Regular Income Ethical Fund	APS Diversified Bond Fund	APS Global Equity Fund
<b>Shares in issue as at 31 December 2020 (note 7)</b>					
<b>Founder Shares</b>	1,200,000	-	-	-	-
<b>Accumulator</b>	425,760.7670	113,516.5000	-	-	312,244.267
<b>Distributor</b>	5,654,037.2370	526,116.3610	-	-	5,127,920.876
<b>Accumulator - Class A</b>	4,109,151.8360	-	3,591,979.5050	517,172.3310	-
<b>Distributor - Class B</b>	48,910,505.7230	-	8,496,954.4000	40,413,551.3230	-
<b>Accumulator - Class C</b>	7,645,090.3880	-	5,085,848.1230	2,559,242.2650	-
<b>Distributor - Class D</b>	15,645,109.6670	-	11,296,914.5070	4,348,195.1600	-
<b>Distributor - Class G</b>	-	-	-	786,400.6020	-
		€	€	€	€
<b>Net asset value as at 31 December 2020</b>		88,952,077	36,253,395	49,855,458	5,730,639
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	-
<b>Net asset value per Accumulator share as at 31 December 2020 (note 8)</b>		190.2051	-	-	1.0524
<b>Net asset value per Distributor share as at 31 December 2020 (note 8)</b>		128.0337	-	-	1.0525
<b>Net asset value per Accumulator Class A share as at 31 December 2020 (note 8)</b>		-	1.4945	1.1251	-
<b>Net asset value per Distributor Class B share as at 31 December 2020 (note 8)</b>		-	1.1795	1.0177	-
<b>Net asset value per Accumulator Class C share as at 31 December 2020 (note 8)</b>		-	1.4883	1.0996	-
<b>Net asset value per Distributor Class D share as at 31 December 2020 (note 8)</b>		-	1.1766	1.0176	-
<b>Net asset value per Distributor Class G share as at 31 December 2020 (note 8)</b>		-	-	1.0262	-
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)		-	1.468	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 Distributor Class G share as at 31 December 2019 (note 8)		-	-	-	-
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	0.98	-
Net asset value per Distributor Class D share as at 31 December 2018 (note 8)		-	1.0856	0.9534	-
Net asset value per Distributor Class G share as at 31 December 2018 (note 8)		-	-	-	-

These financial statements on pages 24 to 52, were authorised for issue by the Board of Directors on the 26 February 2021 and were signed on its behalf by:



**Tony Mejlaq**  
Chairman



**Etienne Borg Cardona**  
Director



**Joseph Portelli**  
Director

26 February 2021

# STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 December 2020

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund		APS Global Equity Fund	
	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €
<b>As at 1 January</b>	<b>170,882,090</b>	149,923,405	<b>90,200,909</b>	79,297,036	<b>34,230,992</b>	30,493,185	<b>46,448,989</b>	40,131,984	-	-
Issue of investor shares	<b>19,318,763</b>	17,570,593	<b>6,803,778</b>	10,247,770	<b>3,322,568</b>	3,481,408	<b>3,737,458</b>	3,841,415	<b>5,454,959</b>	-
Redemption of investor shares	<b>(6,848,132)</b>	(7,170,131)	<b>(4,918,542)</b>	(4,309,542)	<b>(1,394,942)</b>	(2,632,550)	<b>(534,648)</b>	(228,039)	-	-
Net equalisation	<b>26,454</b>	51,707	<b>1,258</b>	29,508	<b>10,165</b>	(1,205)	<b>15,031</b>	23,404	-	-
Net (decrease)/increase in net assets during the year	<b>(2,586,406)</b>	10,506,516	<b>(3,135,326)</b>	4,936,137	<b>84,612</b>	2,890,154	<b>188,628</b>	2,680,225	<b>275,680</b>	-
<b>As at 31 December</b>	<b>180,792,769</b>	170,882,090	<b>88,952,077</b>	90,200,909	<b>36,253,395</b>	34,230,992	<b>49,855,458</b>	46,448,989	<b>5,730,639</b>	-

# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund		APS Global Equity Fund	
	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €
<b>Income</b>										
Net gain/(loss) on financial assets at fair value through profit or loss (note 5a)	1,381,607	14,432,601	(991,971)	6,921,250	718,374	3,528,560	1,371,302	3,982,791	283,902	-
Interest income	123,178	257,074	108,383	214,283	8,384	16,156	6,411	26,635	-	-
Dividend income	656,736	1,091,464	229,238	651,299	246,911	260,462	167,079	179,703	13,508	-
	2,161,521	15,781,139	(654,350)	7,786,832	973,669	3,805,178	1,544,792	4,189,129	297,410	-
<b>Expenses</b>										
Management fee (note 9a)	1,236,222	1,164,079	654,438	636,453	334,757	310,929	237,476	216,697	9,551	-
Administration fee (note 9b)	123,159	99,799	42,115	42,000	38,104	38,000	39,734	19,799	3,206	-
Custodian fee (note 9c)	71,383	94,510	36,214	39,506	13,796	26,261	19,236	28,743	2,137	-
Transaction costs	97,513	38,137	31,417	11,961	24,433	8,376	32,881	17,800	8,782	-
Legal and professional fees	12,114	15,503	6,413	6,569	2,282	2,279	3,207	6,655	212	-
Directors' remuneration	28,013	27,966	14,551	14,711	5,646	5,723	7,672	7,532	144	-
Audit fee (note 9d)	20,000	13,200	5,000	4,400	5,000	4,400	5,000	4,400	5,000	-
Publicity, printing and publishing costs	31,494	67,341	15,273	36,765	6,310	15,551	9,911	15,025	-	-
Compliance fees	18,424	1,180	9,423	621	3,735	237	5,152	322	114	-
General administrative costs	61,846	48,482	30,891	23,821	14,295	10,274	26,497	14,387	(9,837)	-
	1,700,168	1,570,197	845,735	816,807	448,358	422,030	386,766	331,360	19,309	-
<b>Net income/(loss)</b>	461,353	14,210,942	(1,500,085)	6,970,025	525,311	3,383,148	1,158,026	3,857,769	278,101	-
Finance costs - distributions to shareholders (note 10)	(2,706,372)	(3,254,081)	(1,357,070)	(1,635,700)	(383,183)	(457,016)	(966,119)	(1,161,365)	-	-
Tax expense on income (note 11)	(341,387)	(450,345)	(278,171)	(398,188)	(57,516)	(35,978)	(3,279)	(16,179)	(2,421)	-
<b>Net (decrease)/increase in net assets during the year</b>	(2,586,406)	10,506,516	(3,135,326)	4,936,137	84,612	2,890,154	188,628	2,680,225	275,680	-

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2020

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund		APS Global Equity Fund	
	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €	2020 €	2019 €
<b>Cash flows (used in)/from operating activities</b>										
Interest received	3,649,450	4,060,255	2,011,722	2,165,914	505,603	624,190	1,132,125	1,270,151	-	-
Dividend income received	641,255	1,087,393	213,566	651,298	249,521	256,392	167,079	179,703	11,089	-
Operating expenses paid	(1,583,690)	(2,624,492)	(823,214)	(1,859,245)	(418,449)	(461,398)	(346,073)	(303,849)	4,046	-
Tax paid	(341,387)	(450,345)	(278,171)	(398,188)	(57,516)	(35,978)	(3,279)	(16,179)	(2,421)	-
Payments for purchase of financial investments	(94,422,951)	(72,891,450)	(34,180,472)	(22,843,049)	(21,077,559)	(15,529,557)	(34,116,711)	(34,518,844)	(5,048,209)	-
Proceeds from sale of financial investments	84,255,972	67,121,613	33,788,159	17,247,682	19,192,507	15,862,818	30,968,830	34,011,113	306,476	-
<b>Net cash (used in)/ generated from operating activities</b>	<b>(7,801,351)</b>	<b>(3,697,026)</b>	<b>731,590</b>	<b>(5,035,588)</b>	<b>(1,605,893)</b>	<b>716,467</b>	<b>(2,198,029)</b>	<b>622,095</b>	<b>(4,729,019)</b>	<b>-</b>
<b>Cash flows from financing activities</b>										
Amounts received on creation shares	13,890,258	17,622,300	6,805,036	10,277,278	3,332,733	3,480,203	3,752,489	3,864,819	-	-
Amounts paid on redemption of shares	(1,393,173)	(7,170,131)	(4,918,542)	(4,309,542)	(1,394,942)	(2,632,550)	(534,648)	(228,039)	5,454,959	-
Distributions paid	(2,706,173)	(3,201,817)	(1,355,396)	(1,635,700)	(389,850)	(412,787)	(960,927)	(1,153,330)	-	-
<b>Net cash generated from financing activities</b>	<b>9,790,912</b>	<b>7,250,352</b>	<b>531,098</b>	<b>4,332,036</b>	<b>1,547,941</b>	<b>434,866</b>	<b>2,256,914</b>	<b>2,483,450</b>	<b>5,454,959</b>	<b>-</b>
Movements in cash and cash equivalents	1,989,561	3,553,326	1,262,688	(703,552)	(57,952)	1,151,333	58,885	3,105,545	725,940	-
Cash and cash equivalents at beginning of year	8,585,620	5,032,294	1,702,904	2,406,456	2,879,333	1,728,000	4,002,183	896,638	-	1,200
<b>Cash and cash equivalents at end of year (note 13)</b>	<b>10,575,181</b>	<b>8,585,620</b>	<b>2,965,592</b>	<b>1,702,904</b>	<b>2,821,381</b>	<b>2,879,333</b>	<b>4,061,068</b>	<b>4,002,183</b>	<b>725,940</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

APS Funds SICAV p.l.c. ("the Company" or "the Fund") 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 four Sub-Funds, the APS Income Fund, the APS Regular Income Ethical Fund, the APS Diversified Bond Fund and the APS Global Equity 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, the APS Diversified Bond Fund was launched on 23 October 2017 and the APS Global Equity Fund was launched on the 28 September 2020. 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 has constituted segregated Sub-Funds which are segregated patrimonies represented by different classes of shares.

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 Sub-Funds 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.

### Effects of COVID-19 on the year-end financial statements

During the period under review the global pandemic and the resultant impact on economic activity left their mark on financial markets. The first half of the year was dominated by contagion and lockdowns. Around the world efforts of varying intensity were put in place to limit the health crisis caused by the pandemic, with consequent negative economic impact. In terms of financial markets, this translated to a flight to safe haven assets and a sharp decline in the prices of risky assets that climaxed in March. Eventually the second quarter of 2020 saw a return to risk seeking behaviour spurred by the unprecedented policy response engineered globally by fiscal and monetary authorities. The same buoyant sentiment persisted throughout the rest of the year as the pharmaceutical sector put its efforts together to develop a vaccine.

