

APS Funds SICAV p.l.c.

**Annual Report
& Financial Statements**
for the year ended 31 December 2015



APS Funds SICAV p.l.c.

Annual Report and Financial Statements for the year ended 31 December 2015

APS Centre,
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Notice of the Eight Annual General Meeting

In terms of Article 19 of the Articles of Association

Notice to shareholders is hereby being given of the Eighth Annual General Meeting of the APS Funds SICAV p.l.c. to be held at the Chameleon Suite, Corinthia Palace Hotel & Spa, De Paule Avenue, San Anton, Attard BZN 9020 on Wednesday 27 April 2016 at 5.30 p.m., for the purpose of considering the following Agenda.

AGENDA

Approval of Accounts

That the Statements of Comprehensive Income and Statements of Financial Position as at 31 December 2015 and the Directors' and the Independent Auditors' Reports thereon be approved.

Auditors - Appointment and Remuneration

That the appointment of Ernst & Young Malta Limited as Auditors be approved, and the Board of Directors be authorised to fix their remuneration.

Appointment of Directors

That the Directors be appointed.

Directors' Honoraria

That the maximum Directors' honoraria shall be established in aggregate at €20,000 per annum, with effect from 1 January 2016.

By order of the Board.



Greta Farrugia

For and on behalf of
Valletta Fund Services Limited
Company Secretary

9 March 2016

NOTES:

1. This Notice has been mailed to all shareholders registered as at the 4th March 2016 which shareholders are entitled to attend and vote at the Annual General Meeting. Please note that if you have sold or transferred **ALL** your shares in the APS Funds SICAV p.l.c., you are kindly requested to disregard this Notice.
2. A shareholder entitled to vote may appoint a proxy to attend and vote instead of him/her using the enclosed **Form of Proxy**; such proxy need not also be a shareholder. To be valid this **Form of Proxy** must reach the Office of the Company Secretary at Valletta Fund Services Limited, TG Complex, Suite 2, Level 3, Brewery Street, Mriehel, BKR 3000, Malta, not less than 48 hours before the appointed date and time of the Meeting.
3. In the case of joint holders of a share the vote of the first-named of joint holders who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.
4. The Board of Directors currently consists of Dr. Mario Felice, Mr. George Cassola and Mr. Joseph Portelli. The Company will receive nominations for Directors at the registered office indicated above pursuant to Article 22.7 of the Articles of Association at least ten days before the appointed date and time of the Meeting.
5. Any body corporate which is a Member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which s/he represents as that body corporate could exercise if it were an individual Member and such body corporate shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.

Avviż tat-Tmien Laqgħa Ġenerali Annwali

Skont l-Artiklu 19 tal-Istatut t'Assoċjazzjoni

Bil-preżenti, l-azzjonisti huma avżati li t-Tmien Laqgħa Ġenerali Annwali tal-APS Funds SICAV p.l.c. ser tinżamm f'Chameleon Suite, Corinthia Palace Hotel & Spa, De Paule Avenue, San Anton, Attard BZN 9020 nhar il-Erbgħa 27 ta' April 2016 fil-ħamsa u nofs ta' filgħaxija, bil-għan illi l-Laqqgħa tikkunsidra s-segħenti Agenda.

AGENDA

Approvazzjoni tal-Kontijiet

Illi l-Kontijiet tal-Qliġ u l-Karti tal-Bilanċ għas-sena li għalget fit-31 ta' Diċembru 2015, kif ukoll ir-Rapporti tad-Diretturi u tal-Awdituri Indipendenti għall-istess sena jiġu approvati.

Awdituri - Ħatra u iffissar ta' ħlas

Illi l-ħatra ta' Ernst & Young Malta Limited bħala Awdituri tiġi approvata, u l-Bord tad-Diretturi jiġi awtorizzat jistabilixxi l-ħlas tagħhom.

Ħatra ta' Diretturi

Illi d-Diretturi jiġu appuntati.