The Sub-Funds entered the period of turmoil with high cash balances and responded by taking a further defensive stance by increasing portfolio duration through purchase of high quality government bonds and reducing exposure to risky assets. This defensive stance was eased from the second quarter and thereafter as a return to a risk-on environment, supported by high levels of monetary and fiscal stimulus by central banks and governments around the world, leading to a recovery in global financial markets. The Sub-Funds experienced a reduction in duration, additions to corporate bonds across the credit quality spectrum and, where possible, additions in cyclical equity holdings.

Throughout the period under review the Sub-Funds did not experience abnormal investor activity. As a result, at no point were the Sub-Funds at a risk of not being able to meet client requests for a return of their investment. Liquidity at the Sub-Fund level was also proactively managed by allocations in cash, bank deposits and liquid international instruments. More detail on the strategy employed by the Investment Manager is found in the Manager's Report.

After taking into consideration the performance and outlook for the Sub-Funds, the board of directors is of the view that the impact of the current challenging economic environment does not create a material uncertainty that casts doubt upon the Company's and the Sub-Funds' ability to continue operating as a going concern for the foreseeable future.

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

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, the APS Diversified Bond Fund and the APS Global Equity 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.

### 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 Sub-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 Sub-Fund. Such net asset value per share would be payable in the case where the balance sheet date is a dealing day.

### **Cash and cash equivalents**

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

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

### **Significant accounting judgements, estimates and assumptions**

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

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

### **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 Sub-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.

# NOTES TO THE FINANCIAL STATEMENTS

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. INITIAL APPLICATION OF AN INTERNATIONAL FINANCIAL REPORTING STANDARD AND INTERNATIONAL FINANCIAL REPORTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

### Initial application of an International Financial Reporting Standard

#### IAS 1 & IAS 8 Amendment - Definition of material

The amendments clarify the definition of material and how it should be applied by including in 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.

#### The Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards

The main purpose of the Framework is to guide the IASB when it develops International Financial Reporting Standards. The Framework can also be helpful for preparers and auditors when there are no specific or similar standards that address a particular issue. The Framework is not a Standard and it does not override any Standard or any requirement in a Standard.

The Conceptual Framework does not have a stated effective date and the IASB will start using it immediately. For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted. The Amendments to References are effective for annual periods beginning on or after 1 January 2020.

#### International Financial Reporting Standards in issue but not yet effective

Amendments to IFRS 9 (as part of the 2018 - 2020 Annual Improvements Cycle) - Financial Instruments

The amendments clarify which fees an entity includes when it applies the '10 per cent test' in assessing whether to derecognise a financial liability. This is not yet endorsed by the EU.

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

### APS Income Fund

	Fair value 31.12.2020 €	% of net assets	% of total assets	Fair value 31.12.2019 €	% of net assets	% of total assets
Quoted Local Equities	20,005,557	22.49	22.44	21,210,279	23.51	23.46
Quoted Local Corporate Bonds	29,432,799	33.09	33.02	29,940,470	33.19	33.12
Quoted Malta Government Stocks	22,969,794	25.82	25.77	20,067,861	22.25	22.20
Quoted Foreign Bonds	10,546,162	11.86	11.83	8,006,946	8.88	8.86
	<b>82,954,312</b>	<b>93.26</b>	<b>93.06</b>	<b>79,225,556</b>	<b>87.83</b>	<b>87.64</b>

### APS Regular Income Ethical Fund

	Fair value 31.12.2020 €	% of net assets	% of total assets	Fair value 31.12.2019 €	% of net assets	% of total assets
Quoted Foreign Equities	8,789,035	24.24	24.15	6,291,049	18.38	18.30
Exchange Traded Funds	2,950,127	8.14	8.11	3,371,290	9.85	9.81
Quoted Malta Government Stocks	500,000	1.38	1.37	483,000	1.41	1.41
Quoted Foreign Bonds	21,037,027	58.03	57.80	19,242,860	56.21	55.98
Quoted Collective Investment Scheme	12,494	0.03	0.03	878,699	2.57	2.56
	<b>33,288,683</b>	<b>91.82</b>	<b>91.46</b>	<b>30,266,898</b>	<b>88.42</b>	<b>88.06</b>

#### APS Diversified Bond Fund

	Fair value 31.12.2020 €	% of net assets	% of total assets	Fair value 31.12.2019 €	% of net assets	% of total assets
Exchange Traded Funds	4,596,403	9.22	9.20	4,118,328	8.87	8.85
Quoted Malta Government Stocks	640,588	1.28	1.28	646,608	1.39	1.39
Quoted Local Corporate Bonds	1,907,463	3.83	3.82	1,711,756	3.69	3.68
Quoted Foreign Bonds	38,105,762	76.43	76.28	34,537,225	74.36	74.22
Derivatives - Forward foreign exchange contracts	117,438	0.24	0.24	-	-	-
	<b>45,367,654</b>	<b>91.00</b>	<b>90.82</b>	<b>41,013,917</b>	<b>88.31</b>	<b>88.14</b>

#### APS Global Equity Fund

	Fair value 31.12.2020 €	% of net assets	% of total assets	Fair value 31.12.2019 €	% of net assets	% of total assets
Quoted Foreign Equities	4,938,860	86.18	85.96	-	-	-
Derivatives - Forward foreign exchange contracts	77,993	1.36	1.36	-	-	-
	<b>5,016,853</b>	<b>87.54</b>	<b>87.32</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### APS Diversified Bond Fund

##### Derivatives - Forward foreign exchange contracts

	Details	Notional Amount EUR	Fair value of the forward contract as at 31 December 2020 EUR
Friday, 29 January 21	Forex Fwd GBP/EUR	42,230	544
Friday, 29 January 21	Forex Fwd GBP/EUR	732,261	6,057
Tuesday, 23 February 21	Forex Fwd USD/EUR	4,225,000	110,838

#### APS Global Equity Fund

	Details	Notional Amount EUR	Fair value of the forward contract as at 31 December 2020 EUR
Friday, 5 February 21	Forex Fwd USD/EUR	160,000	4,134
Friday, 5 February 21	Forex Fwd USD/EUR	450,000	14,812
Friday, 5 February 21	Forex Fwd USD/EUR	330,000	7,172
Friday, 5 February 21	Forex Fwd USD/EUR	575,000	15,629
Friday, 5 February 21	Forex Fwd USD/EUR	660,000	19,715
Friday, 5 February 21	Forex Fwd USD/EUR	180,000	4,267
Friday, 5 February 21	Forex Fwd USD/EUR	400,000	9,426
Friday, 5 February 21	Forex Fwd USD/EUR	100,000	2,127
Friday, 5 February 21	Forex Fwd USD/EUR	140,000	4,195
Friday, 5 February 21	Forex Fwd GBP/EUR	75,000	-1,405
Friday, 5 February 21	Forex Fwd USD/EUR	250,000	-2,079

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

#### APS Income Fund

	Fair value 31.12.2020 €	Fair value 31.12.2019 €
Opening balance	79,225,556	69,362,387
Net acquisitions/disposals	6,956,683	5,356,081
Movement recognised in profit or loss	(3,227,927)	4,507,088
Closing balance	<b>82,954,312</b>	<b>79,225,556</b>

# NOTES TO THE FINANCIAL STATEMENTS

## APS Regular Income Ethical Fund

	Fair value 31.12.2020 €	Fair value 31.12.2019 €
Opening balance	30,266,898	27,659,847
Net acquisitions/disposals	3,533,937	(90,374)
Movement recognised in profit or loss	(512,152)	2,697,425
Closing balance	33,288,683	30,266,898

## APS Diversified Bond Fund

	Fair value 31.12.2020 €	Fair value 31.12.2019 €
Opening balance	41,013,917	35,361,671
Net acquisitions/disposals	4,454,412	3,538,588
Movement recognised in profit or loss	(100,675)	2,113,658
Closing balance	45,367,654	41,013,917

## APS Global Equity Fund

	Fair value 31.12.2020 €	Fair value 31.12.2019 €
Opening balance	-	-
Net acquisitions/disposals	4,727,132	-
Movement recognised in profit or loss	289,721	-
Closing balance	5,016,853	-

## 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 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 2020 and 2019 all financial assets of the Company, which are classified as at fair value through profit or loss, are classified as Level 1, except for derivative forward foreign exchange contracts, which are classified as Level 2.

## Valuation techniques

The net gain/(loss) 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	€	€	€	€
Realised gain	492,844	292,054	982,451	349,894
Unrealised (loss)/gain	(3,194,577)	4,644,904	(487,235)	2,709,830
Interest income	1,899,254	1,925,370	479,929	575,843
Foreign exchange (loss)/gain	(189,492)	58,922	(256,771)	(107,007)
	<b>(991,971)</b>	<b>6,921,250</b>	<b>718,374</b>	<b>3,528,560</b>

	APS Diversified Bond Fund		APS Global Equity Fund	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	€	€	€	€
Realised gain/ (loss)	536,299	303,900	(8,777)	-
Unrealised (loss)/gain	(74,394)	2,131,458	298,503	-
Interest income	1,132,565	1,320,476	-	-
Foreign exchange (loss)/gain	(223,168)	226,957	(5,824)	-
	<b>1,371,302</b>	<b>3,982,791</b>	<b>283,902</b>	<b>-</b>

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

### APS Income Fund

	31.12.2020	31.12.2019
	%	%
of net assets	of net assets	of net assets
Oil and Gas Services	2.49	2.87
Beverages	2.95	3.97
Insurance	1.01	2.83
Engineering and Construction	6.79	6.02
Investment Companies	2.93	4.66
Financial Services	10.37	7.28
Real Estate	11.66	11.92
Banks	9.89	9.98
Sovereign	28.74	27.63
Other	16.43	10.67
	<b>93.26</b>	<b>87.83</b>

### APS Regular Income Ethical Fund

	31.12.2020	31.12.2019
	%	%
of net assets	of net assets	of net assets
Pharmaceuticals	3.75	2.11
Telecommunications	6.92	4.49
Commercial Services	4.78	2.92
Electric	3.38	1.62
Sovereign	20.89	23.35
Multi-National	2.94	2.77
Auto Manufacturers	4.19	3.69
Insurance	7.80	9.72
Banks	8.42	12.90
Other	28.75	24.85
	<b>91.82</b>	<b>88.42</b>