Onorarja tad-Diretturi

Illi, b'effett mill-1 ta' Jannar 2016, l-onorarja li tingħata lid-Diretturi kollha flimkien ma tkunx oġġla minn €20,000 fis-sena.

B'ordni tal-Bord



Ms Greta Farrugia

Għan-nom ta'

Valletta Fund Services Limited

Segretarja tal-Kumpanija

9 ta' Marzu 2016

NOTI:

1. Dan l-Avviż intbagħat lill-azzjonisti kollha li kienu rreġistrati fl-4 ta' Marzu 2016 liema azzjonisti għandhom id-dritt li jattendu u jivvutaw fil-Laqqgħa Ġenerali Annwali. Fl-eventwalita' li l-azzjonisti jkun biegħu jew trasferew l-ishma tagħhom, din iċ-ċirkulari għandha tiġi injorata.
2. Kull azzjonist intitolat li jivvota jista' jahtar prokuratur biex jattendi minfloku, billi jimla l-**Formola tal-Prokura** hawn annessa. Il-prokuratur mhux bilfors ikun azzjonist. Biex tkun valida, l-**Formola tal-Prokura** trid tasal fl-Uffiċċju tal-Valletta Fund Services Limited bħala Segretarja tal-Kumpanija, li jinsab TG Complex, Suite 2, Level 3, Triq il-Birrerija, L-Imrieħel, Birkirkara BKR 3000, Malta, mhux aktar tard minn 48 siegħa qabel il-jum u l-hin appuntat għal-Laqqgħa.
3. Fil-każ ta' pussessuri kongunti ta' sehem, il-vot ta' min hu msemmi l-ewwel mill-pussessuri kongunti li jitfa' l-vot tiegħu kemm jekk hu personali jew permezz ta' prokura, ikun aċċettat bl-esklużjoni tal-voti tal-pussessuri kongunti l-oħra.
4. Fil-preżent il-Bord tad-Diretturi jikkonsisti minn Dr. Mario Felice, is-Sur George Cassola u is-Sur Joseph Portelli. Il-Kumpanija tircievi nominazzjonijiet għall-Ħatra ta' Diretturi fl-indirizz irreġistrat tal-Kumpanija skont l-Artiklu 22.7 tal-Istatut t'Assoċjazzjoni sa mhux anqas minn għaxart ijiem qabel il-jum u l-hin appuntat għal-Laqqgħa; f'dan il-każ, il-votazzjoni ssir waqt il-Laqqgħa Ġenerali Annwali. Is-Sur Joseph Portelli jkun irid jiġi elett mill-ġdid skont l-Artiklu 22.2 ta' l-Artikli ta' l-Assoċjazzjoni tal-Kumpanija.
5. Kull kumpanija li hija Membru tista' tawtorizza permezz ta' riżoluzzjoni tad-Diretturi tagħha jew ta' korp ta' governanza ieħor dik il-persuna li fil-fehma tagħha hija adatta li tagħxi bħala r-rappreżentant tagħha fil-Laqqgħa u dik il-persuna hekk awtorizzata għandha tkun intitolata li teżercita l-istess poteri f'isem il-kumpanija li hija tirrappreżenta daqs li kieku l-kumpanija tista' teżercita li kieku kienet Membru individwali u dik il-kumpanija għandha għall-finijiet ta' daww preżenti titqies li hija preżenti in persona f'kull laqqgħa bħal din jekk il-persuna hekk awtorizzata hija preżenti fihom.

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

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Management and Administration

DIRECTORS

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

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

Mr. Joseph Portelli
The Royal Lady, St. Anthony Street, Ghajnsielem GSM 9020, Malta
(Appointed on 2 March 2015)

REGISTERED OFFICE

APS Centre, Tower Street, Birkirkara BKR 4012, Malta

COMPANY REGISTRATION NUMBER

SV78

INVESTMENT MANAGER

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

ADMINISTRATOR AND COMPANY SECRETARY

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

CUSTODIAN

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

BANKERS

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

AUDITORS

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

LEGAL ADVISORS

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

Description

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

Changes made during the reporting period

On 24 April 2015, the Company’s Prospectus and Offering Supplements of both the APS Income Fund and the APS Regular Income Ethical Fund were updated to reflect the changes in the valuation point when the Net Asset Value of both sub-funds of the Company is determined and relative cut-off times for receipt of applications, redemptions and switching instructions.