# NOTES TO THE FINANCIAL STATEMENTS

## APS Diversified Bond Fund

	31.12.2020	31.12.2019
	%	%
	of net assets	of net assets
Leisure Time	8.10	4.69
Computers	0.52	1.34
Telecommunications	5.00	3.90
Electric	2.99	1.76
Automotive	4.33	4.61
Banks	9.10	4.92
Insurance	2.88	2.01
Oil and Gas	5.49	2.02
Multi-National	1.19	4.24
Sovereign	23.55	37.92
Debt Fund	9.22	8.87
Other	18.39	12.03
	<b>90.76</b>	<b>88.31</b>

## APS Global Equity Fund

	31.12.2020	31.12.2019
	%	%
	of net assets	of net assets
Automotive	2.33	-
Energy	7.33	-
Financial services	11.96	-
Healthcare	7.33	-
Industrial	10.27	-
Real Estate	2.71	-
Technology	21.82	-
Metals	6.00	-
Other	16.43	-
	<b>86.18</b>	<b>-</b>

## 5 (b). OTHER INVESTMENTS - TERM DEPOSITS

### APS Income Fund

	31.12.2020	% of net assets	% of total assets	31.12.2019	% of net assets	% of total assets
	€			€		
Term Deposits maturing within 1 year:						
Measured at amortised cost	1,500,000	1.69	1.68	6,690,885	7.42	7.40
Measured at fair value through profit or loss	1,050,000	1.18	1.18	1,050,000	1.16	1.16
	<b>2,550,000</b>	<b>2.87</b>	<b>2.86</b>	<b>7,740,885</b>	<b>8.58</b>	<b>8.56</b>

### APS Regular Income Ethical Fund

	31.12.2020	% of net assets	% of total assets	31.12.2019	% of net assets	% of total assets
	€			€		
Term Deposits maturing within 1 year	-	-	-	922,721	2.70	2.68
	<b>-</b>	<b>-</b>	<b>-</b>	<b>922,721</b>	<b>2.70</b>	<b>2.68</b>



**APS Diversified Bond Fund**

	31.12.2020 €	% of net assets	% of total assets	31.12.2019 €	% of net assets	% of total assets
Term Deposits maturing within 1 year	-	-	-	1,000,000	2.15	2.15
	-	-	-	1,000,000	2.15	2.15

As at year-end, the APS Income Fund had three (2019: three) 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 2020 and 2019, 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.

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**

	31.12.2020 €	31.12.2019 €
Opening balance	7,740,885	7,024,768
Net acquisitions/disposals	(5,192,817)	590,262
Movement recognised in profit or loss	1,932	125,855
Closing balance	2,550,000	7,740,885

**APS Regular Income Ethical Fund**

	31.12.2020 €	31.12.2019 €
Opening balance	922,721	918,692
Net acquisitions/disposals	(923,204)	-
Movement recognised in profit or loss	483	4,029
Closing balance	-	922,721

**APS Diversified Bond Fund**

	31.12.2020 €	31.12.2019 €
Opening balance	1,000,000	3,500,000
Net acquisitions/disposals	(1,000,000)	(2,500,000)
Movement recognised in profit or loss	-	-
Closing balance	-	1,000,000

# NOTES TO THE FINANCIAL STATEMENTS

## 6. ACCRUED EXPENSES AND OTHER CREDITORS

	APS Income Fund		APS Regular Income Ethical Fund	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	€	€	€	€
Management fees payable	163,547	169,022	87,533	87,093
Administration fees payable	10,586	3,682	9,682	3,644
Custody fees payable	8,116	11,238	1,292	1,870
Other unpaid expenses	11,857	19,060	6,933	7,357
<b>Accrued expenses</b>	<b>194,106</b>	<b>203,002</b>	<b>105,440</b>	<b>99,964</b>
Withholding tax on distributions	1,674	-	37,562	44,229
<b>Other creditors</b>	<b>1,674</b>	<b>-</b>	<b>37,562</b>	<b>44,229</b>

	APS Diversified Bond Fund		APS Global Equity Fund	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	€	€	€	€
Management fees payable	62,289	61,484	9,551	-
Administration fees payable	10,574	3,293	3,206	-
Custody fees payable	2,935	3,308	1,216	-
Other unpaid expenses	9,888	9,789	600	-
<b>Accrued expenses</b>	<b>85,686</b>	<b>77,874</b>	<b>14,573</b>	<b>-</b>
Withholding tax on distributions	13,227	8,035	-	-
<b>Other creditors</b>	<b>13,227</b>	<b>8,035</b>	<b>-</b>	<b>-</b>

## 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 Sub-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, APS Diversified Bond Fund and APS Global Equity 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

	2020 Shares	2019 Shares
<b>Shares in issue at the beginning of the year</b>		
<b>Accumulator shares</b>	<b>111,067.361</b>	95,476.949
<b>Distributor shares</b>	<b>515,926.855</b>	492,929.435
Creation of Accumulator shares	11,627.612	20,022.549
Creation of Distributor shares	36,165.346	50,095.373
Redemption of Accumulator shares	(9,178.473)	(4,432.137)
Redemption of Distributor shares	(25,975.840)	(27,097.953)
<b>Shares in issue at the end of the year</b>		
<b>Accumulator shares</b>	<b>113,516.5000</b>	111,067.361
<b>Distributor shares</b>	<b>526,116.3610</b>	515,926.855

<b>APS Regular Income Ethical Fund</b>	<b>2020 Shares</b>	<b>2019 Shares</b>
<b>Shares in issue at the beginning of the year</b>		
<b>Class A Accumulator</b>	<b>3,571,526.369</b>	3,388,724.727
<b>Class B Distributor</b>	<b>8,301,367.635</b>	8,814,581.122
<b>Class C Accumulator</b>	<b>4,404,472.199</b>	4,067,501.743
<b>Class D Distributor</b>	<b>10,734,699.685</b>	10,178,490.445
Creation of Class A Accumulator shares	<b>20,453.136</b>	216,915.035
Creation of Class B Distributor shares	<b>408,648.817</b>	686,132.911
Creation of Class C Accumulator shares	<b>1,097,888.026</b>	660,420.246
Creation of Class D Distributor shares	<b>1,065,707.621</b>	1,247,074.546
Redemption of Class A Accumulator shares	-	(34,113.393)
Redemption of Class B Distributor shares	<b>(213,062.052)</b>	(1,199,346.398)
Redemption of Class C Accumulator shares	<b>(416,512.102)</b>	(323,449.790)
Redemption of Class D Distributor shares	<b>(503,492.799)</b>	(690,865.306)
<b>Shares in issue at the end of the year</b>		
<b>Class A Accumulator</b>	<b>3,591,979.5050</b>	3,571,526.369
<b>Class B Distributor</b>	<b>8,496,954.4000</b>	8,301,367.635
<b>Class C Accumulator</b>	<b>5,085,848.1230</b>	4,404,472.199
<b>Class D Distributor</b>	<b>11,296,914.5070</b>	10,734,699.685
<b>APS Diversified Bond Fund</b>	<b>2020 Shares</b>	<b>2019 Shares</b>
<b>Shares in issue at the beginning of the year</b>		
<b>Class A Accumulator</b>	<b>517,172.331</b>	305,208.171
<b>Class B Distributor</b>	<b>40,313,916.872</b>	40,000,000.000
<b>Class C Accumulator</b>	<b>1,677,153.601</b>	513,590.706
<b>Class D Distributor</b>	<b>3,074,081.760</b>	1,242,007.617
<b>Class G Distributor</b>	-	-
Creation of Class A Accumulator shares	-	211,964.160
Creation of Class B Distributor shares	<b>348,575.663</b>	313,916.872
Creation of Class C Accumulator shares	<b>1,050,452.486</b>	1,243,309.253
Creation of Class D Distributor shares	<b>1,390,564.698</b>	1,977,216.610
Creation of Class G Distributor shares	<b>786,400.602</b>	-
Redemption of Class A Accumulator shares	-	-
Redemption of Class B Accumulator shares	<b>(248,941.212)</b>	-
Redemption of Class C Accumulator shares	<b>(168,363.822)</b>	(79,746.358)
Redemption of Class D Accumulator shares	<b>(116,451.298)</b>	(145,142.467)
Redemption of Class G Distributor shares	-	-
<b>Shares in issue at the end of the year</b>		
<b>Class A Accumulator</b>	<b>517,172.331</b>	517,172.331
<b>Class B Distributor</b>	<b>40,413,551.3230</b>	40,313,916.872
<b>Class C Accumulator</b>	<b>2,559,242.2650</b>	1,677,153.601
<b>Class D Distributor</b>	<b>4,348,195.1600</b>	3,074,081.760
<b>Class G Distributor</b>	<b>786,400.602</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

## APS Global Equity Fund

	2020 Shares	2019 Shares
<b>Shares in issue at the beginning of the year</b>		
<b>Class A Accumulator</b>	-	-
<b>Class B Distributor</b>	-	-
Creation of Class A Accumulator shares	<b>312,244.267</b>	-
Creation of Class B Distributor shares	<b>5,127,920.876</b>	-
Redemption of Class A Accumulator shares	-	-
Redemption of Class B Accumulator shares	-	-
<b>Shares in issue at the end of the year</b>		
<b>Class A Accumulator</b>	<b>312,244.267</b>	-
<b>Class B Distributor</b>	<b>5,127,920.876</b>	-

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, the APS Diversified Bond Fund and the APS Global Equity 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 plc. On the same day APS Funds SICAV plc entered into an Investment Management Agreement with ReAPS Asset Management Limited. In turn, ReAPS Asset Management Limited appointed APS Bank p.l.c. as the sub-investment manager of the said SICAV, by virtue of an Agreement signed on the same said date and revised during the year ended 31 December 2020.

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, Class D and Class G shares.

In the case of APS Global Equity Fund the Manager receives a management fee of up to 1.5% per annum of the net asset value for Class A and Class B shares, reduced to 1.0% per annum for the period ended 31 December 2020.

### 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, 25 May 2018, 23 January 2020 and 16 April 2020.

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 (2019: €25,000) per annum and a maximum fee of €42,000 (2019: €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 (2019: €21,000) per annum and a maximum fee of €38,000 (2019: €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 €41,500 per annum.

In the case of APS Global Equity Fund the Administrator shall receive a fixed fee of €18,000 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 0.125% for the first €25 million of NAV, 0.10% to be applied between €25 million and €50 million of NAV, 0.08% will be applied between €50 million and €75 million of NAV and 0.03% on NAV in excess of €75 million. This fee is subject to a minimum fee of €20,000 per annum with an additional €1,500 per annum for the Class B Distributor Share Class.