The custody fee reported in the Offering Supplement of the APS Income Fund was also updated to reflect a revision thereof.

Changes made after the reporting period

Nil.

Investment Manager's Report

Geopolitical Risk - A Global Perspective

Every year we review global imbalances and try to forecast the major events that will influence the global economy. Geopolitical risk was, is and will be amongst the major influences on global growth. Early on in 2015, the attacks on Paris shocked the western world, and several other attacks captured the global media attention throughout the year. The Islamic State under the caliphate proclaimed by Al Baghradi, and its followers perpetrated several attacks worldwide. These were initiated by individuals or organised groups. These attacks damped global tourism and increased security costs in all major cities. Syria and the Middle East are still in a prolonged conflict that caused the death of thousands and the displacement of millions of people. Eurozone countries estimate the additional security costs to be within a range of 0.5% to 1% of GDP. The conflict between the Wahhabi Sunnis and Shiite factions has spill-over effects in most of the Arab countries and those with strong Muslim populations. It resulted in European countries, North America, Russia, Turkey, Iran, Iraq, Yemen, Saudi and Jordan to intervene militarily – a global alliance with different objectives.

The Arab spring revolution has not yet provided stability in the North African region. Long lasting peace still seems unachievable and the economic potential has still to be realised. The Asian region was dominated by two major geopolitical risks. North Korea is again testing nuclear weapons and threatening to disturb the stability in the region. China has been strengthening its military and navy while reclaiming islands in the south China seas, effectively extending its borders by many nautical miles into important shipping routes. This has strained diplomatic ties with its neighbours, especially Vietnam and the Philippines.

Global Economy

The IMF lowered the global growth forecast to 3.1% in 2015, from an estimated 3.5% at the beginning of the year. Most extractive commodities retracted again during 2015, but the fall in oil prices was probably the single most important development in 2015. All oil producing countries are suffering negative trade data as the price continued to plummet to record lows for the past decade. Latin American countries, Russia and Nigeria had substantial budget deficits and low or negative GDPs due to their dependence on oil exports. Saudi Arabia is estimated to be running a deficit of USD 140bn and used a substantial part of its reserves to defend its currency, forcing the sultanate to postpone economic reforms.

China is in a gradual slowdown, rebalancing from construction investment and manufacturing to a more consumer and services based economy. This transition had its pitfalls too. The currency devalued against most other currencies during the year. Stock market gyrations on the Shenzhen Exchange, ending with nearly 50% retracement, also influenced the volatility in the global equity markets. India and the rest of emerging Asia had substantial growth and are likely to perform well in the near future.

The US and the Federal Reserve Bank (FRB)

The recovery in the United States continued picking up steam with lower unemployment figures and a growing GDP. More importantly, wage inflation was registered by the end of the year. The FRB has always indicated that to ascertain an employment recovery, real wages should rise. Mrs Yellen, the chair of the FRB, announced the first rate hike in December 2015. She also indicated another 3 to 4 rate hikes during 2016 if the economy continues to perform well, notwithstanding that inflation has not yet picked up. We have to point out that the depressed oil price has abated inflationary pressure and incentivised the US consumer to spend more. This was a boost to the economy, although a number of oil related industries are close to bankruptcy. US markets did not perform well during 2015, ending the year broadly flat. US treasury bonds were also flat during the year, as 10 year bond yields rose from 2.1% to 2.25% by year end. The US dollar appreciated against all other currencies, rising nearly 8% against its main trading partners.

Eurozone and the ECB

Since the financial crises, European economies have been trailing global growth, with the singular exception of Germany. However there are seeds of improvement in most economies. Unemployment remains high but is now decreasing and stands at 10.6%. Growth year on year is still low, but above 1% for all Eurozone countries except Italy and Greece. Inflation is still low at 0.1%. Once again the commodity slump, especially the price of oil, had significant effect in lowering the headline figure.