**c) Custodian fee**

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.

In the case of APS Global Equity 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:

	2020 €	2019 €
Annual statutory fee	20,000	13,200
Tax compliance services	1,250	1,250
	<b>21,250</b>	<b>14,450</b>

**10. DIVIDEND DISTRIBUTION**

Distributions reflected in the Statement of Comprehensive Income for the year ended 31 December 2020:

APS Income Fund - Distributor Shares	Ex-dividend date	Rate per share	Distribution paid
	30 December 2019	€ 1.3965	€ 720,532
	26 June 2020	€ 1.2189	€ 636,538
APS Regular Income Ethical - Fund Distributor Shares	Ex-dividend date	Rate per share	Distribution paid
B Class	24 March 2020	€ 0.0092	€ 76,372
D Class	24 March 2020	€ 0.0091	€ 98,918
B Class	29 September 2020	€ 0.0106	€ 90,408
D Class	29 September 2020	€ 0.0105	€ 117,485
APS Diversified Bond Fund - Distributor Shares	Ex-dividend date	Rate per share	Distribution paid
B Class	24 March 2020	€ 0.0123	€ 495,861
D Class	24 March 2020	€ 0.0123	€ 46,441
B Class	29 September 2020	€ 0.0094	€ 381,504
D Class	29 September 2020	€ 0.0095	€ 39,535
G Class	29 September 2020	£ 0.0036	€ 2,778

# NOTES TO THE FINANCIAL STATEMENTS

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

A final dividend of €1.2464 per share which amounted to a distribution of €655,725 was declared by the Directors on 30 December 2020 with respect to the distributor shares of the APS Income Fund (31 December 2019 €1.3965 per share which amounted to a distribution of €720,533). This distribution will be reflected in the Statement of Comprehensive Income for the year ending 31 December 2021.

## 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, the APS Diversified Bond Fund and the APS Global Equity 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., 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:

	<b>APS Funds SICAV p.l.c. Founder Shares 31.12.2020</b>	<b>APS Income Fund Distributor Shares 31.12.2020</b>	<b>APS Regular Income Ethical Fund Distributor Shares Class B 31.12.2020</b>	<b>APS Funds SICAV p.l.c. Founder Shares 31.12.2019</b>	<b>APS Income Fund Distributor Shares 31.12.2019</b>	<b>APS Regular Income Ethical Fund Distributor Shares Class B 31.12.2019</b>
Number of Shares	<b>1,199,000</b>	<b>98,853,140</b>	<b>5,000,000.000</b>	1,199,000	98,853,140	5,000,000.000
Dividend Income	-	<b>€258,540</b>	<b>€99,000</b>	-	€325,593	€125,500

	<b>APS Diversified Bond Fund Distributor Shares Class B 31.12.2020</b>	<b>APS Diversified Bond Fund Distributor Shares Class B 31.12.2019</b>	<b>APS Global Equity Fund Distributor Shares Class B 31.12.2020</b>	<b>APS Global Equity Fund Distributor Shares Class B 31.12.2019</b>
Number of Shares	<b>40,000,000.000</b>	40,000,000.000	<b>5,000,000.000</b>	-
Dividend Income	<b>€868,000</b>	€1,104,000	-	-

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. may be obtained from the Registry of Companies or on the Bank's website.

The APS Income Fund and the APS Regular Income Ethical Fund are associates of APS Bank p.l.c., since the latter holds a 15.45% and 17.56% equity interest in the Sub-Funds respectively (2019: 15.77% and 18.51% respectively).

The APS Diversified Bond Fund is a subsidiary of APS Bank p.l.c. since the latter holds an 82.26% equity interest in the Sub-Fund (2019: 87.75%). The APS Global Equity Fund is also a subsidiary of APS Bank p.l.c. since the latter holds 91.91% equity interest in the Sub-Fund.

As at 31 December 2020, the APS Funds Sicav ("The Company") held net bank balances at APS Bank p.l.c. amounting to €1,527,925 (2019: €3,173) and term deposits of €1,550,000 (2019: €6,963,606).

As at 31 December 2020, the APS Income Fund held bank balances at APS Bank p.l.c. amounting to €1,527,925 (2019: overdrawn €3) and term deposits of €1,550,000 (2019: €6,740,885). 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 €69,657 in 2020 (2019: €154,133).

As at 31 December 2020, the APS Regular Income Ethical Fund did not hold any bank balances at APS Bank p.l.c. (2019: overdrawn €1) and no term deposits (2019: €222,721). These amounts are unsecured and will be settled by way of cash. The interest income recognised in profit or loss in relation to APS term deposits held during the year amounted to €3,948 in 2020 (2019: €7,303).

As at 31 December 2020, the APS Diversified Bond Fund did not hold bank balances at APS Bank p.l.c. (2019: €3,177) and no term deposits (2019: Nil). 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 Nil in 2020 (2019: €13,994).

As at 31 December 2020, the APS Global Equity Fund held no bank balances or term deposits at APS Bank p.l.c.

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., 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. ReAPS Asset Management Limited also acts as the Investment Manager of the APS Global Equity Fund. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## (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 2020 and 31 December 2019, the Company remunerated its Directors the amount of €28,013 and €27,966 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.

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:

	2020 €	% of net assets	2019 €	% of net assets
APS Funds SICAV p.l.c.	10,575,181	5.85	8,585,620	5.02
APS Income Fund	2,965,592	3.33	1,702,904	1.89
APS Regular Income Ethical Fund	2,821,381	7.78	2,879,333	8.41
APS Diversified Bond Fund	4,061,068	8.15	4,002,183	8.62
APS Global Equity Fund	725,940	12.67	-	-

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 Diversified Bond Fund has a Lombard loan facility with Swissquote Bank Limited. The facility is provided in Euro for an amount equivalent to CHF 2,000,000, and is covered by a general pledge on the assets of the Sub-Fund.

The APS Global Equity Fund has a Lombard loan facility with Swissquote Bank Limited. The facility is provided in Euro for an amount equivalent to CHF 1,000,000, and is covered by a general pledge on the assets of the Sub-Fund.

The Company will pledge assets held by the Sub-Funds as a guarantee for the repayment of all sums of money which might become due to the bank, by way of capital and interest, in relation to the respective aforesaid loan and other banking facilities.

## 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 generally selected from the Malta Stock Exchange Equity Price Index (the "MSE Index"). If equities held by the Sub-Fund as at 31 December 2020 had increased by 15% (2019: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €3,000,833 (2019: €3,181,542). Conversely, if the MSE Index had decreased by 15% (2019: 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 31 December 2020 had increased by 15% (2019: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €1,762,748 (2019: €1,581,156). Conversely, if equities and holdings in collective investment schemes and Exchange Traded Funds had decreased by 15% (2019: 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 31 December 2020 had increased by 15% (2019: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €689,461 (2019: €617,749). Conversely, if holdings in Exchange Traded Funds had decreased by 15% (2019: 15%), this would have had an equal but opposite effect.

### **APS Global Equity Fund**

The equity securities are selected from recognised stock exchanges across the world. If equities at 31st December 2020 had increased by 15% (2019: N/A) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €740,829 (2019: N/A). Conversely, if holdings in equity securities had decreased by 15% (2019: N/A), this would have had an equal but opposite effect.

### **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:

	<b>Financial assets held at fixed rates (as a % of NAV)</b>		<b>Financial assets held at variable rates (as a % of NAV)</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
APS Income Fund	<b>64.41</b>	61.11	<b>6.36</b>	3.20
APS Regular Income Ethical Fund	<b>39.00</b>	40.38	<b>20.41</b>	17.24
APS Diversified Bond Fund	<b>60.19</b>	70.85	<b>21.35</b>	8.58

### **APS Income Fund**

At 31st December 2020, should interest rates have lowered / increased by 50 (2019: 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 €2,140,972 (2019: €2,077,424), arising from the change in market values of these corporate and government bonds.

### **APS Regular Income Ethical Fund**

At 31st December 2020, should interest rates have lowered / increased by 50 (2019: 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 €606,649 (2019: €488,889), arising from the change in market values of these corporate and government bonds.

### **APS Diversified Bond Fund**

At 31st December 2020, should interest rates have lowered / increased by 50 (2019: 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 €934,203 (2019: €835,192), arising from the change in market values of these corporate and government bonds.

### **APS Global Equity Fund**

The APS Global Equity Fund does not invest in corporate and government bonds.

Such movements in the NAV of the Sub-Funds would be dependent on the duration of the Sub-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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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	Quoted Malta Government Bonds	Quoted Foreign Bonds
	31.12.2020	31.12.2020	31.12.2020
	€	€	€
Up to 1 year	526,568	-	-
1 to 5 years	6,294,128	-	1,859,371
5 to 15 years	22,612,103	16,592,404	3,461,230
Over 15 years	-	6,377,390	5,225,561
	<b>29,432,799</b>	<b>22,969,794</b>	<b>10,546,162</b>
	31.12.2019	31.12.2019	31.12.2019
	€	€	€
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
	<b>29,940,470</b>	<b>20,067,861</b>	<b>8,006,946</b>

### APS Regular Income Ethical Fund

	Quoted Malta Government Bonds	Quoted Malta Government Bonds	Quoted Foreign Bonds	Quoted Foreign Bonds
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	€	€	€	€
Up to 1 year	-	-	-	-
1 to 5 years	-	-	4,940,723	4,153,260
5 to 15 years	500,000	483,000	8,692,242	10,368,040
Over 15 years	-	-	7,404,062	4,721,560
	<b>500,000</b>	<b>483,000</b>	<b>21,037,027</b>	<b>19,242,860</b>

### APS Diversified Bond Fund

	Quoted Local Corporate Bonds	Quoted Malta Government Bonds	Quoted Foreign Bonds
	31.12.2020	31.12.2020	31.12.2020
	€	€	€
Up to 1 year	-	-	431,632
1 to 5 years	194,000	-	11,675,465
5 to 15 years	1,713,463	640,588	16,689,178
Over 15 years	-	-	9,309,487
	<b>1,907,463</b>	<b>640,588</b>	<b>38,105,762</b>
	31.12.2019	31.12.2019	31.12.2019
	€	€	€
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
	<b>1,711,756</b>	<b>646,608</b>	<b>34,537,225</b>

## Currency Risk

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

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

The majority of APS Income Fund's transactions, as well as its assets and liabilities were denominated in Euro, as at 31st December 2020. The Sub-Fund had 0% (2019: 1.43%) of its underlying net assets denominated in foreign currencies.

The APS Regular Income Ethical Fund is exposed to considerable foreign currency risk. As at 31st December 2020, the Sub-Fund had 15.78% (2019: 19.81%) of its underlying net assets denominated in foreign currencies. Furthermore, as at the same date, the Sub-Fund held three assets which provide an underlying currency exposure which is different than that provided by their currency of denomination.

The APS Diversified Bond Fund is exposed to foreign currency risk. As at 31st December 2020, the Sub-Fund had 12.80% (2019: 38.86%) of its underlying net assets denominated in foreign currencies. Furthermore, as at the same date, the Sub-Fund held one asset which provides an underlying currency exposure which is different than that provided by its currency of denomination.

The APS Global Equity Fund is exposed to considerable foreign currency risk. As at 31st December 2020, the Sub-Fund had 21.35% (2019: N/A) of its underlying net assets denominated in foreign currencies. Furthermore, as at the same date, the Sub-Fund held five assets which provide an underlying currency exposure which is different than that provided by their currency of denomination.

The Following table indicates the currencies to which the Fund had significant exposure at 31 December 2020 and 31 December 2019 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		2020	2019
	Change in currency rate	Effect on the net assets Attributable to shareholders	Effect on the net assets Attributable to shareholders
Currency	%		
Australian Dollar	+10	€13	€12
British Pound	+10	-	€28,659
Norwegian Krona	+10	€8	€10,918
US Dollar	+10	€26	€89,413

APS Regular Income Ethical Fund		2020	2019
	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	€60
Brazilian Real	+10	-	€60,072
British Pound	+10	€88,922	€77,009
Indian Rupee	+10	€47,495	-
Indonesian Rupiah	+10	-	€60,031
Norwegian Krona	+10	€23,457	€4,839
Polish Zloty	+10	-	€107,131
Swedish Krona	+10	€55,063	-
Swiss Franc	+10	€25,300	-
Turkish Lira	+10	-	€65,885
US Dollar	+10	€331,804	€286,835

# NOTES TO THE FINANCIAL STATEMENTS

## APS Diversified Bond Fund

2020

2019

	Change in currency rate	Effect on the net assets Attributable to shareholders	Effect on the net assets Attributable to shareholders
Currency	%		
Australian Dollar	+10	€317	€315
Brazilian Real	+10	-	€144,174
British Pound	+10	€227,234	€85,571
Canadian Dollar	+10	€96,528	-
Hungarian Forint	+10	-	€99,084
Indian Rupee	+10	€86,881	-
Indonesian Rupiah	+10	-	€129,698
Mexican Peso	+10	€89,054	€175,517
New Zealand Dollar	+10	-	€241,202
Norwegian Krona	+10	-	€8,099
Polish Zloty	+10	-	€159,938
South African Rand	+10	-	€140,102
Swedish Krona	+10	€82,508	-
Turkish Lira	+10	€48,115	€122,575
US Dollar	+10	€7,143	€498,895

## APS Global Equity Fund

2020

2019

	Change in currency rate	Effect on the net assets Attributable to shareholders	Effect on the net assets Attributable to shareholders
Currency	%		
British Pound	+10	€19,815	-
Hong Kong Dollar	+10	€6,221	-
Japanese Yen	+10	€5,707	-
Norwegian Krona	+10	€8,292	-
Swiss Franc	+10	€24,457	-
Swedish Krona	+10	€5,722	-
US Dollar	+10	€52,040	-

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 2020 and 31 December 2019 on its monetary financial assets.

## APS Income Fund

	As at 31 December 2020 €	% of net assets	As at 31 December 2019 €	% of net assets
Australian Dollar	125	-	125	-
British Pound	-	-	286,589	0.32
Norwegian Krona	85	-	109,179	0.12
US Dollar	(264)	-	894,132	0.99
	(54)	-	1,290,025	1.43



#### APS Regular Income Ethical Fund

	As at 31 December 2020 €	% of net assets	As at 31 December 2019 €	% of net assets
Brazilian Real	-	-	600,725	1.75
British Pound	889,223	2.45	770,085	2.25
Polish Zloty	-	-	1,071,305	3.13
US Dollar	3,318,041	9.15	2,868,346	8.87
Turkish Lira	-	-	658,852	1.92
Norwegian Krona	234,574	0.65	48,389	0.14
Australian Dollar	605	-	600	-
Swedish Krona	550,628	1.52	-	-
Indonesian Rupiah	474,948	1.31	600,311	1.75
Swiss Franc	252,999	0.70	-	-
	<b>5,721,018</b>	<b>15.78</b>	<b>6,618,613</b>	<b>19.81</b>

#### APS Diversified Bond Fund

	As at 31 December 2020 €	% of net assets	As at 31 December 2019 €	% of net assets
Australian Dollar	3,172	0.01	3,150	0.01
Canadian Dollar	965,282	1.94	-	-
British Pound	2,272,337	4.56	855,708	1.84
Hungarian Forint	-	-	990,839	2.13
US Dollar	71,426	0.14	4,988,946	10.74
Brazilian Real	-	-	1,441,739	3.10
Mexican Pesos	890,539	1.79	1,755,172	3.78
New Zealand Dollar	-	-	2,412,019	5.19
Indonesian Rupiah	868,809	1.74	1,296,976	2.79
Turkish Lira	481,146	0.97	1,225,748	2.64
South African Rand	-	-	1,401,020	3.02
Polish Zloty	-	-	1,599,383	3.44
Norwegian Krona	-	-	80,985	0.17
Swedish Krona	825,078	1.65	-	-
	<b>6,377,789</b>	<b>12.80</b>	<b>18,051,685</b>	<b>38.86</b>

#### APS Global Equity Fund

	As at 31 December 2020 €	% of net assets	As at 31 December 2019 €	% of net assets
British Pound	198,150	3.46	-	-
Hong Kong Dollar	62,209	1.09	-	-
Japanese Yen	57,069	1.00	-	-
Norwegian Krona	82,922	1.45	-	-
Swedish Krona	57,216	1.00	-	-
US Dollar	520,397	9.08	-	-
Swiss Franc	244,572	4.27	-	-
	<b>1,222,535</b>	<b>21.35</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 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 which is categorised by a reputable external rating agency.

### APS Income Fund

	Aa	A	Baa	Ba	Not Rated	Fair Value 31.12.2020 €
<b>Debt securities classified as fair value through profit or loss</b>	-	27.29%	10.64%	3.67%	29.17%	62,948,755
	Aa	A	Baa	Ba	Not Rated	Fair Value 31.12.2019 €
Debt securities classified as fair value through profit or loss	1.47%	25.42%	8.59%	0.81%	28.03%	58,015,277

### APS Regular Income Ethical Fund

	Aaa	Aa	A	Baa	Ba	B	Not Rated	Fair Value 31.12.2020 €
<b>Debt securities classified as fair value through profit or loss</b>	5.85%	2.44%	8.57%	30.13%	11.68%	0.74%	-	21,537,027
	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%	24.33%	5.31%	2.12%	-	19,725,860

### APS Diversified Bond Fund

	Aaa	Aa	A	Baa	Ba	B	Not Rated	Fair Value 31.12.2020 €
<b>Debt securities classified as fair value through profit or loss</b>	2.96%	1.92%	7.44%	40.71%	21.77%	2.57%	4.18%	40,653,813
	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%	16.24%	26.75%	15.53%	5.93%	3.04%	36,895,589

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 2020 and 2019.

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

**APS Income Fund**

	2020 EUR Stage 1	2019 EUR Stage 1
Performing	2,965,592	1,702,904
<b>Gross / net carrying amount at 31 December</b>	<b>2,965,592</b>	<b>1,702,904</b>

**APS Regular Income Ethical Fund**

	2020 EUR Stage 1	2019 EUR Stage 1
Performing	2,821,381	2,879,333
<b>Gross / net carrying amount at 31 December</b>	<b>2,821,381</b>	<b>2,879,333</b>

**APS Diversified Bond Fund**

	2020 EUR Stage 1	2019 EUR Stage 1
Performing	4,061,068	4,002,183
<b>Gross / net carrying amount at 31 December</b>	<b>4,061,068</b>	<b>4,002,183</b>

**APS Global Equity Fund**

	2020 EUR Stage 1	2019 EUR Stage 1
Performing	725,940	-
<b>Gross / net carrying amount at 31 December</b>	<b>725,940</b>	<b>-</b>

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

**APS Income Fund**

	2020 EUR Stage 1	2019 EUR Stage 1
Performing	1,500,000	6,690,885
<b>Gross / net carrying amount at 31 December</b>	<b>1,500,000</b>	<b>6,690,885</b>

# NOTES TO THE FINANCIAL STATEMENTS

## APS Regular Income Ethical Fund

	2020 EUR Stage 1	2019 EUR Stage 1
Performing	-	922,721
<b>Gross / net carrying amount at 31 December</b>	-	922,721

## APS Diversified Bond Fund

	2020 EUR Stage 1	2019 EUR Stage 1
Performing	-	1,000,000
<b>Gross / net carrying amount at 31 December</b>	-	1,000,000

### 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 other 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, for the APS Diversified Bond Fund and for the APS Global Equity 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 Sub-Fund's Net Asset Value together with the sale and repurchase of shares.

During the period under the review, the liquidity position of the Sub-Funds was monitored as further disclosed in note 2 under the section Effects of COVID-19 on the year-end financial statements.

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 Sub-Funds is represented by the net assets attributable to shareholders as disclosed in the Statement of Financial Position. The amount of net assets attributable to shareholders 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, APS Diversified Bond Fund and APS Global Equity Fund, as the Sub-Funds are subject to subscriptions and redemptions at the discretion of the shareholders. The Sub-Funds' objective when managing capital is to safeguard the Sub-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 Sub-Funds.

## 15. EVENTS AFTER THE REPORTING PERIOD

For the period 1 January 2021 to the latest available published NAV, the APS Income Fund had subscriptions of €538,857 and redemptions of €326,510, APS Regular Income Ethical Fund had subscriptions of €392,101 and redemptions of €142,870, APS Diversified Bond Fund had subscriptions of €379,990 and redemptions of €6,078 and the APS Global Equity fund had subscriptions of €503,849 and no redemptions respectively from the investors.

As further disclosed in note 2, the impact of the current economic environment does not create a material uncertainty that casts doubt upon the company's ability to continue operating as a going concern for the foreseeable future.