In January 2015, the ECB announced a new quantitative easing (QE) programme of security purchases of EUR 60bn and introduced negative rates. The latter measure resulted in credit institution with additional cash deposits paying the ECB to hold such deposits. Effectively we experienced a downward spiral in interest rates in the fixed income market and bank deposit rates. Mr Draghi made good on his promise to do whatever it takes to save the EURO, and again extended the QE programme and reduced rates in September. This was a major contribution to a reversal of former negative trends in a number of European economies. It also helped them out of recession. Not surprisingly the EURO devalued against major currencies during 2015, ending the year nearly 10% cheaper against the dollar.

Maltese Economy

The Maltese economy continued to expand strongly during the latter part of the year 2015. Real GDP growth has been one of the highest in the Euro area since the beginning of the crisis, supported by vibrant domestic demand, infrastructural projects and a stable banking sector. As a result, Standard & Poor's affirmed Malta's BBB+ credit rating with a positive outlook in January 2016. This left room for a possible upgrade in the near future. At present, Moody's, Fitch and DBRS were rating Malta A-, A and A respectively.

The Gross Domestic Product (GDP) moving average of the last four quarters (up to the 3rd quarter of 2015) registered a new record high of €8.6 billion. This was primarily driven by domestic demand in terms of both private consumption and also capital investment. In contrast, government consumption fell. Exports rose as a result of an increase in foreign sales of services. Meanwhile, reflecting strong growth in aggregate demand, imports rose as well. With imports growing faster than exports, net exports declined, dampening GDP growth.

The tourism industry was an important contributor to growth and has the potential to continue performing well on the back of a favourable euro/sterling exchange rate and a more challenging security situation in competing tourist destinations to the south and the east. A record 4.6 million passengers (an increase of 7.7% over 2014) passed through Malta International Airport in 2015. This was a direct reflection of the measures that have been taken to increase passenger traffic in the winter months.

In the third quarter of 2015, the total government debt and the total government guaranteed debt amounted to €5.7 billion and €1.3 billion respectively. The government debt to GDP ratio stood at 66.3%, down from 67.4% in the previous quarter. If one were to include government guaranteed debt the ratio would stand at 82%. At 5%, the unemployment rate in Malta is presently one of the lowest in the whole EU. The low percentage is even more significant considering the increase in the labour participation (presently at 66%) following initiatives that have been taken in recent years.

In addition, strong migration inflows have boosted potential output. Large inflows since the early 2000, mostly originating from other EU countries, have offset Malta's declining working age population and raised potential growth. Refugee inflows have also been significant, but have declined since 2013.

The banking system remained resilient. Banks were well capitalised, profitable and liquid. Solvency and liquidity of core domestic banks and other peer banks remained above the minimum regulatory requirements and their profitability was above the euro area average. But nonperforming loans and the cost of credit remained high.

The outlook for the Maltese economy remains strong. Growth is projected to remain solid in 2016-17, driven initially by domestic demand and later by a gradual recovery of external demand. The inflation rate stands at 1.2% as at year end, and it is projected to pick up gradually due to the positive output gap and higher imported inflation on account of the weaker exchange rate.

On a more cautionary note, Malta's tax regime has attracted significant foreign investment into the country's financial services and IT industries implying that the economy would be sensitive to a Eurozone-wide standardisation of corporate tax regimes.

As for the local stock market, most companies quoted on the Malta Stock Exchange registered double digit gains. The top three best performing equities on the MSE were Mapfre Middlesea (+154%), Simonds Farsons Cisk (+95%) and Malta International Airport (+71%). On a more general note, the MSE index ended 2015 higher by 33% and had the sixth best performance amongst the international equity indices.

Investment Manager's Report *(continued)*

APS Income Fund

Investment Objective

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

Fund Performance

Accumulator Class of Shares

During the year from 31 December 2014 to 31 December 2015, the quoted share price of the APS Income Fund accumulator class of shares increased by 14.59% from €142.9514 to €163.8076.