# PORTFOLIO STATEMENTS

	Market Value 31.12.2020 €	% of net assets
<b>APS INCOME FUND</b>		
<b>Quoted Local Equities</b>		
Bank of Valletta p.l.c.	877,195	0.99
BMIT Technologies p.l.c.	207,501	0.23
GO p.l.c.	1,981,926	2.23
HSBC Bank Malta p.l.c.	763,771	0.86
Malita Investments p.l.c.	1,053,641	1.18
Malta International Airport p.l.c.	5,098,644	5.73
Mapfre Middlesea p.l.c.	339,254	0.38
Medserv p.l.c.	790,000	0.89
PG p.l.c.	1,692,600	1.90
Plaza Centres p.l.c.	652,861	0.73
RS2 Software p.l.c.	2,605,504	2.93
Simonds Farsons Cisk p.l.c.	1,975,202	2.22
Tigné Mall p.l.c.	1,509,939	1.70
Trident Estates p.l.c.	457,519	0.51
<b>Quoted Local Corporate Bonds</b>		
5.80% International Hotel Investments p.l.c. Unsecured Bonds 2021	176,900	0.20
6.00% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2021	349,668	0.39
5.00% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2022	285,267	0.32
5.80% International Hotel Investments p.l.c. Unsecured Bonds 2023	343,650	0.39
6.00% Medserv p.l.c. Secured and Guaranteed Notes 2020-2023 Series 1 Tranche 1	311,273	0.35
5.50% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2023	250,000	0.28
6.00% AX Investments p.l.c. Unsecured Bonds 2024	916,555	1.03
5.00% Hal Mann Vella Group p.l.c. Secured Bonds 2024	943,803	1.06
6.00% International Hotel Investments p.l.c. Unsecured Bonds 2024	1,135,260	1.28
5.30% Mariner Finance p.l.c. Unsecured Bonds 2024	269,658	0.30
5.00% Tumas Investments p.l.c. Unsecured Bonds 2024	225,500	0.25
4.50% Hili Properties p.l.c. Unsecured Bonds 2025	245,925	0.28
5.75% International Hotel Investments p.l.c. Unsecured Bonds 2025	195,637	0.22
4.50% Izola Bank p.l.c. Unsecured Bonds 2025	1,171,600	1.32
4.25% Corinthia Finance p.l.c. Unsecured Bonds 2026	84,500	0.10
4.00% International Hotel Investments p.l.c. Secured Bonds 2026	414,426	0.47
4.00% International Hotel Investments p.l.c. Unsecured Bonds 2026	459,326	0.52
4.50% Medserv p.l.c. Unsecured Bonds 2026	511,606	0.58
4.00% MIDI p.l.c. Secured Bonds 2026	1,189,205	1.34
3.90% Plaza Centres p.l.c. Unsecured Bonds 2026	207,000	0.23
3.75% Premier Capital p.l.c. Unsecured Bonds 2026	1,981,056	2.23
4.00% Eden Finance p.l.c. Unsecured Bonds 2027	1,911,829	2.15
5.00% MeDirect Bank (Malta) p.l.c. Subordinated Unsecured Bonds 2022-2027	1,009,000	1.13
3.50% Simonds Farsons Cisk p.l.c. Unsecured Bonds 2027	646,402	0.73
4.35% SD Finance p.l.c. Unsecured Bonds 2027	2,217,700	2.49
4.00% Stivala Group Finance p.l.c. Secured Bonds 2027	826,887	0.93
3.75% Tumas Investments p.l.c. Unsecured Bonds 2027	553,656	0.62
4.00% Exalco Finance p.l.c. Secured Bonds 2028	566,370	0.64
4.15% Phoenicia Finance Company p.l.c. Unsecured Bonds 2023-2028	1,433,740	1.61
3.75% AX Group p.l.c. Unsecured Bonds 2029 Series 2	439,141	0.49
4.00% MeDirect Bank (Malta) p.l.c. Sub Unsecured Bonds 2024-2029	604,000	0.68
3.65% Stivala Group Finance p.l.c. Secured Bonds 2029	93,636	0.11
3.75% TUM Finance p.l.c. Secured € Bonds 2029	708,425	0.80
3.25% APS Bank p.l.c. Unsecured Subordinated Bonds 2025-2030	1,351,500	1.52
3.50% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 1 Tranche 1	2,433,898	2.74
3.50% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 2 Tranche 1	1,051,400	1.18
3.75% Bank of Valletta p.l.c. Unsecured Subordinated Bonds 2026-2031	887,400	1.00
4.00% Cablenet Communication Systems p.l.c. Unsecured Bonds 2030	1,030,000	1.16

# PORTFOLIO STATEMENTS

	Market Value 31.12.2020 €	% of net assets
<b>APS INCOME FUND (continued)</b>		
<b>Quoted Foreign Bonds</b>		
0.50% RCI Banque S.A. 2023	402,540	0.45
5.125% Petroleos Mexicanos 2023	573,639	0.65
2.125% Imperial Brands Finance p.l.c. 2027	432,660	0.49
2.00% SES S.A. 2028	430,488	0.48
2.50% Stora Enso 2028	456,684	0.51
6.25% Banca Popolare di Sondrio 2029	427,960	0.48
3.375% Aviva p.l.c. 2045	556,797	0.63
4.50% Repsol International Finance B.V. 2075	605,578	0.68
2.875% Merck KGaA 2079	775,397	0.87
3.375% Aroundtown S.A. Perpetual	835,544	0.94
2.875% AT & T Inc. Perpetual	402,412	0.45
3.25% BP Capital Markets p.l.c. Perpetual	747,334	0.84
4.875% CPI Property Group S.A. Perpetual	421,500	0.47
5.375% Electricite de France S.A. Perpetual	460,000	0.52
3.50% Volkswagen International Finance N.V. Perpetual	421,000	0.47
<b>Quoted MGS Bonds (5 to 15 years)</b>		
1.50% Malta Government Stock 2027 (I)	4,409,600	4.96
4.80% Malta Government Stock 2028 (I)	1,811,024	2.04
4.50% Malta Government Stock 2028 (II)	2,038,482	2.29
5.10% Malta Government Stock 2029 (I)	1,054,928	1.19
2.30% Malta Government Stock 2029 (II)	2,537,625	2.85
1.00% Malta Government Stock 2031 (V)	4,740,750	5.33
<b>Quoted MGS Bonds (over 15 years)</b>		
2.50% Malta Government Stock 2036 (I)	106,812	0.12
2.10% Malta Government Stock 2039 (I)	5,860,673	6.59
3.00% Malta Government Stock 2040 (I)	237,140	0.27
2.40% Malta Government Stock 2041 (I)	172,760	0.19
<b>Foreign Government Bonds</b>		
1.25% Republic of Italy 2026	1,713,437	1.93
2.875% Russian Federation 2025	883,192	0.99
<b>Term Deposits</b>		
APS Bank p.l.c.	1,550,000	1.74
Izola Bank p.l.c.	1,000,000	1.12
<b>APS REGULAR INCOME ETHICAL FUND</b>		
<b>Quoted Foreign Equities</b>		
ABB Ltd.	251,318	0.69
AbbVie Inc.	238,987	0.66
Adidas AG	491,535	1.36
Allianz SE	305,064	0.84
AXA S.A.	321,948	0.89
Banco Bilbao Vizcaya Argentaria	225,960	0.62
Barratt Developments p.l.c.	224,558	0.62
Bayerische Motoren Werke AG	577,840	1.59
Boliden AB	289,993	0.80
Bristol-Myers Squibb Co.	178,858	0.49
Cisco Systems Inc.	182,870	0.50
Danone S.A.	249,984	0.69
Delta Airlines Inc.	170,890	0.47

	Market Value 31.12.2020 €	% of net assets
<b>APS REGULAR INCOME ETHICAL FUND (continued)</b>		
<b>Quoted Foreign Equities (continued)</b>		
Deutsche Post AG	263,250	0.73
Endesa S.A.	223,500	0.62
Euronext N.V.	189,315	0.52
Industria De Diseno Textil S.A.	177,072	0.49
ING Group N.V.	261,330	0.72
Intesa Sanpaolo S.p.A.	297,882	0.82
KBC Group N.V.	286,400	0.79
Microsoft Corp.	599,882	1.66
Orange S.A.	91,208	0.25
Phoenix Group Holdings p.l.c.	204,195	0.56
Sanofi S.A.	314,800	0.87
SAP SE	353,826	0.98
Schaeffler AG	246,060	0.68
Taylor Wimpey p.l.c.	203,756	0.56
Total S.A.	333,867	0.92
The Walt Disney Company	385,001	1.06
Viatis	183,793	0.51
Vodafone Group p.l.c.	243,207	0.67
Yara International ASA	220,886	0.61
<b>Quoted Foreign Bonds</b>		
0.50% Total SE 2022	334,577	0.92
1.875% Barclays p.l.c. 2023	158,261	0.44
1.50% Informa p.l.c. 2023	358,491	0.99
3.75% NH Hotel Group S.A. 2023	266,803	0.74
4.00% Sappi Paper Holding GmbH 2023	200,086	0.55
2.50% Citycon Treasury B.V. 2024	363,682	1.00
3.75% Fiat Chrysler Automobile 2024	219,154	0.61
2.00% Imerys S.A. 2024	318,712	0.88
6.3% International Finance Corp. 2024	474,949	1.31
2.00% JCDecaux S.A. 2024	212,308	0.59
2.50% Banco Santander S.A. 2025	325,488	0.90
0.875% EasyJet 2025	285,285	0.79
1.25% Goldman Sachs Group Inc. 2025	623,256	1.72
1.625% RCI Banque S.A. 2025	146,016	0.40
1.375% WPP Finance 2025	315,822	0.87
3.50% Banco Bilbao Vizcaya Argentaria S.A. 2027	466,412	1.29
2.25% BNP Paribas S.A. 2027	326,886	0.90
2.125% Intercontinental Hotels Group p.l.c. 2027	285,012	0.79
1.50% ISS Global 2027	177,272	0.49
2.00% Barclays p.l.c. 2028	204,296	0.56
3.375% Schaeffler AG 2028	329,940	0.91
1.375% Societe Generale S.A. 2028	305,328	0.84
2.50% Stora Enso 2028	376,764	1.04
1.25% Svenska Handelsbanken AB 2028	357,438	0.99
6.25% Banca Popolare di Sondrio 2029	213,980	0.59
1.00% Banco Bilbao Vizcaya Argentaria S.A. 2030	200,016	0.55
6.25% Munich Reinsurance Company 2042	325,638	0.90
4.25% Aquarius & Investments p.l.c. 2043	277,379	0.77
5.125% AXA S.A. 2043	336,770	0.93
4.625% NN Group N.V. 2044	563,013	1.55
3.099% Allianz SE 2047	346,428	0.96
4.375% Mapfre S.A. 2047	349,779	0.97
4.50% Lanxess AG 2076	332,652	0.92
3.375% EnBW Energie Baden-Wuerttemberg 2077	350,200	0.97
2.875% Merck KGaA 2079	443,084	1.22
6.25% Orsted A/S 3013	306,791	0.85
4.375% Accor S.A. Perpetual	200,018	0.55



# PORTFOLIO STATEMENTS

	Market Value 31.12.2020 €	% of net assets
<b>APS REGULAR INCOME ETHICAL FUND (continued)</b>		
<b>Quoted Foreign Bonds (continued)</b>		
3.375% Aroundtown S.A. Perpetual	313,329	0.86
2.875% AT & T Inc. Perpetual	201,206	0.56
1.38% Engie S.A. Perpetual	203,488	0.56
2.124% Ferroviaal Netherlands B.V. Perpetual	197,500	0.55
2.88% OMV AG Perpetual	314,826	0.87
2.13% Unibail Rodamco-Westfield SE Perpetual	282,903	0.78
5.375% Electricite de France S.A. Perpetual	345,000	0.95
4.25% Solvay S.A. Perpetual	216,732	0.60
3.50% Volkswagen International Finance N.V. Perpetual	210,500	0.58
<b>Quoted MGS Bonds (5 to 15 years)</b>		
2.30% Malta Government Stock 2029 (II)	500,000	1.38
<b>Foreign Government Bonds</b>		
2.15% Kingdom of Spain 2025	337,836	0.93
2.875% Republic of Portugal 2026	413,119	1.14
1.25% Republic of Italy 2026	1,392,167	3.84
2.75% Romanian Government International Bond 2026	363,990	1.00
3.75% Republic of South Africa 2026	380,153	1.05
1.625% US Treasury 2026	360,694	1.00
0.75% Republic of France 2028	550,370	1.52
0.625% Republic of Cyprus 2030	929,970	2.57
2.75% Republic of Croatia 2030	717,066	1.98
1.875% Republic of Chile 2030	341,370	0.94
2.50% US Treasury 2045	682,146	1.88
0.00% Federal Republic of Germany 2050	604,682	1.67
<b>Foreign Collective Investment Schemes</b>		
Etica Azionario I	12,494	0.03
<b>Exchange Traded Funds</b>		
iShares USD Treasury Bond 7-10 Year EUR Hedged UCITS ETF	2,344,385	6.47
iShares USD Treasury Bond 20+ Year EUR Hedged UCITS ETF	605,742	1.67
<b>APS DIVERSIFIED BOND FUND</b>		
<b>Quoted Local Corporate Bonds</b>		
6.00% Medserv p.l.c. Secured and Guaranteed Notes 2020-2023 Series 1 Tranche 1	194,000	0.39
4.00% International Hotel Investments p.l.c. Unsecured Bonds 2026	236,768	0.48
4.50% Medserv p.l.c. Unsecured Bonds 2026	94,900	0.19
4.35% SD Finance p.l.c. Unsecured Bonds 2027	250,000	0.50
4.00% Exalco Finance p.l.c. Secured Bonds 2028	94,395	0.19
4.15% Phoenicia Finance Company p.l.c. Unsecured 2023 - 2028	294,000	0.59
4.00% MeDirect Bank (Malta) p.l.c. Subordinated Unsecured Bonds 2024 – 2029	103,000	0.21
3.75% TUM Finance p.l.c. Secured Bonds 2029	100,500	0.20
3.50% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 1 Tranche 1	303,000	0.61
4.00% Cablenet Communication Systems p.l.c. Unsecured Bonds 2030	236,900	0.48
<b>Quoted Foreign Bonds</b>		
3.875% Arcelik A.S. 2021	203,922	0.41
5.125% CBR Fashion Finance B.V. 2022	199,738	0.40
4.75% FMG Resources (August 2006) Pty Ltd. 2022	251,931	0.51
2.00% Mohawk Industries Inc. 2022	507,943	1.02
3.25% Teva Pharmaceutical Finance Netherlands B.V. 2022	202,355	0.41
3.125% Gaz Capital S.A. 2023	212,376	0.43
5.25% Fiat Chrysler Automobile 2023	219,280	0.44
1.50% Informa p.l.c. 2023	460,917	0.93
3.75% NH Hotel Group S.A. 2023	244,569	0.49

	Market Value 31.12.2020 €	% of net assets
<b>APS DIVERSIFIED BOND FUND (continued)</b>		
<b>Quoted Foreign Bonds (continued)</b>		
5.125% Pemex 2023	260,745	0.52
0.50% RCI Banque S.A. 2023	402,540	0.81
4.60% RZD Capital p.l.c. 2023	383,170	0.77
4.00% Sappi Paper Holding GmbH 2023	250,108	0.50
2.50% Citycon Treasury B.V. 2024	311,727	0.63
0.90% Harley-Davidson Financial Services Inc. 2024	253,213	0.51
6.30% International Finance Corp. 2024	868,809	1.74
2.00% JCDecaux S.A. 2024	212,308	0.43
3.25% Nemak SAB de CV 2024	204,110	0.41
4.875% Orano S.A. 2024	574,510	1.15
2.625% Sigma Alimentos S.A. 2024	477,459	0.96
4.75% SoftBank Group Corp. 2024	215,050	0.43
2.875% Altareit S.A. 2025	321,312	0.64
2.50% Banco Santander S.A. 2025	433,984	0.87
1.35% CNPC Global Capital Ltd. 2025	448,595	0.90
0.875% EasyJet 2025	356,606	0.72
3.25% IQVIA Inc. 2025	254,456	0.51
2.75% Philip Morris International Inc. 2025	558,561	1.12
2.875% Ryanair 2025	401,584	0.81
10.125% Carnival Corp. 2026	230,400	0.46
3.625% LKQ European Holdings B.V. 2026	256,240	0.51
2.652% Nissan Motor Co. 2026	475,056	0.95
4.25% Playtech p.l.c. 2026	259,038	0.52
2.20% Altria Group Inc. 2027	436,540	0.88
2.25% BNP Paribas S.A. 2027	108,962	0.22
2.125% Imperial Brands Finance p.l.c. 2027	432,660	0.87
2.125% Intercontinental Hotels Group p.l.c. 2027	369,460	0.74
4.75% KFC Holding 2027	216,711	0.44
2.75% NTPC Ltd. 2027	476,636	0.96
4.125% Verizon Communications Inc. 2027	385,478	0.77
5.50% Ziggo B.V. 2027	182,570	0.37
2.00% Barclays p.l.c. 2028	255,370	0.51
3.00% CEZ AS 2028	353,198	0.71
2.00% CK Hutchison Holdings Ltd. 2028	338,667	0.68
3.375% Schaeffler AG 2028	329,940	0.66
2.00% SES S.A. 2028	430,488	0.86
2.50% Stora Enso 2028	456,684	0.92
6.25% Banca Popolare di Sondrio 2029	213,980	0.43
3.125% BAT International Finance 2029	470,601	0.94
3.875% Netflix Inc. 2029	231,840	0.47
5.125% Service Corp International 2029	226,288	0.45
1.00% Banco Bilbao Vizcaya Argentaria S.A. 2030	500,040	1.00
2.05% Province of Ontario 2030	956,077	1.92
4.625% NN Group N.V. 2044	450,410	0.90
4.375% Mapfre S.A. 2047	466,372	0.94
6.375% America Movil SAB de CV 2073	230,079	0.46
4.50% Repsol International Finance B.V. 2075	401,883	0.81
4.50% Lanxess AG 2076	429,228	0.86
3.375% EnBW Energie Baden-Wuerttemberg 2077	463,500	0.93
2.875% Merck KGaA 2079	443,084	0.89
6.25% Orsted A/S 3013	454,505	0.91
4.375% Accor S.A. Perpetual	300,027	0.60
3.375% Aroundtown S.A. Perpetual	417,772	0.84
2.875% AT & T Inc. Perpetual	301,809	0.61
3.25% BP Capital Markets p.l.c. Perpetual	427,048	0.86
4.875% CPI Property Group S.A. Perpetual	316,125	0.63
5.375% Electricite de France S.A. Perpetual	460,000	0.92
1.38% Engie S.A. Perpetual	203,488	0.41
2.875% Eurofins Scientific SE Perpetual	256,253	0.51

# PORTFOLIO STATEMENTS

	Market Value 31.12.2020 €	% of net assets
<b>APS DIVERSIFIED BOND FUND (continued)</b>		
<b>Quoted Foreign Bonds (continued)</b>		
2.124% Ferrovial Netherlands B.V. Perpetual	246,875	0.50
5.25% HSBC Holdings p.l.c. Perpetual	365,750	0.73
3.75% Intesa Sanpaolo S.p.A. Perpetual	287,337	0.58
2.88% OMV AG Perpetual	419,768	0.84
5.75% Phoenix Holdings p.l.c. Group Perpetual	517,630	1.04
4.375% Cooperatieve Rabobank U.A. Perpetual	443,360	0.89
4.25% Solvay S.A. Perpetual	216,732	0.44
2.13% Unibail-Rodamco-Westfield SE Perpetual	377,204	0.76
5.38% Unicredit S.p.A. Perpetual	357,998	0.72
3.50% Volkswagen International Finance N.V. Perpetual	421,000	0.84
<b>Quoted MGS Bonds (5 to 15 years)</b>		
4.50% Malta Government Stock 2028 (II)	390,588	0.78
2.30% Malta Government Stock 2029 (II)	250,000	0.50
<b>Foreign Government Bonds</b>		
6.50% United Mexican States 2021	227,710	0.46
9.00% Government of Turkey 2022	481,146	0.97
5.625% North Macedonia Government International Bond 2023	485,347	0.97
3.375% Republic of Indonesia 2025	413,671	0.83
2.875% Russian Federation 2025	441,596	0.89
1.25% Republic of Italy 2026	1,927,616	3.87
2.75% Romanian Government International Bond 2026	496,350	1.00
3.75% Republic of South Africa 2026	488,768	0.98
7.6003% Arab Republic Of Egypt 2029	424,474	0.85
0.70% Republic of Philippines 2029	501,625	1.01
8.50% United Mexican States 2029	599,826	1.20
1.875% Republic of Chile 2030	455,160	0.91
2.75% Republic of Croatia 2030	956,088	1.92
0.625% Republic of Cyprus 2030	1,238,218	2.48
1.50% US Treasury 2030	605,136	1.21
0.50% People's Republic of China 2031	402,992	0.81
<b>Exchange Traded Funds</b>		
iShares JP Morgan EM Local Government Bond UCITS ETF	812,213	1.63
iShares JP Morgan USD EM Bond EUR Hedged UCITS ETF	538,365	1.08
iShares USD Treasury Bond 7-10 EUR Hedged Year UCITS ETF	2,840,843	5.70
iShares USD Treasury Bond 20+ Year EUR Hedged UCITS ETF	404,985	0.81
<b>Derivatives - Forward Forex Contracts</b>		
Purchase of Sterling against Euro maturing on 29 January 2021 (class GBP G)	Notional Amount (774,491)	Fair Value 6,600
Sale of United States Dollar against Euro maturing on 23 February 2021	4,225,000	110,838
		% of net assets 0.01 0.22