Distributor Class of Shares

During the year from 31 December 2014 to 31 December 2015, the quoted share price of the APS Income Fund distributor class of shares increased by 10.75% from €113.0089 to €125.1530, whilst distributing an average dividend yield of 3.34% on the basis of the average of the dividends distributed.

Overview of the Fund

The net asset value of the Fund increased 33% during 2015 reaching €70.37 million by year end. Most importantly the Fund generated a record total return (net of tax) of 14.55% during the year. This year's success was due to the strategy to increase the equity allocation and retain longer dated debt securities for the fund, with circa 19% of the portfolio invested in equities and 66% invested in bonds (as at the end of 2015), as both asset classes performed strongly during the year. In addition, 10% were invested in fixed term deposit accounts and 4% retained as cash.

Outlook

For the forthcoming year, the Manager maintained the strategy adopted in previous years. In March 2015, the ECB launched its long-awaited QE programme, buying €60 billion of assets (including government bonds), per month. The amount allocated to Malta was €36 million per month. The QE program, which was initially thought to end by September 2016, has been extended by a further six months. The aim of QE is to lower interest rates and increase the money supply. Such increase would normally result in a general increase in asset prices. As a result, the Fund is expected to remain exposed to dividend paying equities and also to long duration euro denominated bonds. In particular the Manager intends to keep on retaining the allocations in equities and long-dated MGS.

APS Regular Income Ethical Fund

Investment Objective

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

Fund Performance

Class A - Accumulator

During the year from 31 December 2014 to 31 December 2015, the quoted share price of the APS Regular Income Ethical Fund accumulator class of shares increased by 2.60% from €1.2415 to €1.2738.

Class B - Distributor

During the year from 31 December 2014 to 31 December 2015, the APS Regular Income Ethical Fund institutional class of shares decreased by 0.94% from €1.1432 to €1.1324, whilst distributing an average dividend yield of 3.58% on the basis of the average of the dividends distributed.

Class C - Accumulator

During the year from 31 December 2014 to 31 December 2015, the quoted share price of the APS Regular Income Ethical Fund accumulator class of shares increased by 2.54% from €1.2414 to €1.2729.

Class D - Distributor

During the year from 31 December 2014 to 31 December 2015, the APS Regular Income Ethical Fund retail class of shares decreased by 0.99% from €1.1438 to €1.1325, whilst distributing an average dividend yield of 3.56% on the basis of the average of the dividends distributed.

Overview of the Fund

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

As opposed to the APS Income Fund, the APS Regular Income Ethical Fund is not a prescribed fund, and therefore has an exposure to a number of countries and currencies. This benefits the fund in terms of diversification.

As the United States economy continued to grow at a relatively stable rate and wage inflation started to pick up, the Federal Reserve Bank set the stage for the first rate hike in the last decade. In contrast, the European Central Bank continued to further stimulate the Eurozone economy by implementing a number of measures including a holistic quantitative easing programme and negative deposit rates.

In this scenario, the Manager maintained the fund's noteworthy currency exposure to the USD and to a lesser extent the GBP currencies. To take advantage of any possible currency appreciation and future interest rate hikes the manager sought to retain high credit quality debt whilst maintaining low fixed income duration in both markets.

Within the European bond market the Manager endeavoured to take advantage of the monetary stimulus implemented by the ECB by favouring long term bonds. However, in the wake of the Greek crisis and China's stock market meltdown the Manager took action by reducing significantly the fund's exposure to lower credit quality sovereign debt.

As the major central banks around the world, with the exception of the Federal Reserve Bank, continued to implement monetary easing programmes, bond yields continued to fall, forcing investors to search for alternative asset classes in order to generate income.

Throughout the year in order to sustain the fund's distribution capacity and to seek out potential capital growth opportunities the Manager increased the fund's equity exposure. The manager favoured blue chip dividend paying equities which are domiciled within the Eurozone and are in a position to take advantage of the weaker Euro currency.

In 2015 commodity prices, in particular energy commodities, continued to be under momentous downward pressure as production continued to increase and China's demand faltered, destabilising linked companies and dependent economies. The Manager sought to retain minimal exposure to such industries.

Outlook

As the US economy continues to grow, albeit at a slower rate than expected, global growth is wavering as emerging economies struggle with falling commodity prices and a slowing Chinese economy. Global financial markets will continue to experience high volatility as central banks endeavour to stimulate economic growth and support asset prices. In these circumstances the Manager will continue to cautiously evaluate all possible investment opportunities within the fixed income and equity markets.

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

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

(Sources: Central Bank of Malta, Malta Stock Exchange, National Statistics Office, International Monetary Fund, Standard & Poor's and APS Bank Limited).

Report of the Directors

The Directors are hereby laying before and for approval by the Company at this Annual General Meeting, the Annual Report and Financial Statements of the Company for the year ended 31 December 2015.

Principal Activities

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

Details of 'Significant Changes to the Company Documents' effected during the period under review, can be found on page 7.

Review of Business

The net assets attributable to Shareholders as at 31 December 2015 stood at €93,058,210.

Results and Dividends

The results for the year under review can be found on the Statements of Comprehensive Income on pages 21. The dividend declared for the year ended 31 December 2015 with respect to the APS Income Fund distributor class of shares can be found under note 10 on page 32.

Directors

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

Auditors

Ernst & Young Malta Limited have indicated their willingness to continue in office and a resolution for their appointment will be proposed at the Annual General Meeting.

On behalf of the Board

Dr. Mario Felice
Chairman

Mr. George Cassola
Director

3 March 2016

Rapport tad-Diretturi

Id-Diretturi qegħdin hawn jipprezentaw lill-APS Funds Sicav p.l.c. ("il-Kumpanija") ir-Rapport Annwali u l-Kontijiet Annwali tal-Kumpanija għall-perjodu li għalaq fil-31 ta' Diċembru 2015 sabiex jiġu approvati tul din il-Laqqgħa Ġenerali Annwali.

Attivitajiet Principali

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

Detalji tat-Tibdil Sostanzjali għad-Dokumenti tal-Kumpanija jinsabu f'paġna 7.

Rendikont tal-Attività tal-Kumpanija

L-assi netti attribwibbli lill-Azzjonisti sa nhar il-31 ta' Diċembru 2015 kellhom valur ta' €93,058,210.

Riżultati u Dividend

Ir-riżultati għall-perjodu li tiegħu qiegħed hawn jingħata rendikont jinsabu fil-Kontijiet tal-Qliġ li hemm fuq paġna 21. Id-dividend iddikjarat għall-perjodu li għalaq fil-31 ta' Diċembru 2015 għall-ishma fl-APS Income Fund li jqassmu dħul jinsab f'nota 10 f'paġna 32.

Diretturi

Id-Diretturi li servew tul il-perjodu li tiegħu qiegħed hawn jingħata rendikont jinsabu f'paġna 6.

Awdituri

Ernst & Young Malta Limited urew ix-xewqa li jibqgħu awdituri tal-Kumpanija. Għaldaqstant sejra tiġi pprezentata riżoluzzjoni f'dan is-sens f'din il-Laqqgħa Ġenerali Annwali.

F'isem il-Bord

Dr. Mario Felice
Chairman

Mr. George Cassola
Direttur

3 ta' Marzu 2016

Statement of Directors' Responsibilities

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

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

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

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

Independent Auditors' Report

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

We have audited the accompanying financial statements of APS Funds Sicav p.l.c set out on pages 18 to 40 which comprise the statements of financial position as at 31 December 2015 and the statements of comprehensive income, statements of changes in net assets attributable to shareholders and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Companies Act [Cap. 386 of the Laws of Malta] and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act [Cap. 386 of the Laws of Malta].