## APS GLOBAL EQUITY FUND

### Quoted Foreign Equities

ABB Ltd.	78,822	1.38
Air Products and Chemicals Inc.	98,252	1.72
Airbus SE	93,730	1.64
Alibaba Group Holding Ltd. ADR	96,816	1.69
Alphabet Inc.	74,486	1.30
Amazon.com Inc.	111,799	1.95
American Tower Corp.	57,970	1.01
Apple Inc.	139,679	2.44
AT & T Inc.	51,242	0.90
BAE Systems p.l.c.	80,860	1.41
Banco Bilbao Vizcaya Argentaria S.A.	49,005	0.86
Barratt Developments p.l.c.	30,143	0.53
Bayerische Motoren Werke AG	133,626	2.33
Boliden AB	57,216	1.00

	Market Value 31.12.2020 €	% of net assets
<b>APS GLOBAL EQUITY FUND (continued)</b>		
<b>Quoted Foreign Equities (continued)</b>		
Bristol-Myers Squibb Co.	71,330	1.25
Broadcom Inc.	112,008	1.96
China Telecom Corporation Ltd.	62,094	1.08
Cisco Systems Inc.	73,148	1.28
Citigroup Inc.	100,789	1.76
Coca-Cola Co.	54,143	0.95
Covestro AG	75,972	1.33
Danone S.A.	81,016	1.42
Delta Airlines Inc.	59,154	1.03
Deutsche Post AG	79,056	1.38
Digital Realty Trust Inc.	24,286	0.42
Enel S.p.A.	126,441	2.21
Euronext N.V.	135,405	2.37
Exxon Mobil Corp.	117,608	2.05
Fedex Corp.	125,826	2.20
General Electric Co.	86,882	1.52
Goldman Sachs Group Inc.	134,705	2.35
GlaxoSmithKline p.l.c.	49,297	0.86
Industria De Diseno Textil S.A.	64,293	1.12
ING Group N.V.	111,658	1.95
Innovative Industrial Properties Inc.	72,890	1.27
Intesa Sanpaolo S.p.A.	55,609	0.97
Johnson & Johnson	80,134	1.40
KBC Group N.V.	32,191	0.56
Lloyds Banking Group p.l.c.	41,066	0.72
Lockheed Martin Corp.	47,000	0.82
Microsoft Corp.	121,612	2.12
Nestle S.A.	98,038	1.71
Newmont Mining Corp.	32,306	0.56
Nextera Energy Inc.	25,726	0.45
NVIDIA Corp.	94,748	1.66
Phoenix Group Holdings p.l.c.	25,172	0.44
Roche Holding AG	67,712	1.18
Rolls-Royce Holdings p.l.c.	24,361	0.43
Samsung Electronics Co. Ltd.	64,137	1.12
Sanofi S.A.	95,621	1.67
SAP SE	57,899	1.01
SK Telecom Co. Ltd. ADR	88,132	1.54
Sony Corp.	56,992	1.00
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	86,801	1.52
Taylor Wimpey p.l.c.	30,934	0.54
Total S.A.	74,236	1.30
Toyota Motor Corp. ADR	76,050	1.33
The Walt Disney Company	51,827	0.91
Unilever p.l.c.	130,553	2.28
Viatis Inc.	55,812	0.98
Visa Inc.	70,613	1.23
Walmart Inc.	98,020	1.71
Wynn Resorts Ltd.	104,018	1.82
Yara International ASA	79,893	1.40
<b>Derivatives - Forward Forex Contracts</b>		
Sale of Sterling against Euro maturing on 5 February 2021	Notional Amount 75,000	Fair Value (1,405)
Purchase of United States Dollar against Euro maturing on 5 February 2021	(250,000)	(2,079)
Sale of United States Dollar against Euro maturing on 5 February 2021	2,995,000	81,477
		% of net assets (0.02) (0.04) 1.42

# STATEMENT OF CHANGES IN THE COMPOSITION OF THE PORTFOLIO

The composition of the portfolio, detailed in the Portfolio Statement on pages 53 to 59, in comparison with the Portfolio Statement as at 31 December 2019 stood as follows:

	% of net assets 31.12.2020	% of net assets 31.12.2019
<b>APS Income Fund</b>		
Quoted Local Equities	22.50	23.51
Quoted Local Corporate Bonds	33.10	33.19
Quoted Foreign Bonds	8.99	3.50
Quoted Malta Government Bonds	25.83	22.25
Foreign Government Bonds	2.92	5.38
Term Deposits	2.87	8.58
<b>APS Regular Income Ethical Fund</b>		
Quoted Foreign Equities	24.24	18.38
Quoted Foreign Bonds	38.52	34.28
Quoted Malta Government Bonds	1.38	1.41
Foreign Government Bonds	19.51	21.93
Foreign Collective Investment Schemes	0.03	2.57
Exchange Traded Funds	8.14	9.85
Term Deposits	-	2.70
<b>APS Diversified Bond Fund</b>		
Quoted Local Corporate Bonds	3.83	3.69
Quoted Foreign Bonds	56.08	37.84
Quoted Malta Government Bonds	1.28	1.39
Foreign Government Bonds	20.35	36.52
Exchange Traded Funds	9.22	8.87
Term Deposits	-	2.15
Forwards	0.24	-
<b>APS Global Equity Fund</b>		
Quoted Foreign Equities	86.18	-
Forwards	1.36	-

# 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 Charge**

An initial charge of up to 1.5% on the amount invested.

### **APS Regular Income Ethical Fund**

#### **Initial Charge**

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 Charge**

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 /Class G - Distributor shares.

### **APS Global Equity Fund**

#### **Initial Charge**

An initial charge of up to 3.5% on the amount invested.

Details on the Management, Custody and Administration fees can be found under note 9 on page 40.

## 4. RISK WARNINGS

### **Market Fluctuations**

Investment in the Sub-Funds should be regarded as a long-term investment. The Sub-Funds' investments are subject to normal market

fluctuations and to the risks inherent in all investments. 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 Sub-Funds, including the currency in which they are determined, may fall as well as rise.

### **Erosion of Capital**

Redemptions from any of the Sub-Funds are serviced from the respective Sub-Funds' assets. There may be instances where the servicing of redemptions may require the liquidation of securities owned by the Sub-Funds. Such forced liquidations 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/she may not get back the amount invested. Hence, investment in the Sub-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 Sub-Funds, may adversely affect the value of investments and the income (if any) derived therefrom.

### **Investment on the Malta Stock Exchange**

By virtue of its investment policy, the APS Income Fund invests in equity and debt securities listed on the Malta Stock Exchange. Since this exchange is considered as relatively new, it offers limited investments. This may lead to an exposure to a particular security or industry sector which is higher than that normally associated with a diversified portfolio and therefore may expose the Sub-Funds to higher levels of volatility and possibly, having an adverse impact on its performance.

Some Maltese companies that are listed on the Malta Stock Exchange may impose, through their constitutional documents, a limit on the equity holding that any one particular investor may, directly or indirectly hold in such companies. Hence, the investor should be aware that the Sub-Funds might be restricted in implementing its investment policy due to such impositions.

Despite the fact that such securities are listed, the market may be illiquid. The trading volumes on emerging stock exchanges such as the Malta

Stock Exchange are considerably lower than other principal stock markets. Therefore, buying and selling of securities may be time consuming and may need to be transacted at unfavourable prices due to this illiquidity element. Although it is not anticipated that this should create any complications in valuing the Sub-Funds' investments, lower secondary market liquidity may have a negative effect on the market price of such securities and the Sub-Fund's ability to sell 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 Sub-Funds is closely linked to the performance of the Maltese market.

### **Investments in Small Companies**

The Sub-Funds may invest in securities issued by small companies, which 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 a small number of key individuals. This may result in such investments having a higher degree of price volatility.

### **Investments in Unlisted Companies**

The Sub-Funds may invest in unlisted companies. Investing in unlisted companies (particularly start-ups and early stage businesses) is a high reward / high risk investment strategy. It should be noted that unlisted companies are generally not regulated by investor protection norms and disclosures that typically apply to listed companies. Furthermore, as the securities are not traded on the open market, unlisted investments are generally highly illiquid. Sub-Funds investing in such securities may only be able to sell their shares when the investee company achieves a successful exit via a sale or flotation, which could occur many years after making the initial investment.

### **Different Class Denominations**

The Sub-Funds' reference currency, being the base currency used for performance measurement and accounting purposes as well as the currency in which most investments are maintained in, is the euro. In this regard, shareholders investing in share classes of the Sub-Funds that are denominated in currencies other than the euro should be aware that currency fluctuations between the euro and base currency of the respective share class may adversely affect the value of their investment. This risk may also be present where a currency hedging strategy has been implemented.

# INFORMATION ABOUT THE SCHEME

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## **Hedging Strategy at Share Class Level**

The currency risk arising from the exchange rate movements between the reference currency of the APS Diversified Bond Fund and the base currency of the same Sub-Funds' Class G Distributor Shares is intended to be minimized via a hedging strategy at the share class level. Notwithstanding the successful execution of the hedging strategy, there may be instances when the currency exposure will not be fully hedged and as a result there may be a mismatch between the net asset value per share in the base currency of the Sub-Funds and the net asset value per share of the Sub-Funds' Class G Distributor Shares. Any material passive over-or-under-hedging position that may arise is generally rectified, with any costs incurred being charged to the net asset value of the Sub-Fund's Class G Distributor Shares.

## **5. SCHEME PARTICULARS**

The above details are principally extracted from the APS Funds SICAV p.l.c. Prospectus and the APS Global Equity Fund Supplement, both dated 28 September 2020, and from the APS Income Fund Supplement, the APS Regular Income Ethical Fund Supplement and the APS Diversified Bond Fund Supplement, all dated 15 June 2020. The said 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, the APS Diversified Bond Fund, and/or the APS Global Equity 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 2020, and does not omit any matter or development of significance.



# YOUR NOTES

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# YOUR NOTES

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