Report on other Legal and Regulatory Requirements

We also have responsibilities under the Companies Act [Cap. 386 of the Laws of Malta] to report to you if in our opinion:

- The information given in the Directors' Report is not consistent with the financial statements.
- Adequate accounting records have not been kept.
- The financial statements are not in agreement with the accounting records.
- We have not received all the information and explanations we require for our audit.
- If certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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

This copy of the audit report has been signed by
Anthony Doublet for and on behalf of
Ernst & Young Malta Limited
 Certified Public Accountants

3 March 2016

Rapport tal-Awdituri Indipendenti

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

Ivverifikajna d-dikjarazzjonijiet finanzjarji tal-APS Funds SICAV p.l.c. kif murija f'pagni 18 sa 40 li jinkludu l-karti tal-bilanċ fil-31 ta' Diċembru 2015, il-kontijiet tal-qligħ u telf, analiżi ta' kambjamenti fl-attiv nett attribwit lill-azzjonisti u analiżi tad-dhul u l-hruġ tal-flus għas-sena li għalqet, kif ukoll sinteżi tal-prinċipji ta' kontabilità ewlenin u noti oħra ta' informazzjoni.

Ir-responsabbilità tad-Diretturi għad-Dikjarazzjonijiet Finanzjarji

Id-Diretturi huma responsabbli għall-preparazzjoni u l-preżentazzjoni għusta ta' dawn id-dikjarazzjonijiet finanzjarji skont l-*International Financial Reporting Standards* kif addottati mill-Unjoni Ewropea u skont kif stipulat mill-Att dwar il-Kumpaniji [Kap. 386 tal-Liġijiet ta' Malta] u għall-kontroll intern li l-'Management' jiddetermina li huwa neċessarju għall-preparazzjoni tad-dikjarazzjonijiet finanzjarji li ma jinkludux informazzjoni li materjalment ma tirriflettix ir-realtà, dovuta kemm għal frodi kif ukoll żbalji.

Responsabbilità tal-Awdituri

Ir-responsabbilità tagħna hi li nesprimu opinjoni dwar dawn id-dikjarazzjonijiet finanzjarji abbażi tal-verifikazzjoni tagħna. Għamilna l-verifika tagħna skont *International Standards on Auditing*. Dawn l-istandards jeżiġu minna li nimxu skont l-etika meħtieġa u li nipplanaw u nagħmlu l-verifika sabiex b'mod raġonevoli nassiguraw li d-dikjarazzjonijiet finanzjarji ma jinkludux informazzjoni li materjalment ma tirriflettix ir-realtà.

Il-verifika tad-dikjarazzjonijiet finanzjarji tirrikjedi proċeduri sabiex tinkiseb l-evidenza meħtieġa għall-verifika tal-ammonti u l-ispejgazzjonijiet inklużi fid-dikjarazzjonijiet finanzjarji. Il-proċeduri magħżula huma skont il-fehma ta' l-awdituri, li jinkludu valutazzjoni tar-riskji ta' informazzjoni fid-dikjarazzjonijiet finanzjarji li materjalment ma jirriflettux ir-realtà, kemm minhabba frodi kif ukoll żbalji. F'din il-valutazzjoni, l-awditur jikkunsidra l-kontrolli nterni rilevanti għall-preparazzjoni u l-preżentazzjoni għusta tad-dikjarazzjonijiet finanzjarji tal-entità sabiex jadotta proċeduri ta' verifika addotti għaċ-ċirkustanzi, iżda mhux għall-fini li jesprimi opinjoni dwar kemm il-kontrolli nterni tal-entità huma effettivi. Il-verifika tad-dikjarazzjonijiet finanzjarji tinkludi wkoll evalwazzjoni ta' kemm il-policies tal-accounting użati huma xierqa u kemm l-istimi finanzjarji magħmula mid-diretturi huma raġonevoli, kif ukoll evalwazzjoni generali tal-preżentazzjoni tad-dikjarazzjonijiet finanzjarji.

Aħna nemmnu li l-evidenza miksuba matul il-proċess ta' verifika tad-dikjarazzjonijiet finanzjarji hija suffiċjenti u xierqa sabiex tippovdi bażi għall-opinjoni tagħna.

Opinjoni

Fil-fehma tagħna, id-dikjarazzjonijiet finanzjarji:

- juru qagħda sewwa u korretta tal-istat finanzjarju tal-kumpanija fil-31 ta' Diċembru 2015, u tar-risultat finanzjarju u d-dhul u l-hruġ tal-flus tagħha għas-sena li għalqet, skont l-*International Financial Reporting Standards* kif addottati mill-Unjoni Ewropea; u
- huma konformi mad-dispożizzjonijiet ta' l'Att dwar il-Kumpaniji [Kap. 386 tal-Liġijiet ta' Malta].

Rapport dwar obligazzjonijiet Legali u Regulatorji oħra

Skont l-Att dwar il-Kumpaniji [Kap. 386 tal-Liġijiet ta' Malta], għandna wkoll ir-responsabbilità li nirrapurtaw l-kom jekk fl-opinjoni tagħna:

- it-tagħrif mogħti fir-Rapport tad-Diretturi ma jkunx jaqbel mad-dikjarazzjonijiet finanzjarji.
- ma jkunux inżammu *records* xierqa tal-kontijiet finanzjarji.
- id-dikjarazzjonijiet finanzjarji ma jkunux jaqblu ma *records* tal-kontijiet.
- ma nkunux ksibna t-tagħrif u l-ispejgazzjonijiet kollha meħtieġa għall-finijiet tal-verifika tagħna.
- fid-dikjarazzjonijiet finanzjarji hemm nuqqas ta' ċertu tagħrif dwar ir-rimunerazzjoni tad-diretturi kif meħtieġ mill-liġi, u ninkludu d-dettalji meħtieġa fir-rapport tagħna.

M'għandna xejn x'nirrapurtaw l-kom fir-rigward ta' dawn ir-responsabbiltajiet.

Din il-kopja tar-rapport ta' awditjar giet iffirmata minn

Anthony Doublet għan-nom ta'

Ernst & Young Malta Limited

Accountants Pubbliċi Ċertifikati

3 ta' Marzu 2016

N.B il-verżjoni bl-Ingliż hija l-verżjoni uffiċjali.

Report of the Custodian

We, Bank of Valletta p.l.c., as Custodian to the APS Funds SICAV p.l.c. ("the Company") hereby confirm that having enquired into the conduct of the Manager during the year ended 31 December 2015, it is our opinion that during this year, the Company and its Fund have been managed:

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

Bank of Valletta p.l.c.

BOV Centre,
Cannon Road,
Sta Venera SVR 9030
Malta

19 February 2016

Statements of Financial Position

as at 31 December 2015

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	31.12.2015 €	31.12.2014 €	31.12.2015 €	31.12.2014 €	31.12.2015 €	31.12.2014 €
ASSETS						
Financial assets at fair value through profit or loss (note 5a)	77,582,998	57,031,782	60,058,200	44,408,739	17,524,798	12,623,043
Other investments						
- term deposits (note 5b)	10,551,482	8,540,424	7,099,144	7,038,086	3,452,338	1,502,338
Accrued income	1,004,784	812,779	787,986	566,648	216,798	246,131
Other receivables	94,618	187,342	87,162	96,932	7,456	90,410
Cash and cash equivalents (note 13)	4,188,840	2,302,149	2,588,698	893,736	1,598,942	1,407,213
Total assets	93,422,722	68,874,476	70,621,190	53,004,141	22,800,332	15,869,135
Liabilities						
Accrued expenses (note 6)	322,404	169,184	253,210	124,108	69,194	45,076
Other creditors (note 6)	42,108	25,095	-	3,815	42,108	21,280
	364,512	194,279	253,210	127,923	111,302	66,356
	93,058,210	68,680,197	70,367,980	52,876,218	22,689,030	15,802,779
Represented by:						
Net assets attributable to shareholders	93,058,210	68,680,197	70,367,980	52,876,218	22,689,030	15,802,779

Statements of Financial Position *(continued)*

as at 31 December 2015

	APS Funds SICAV p.l.c. Combined Statement	APS Income Fund	APS Regular Income Ethical Fund
Salient Statistics			
Shares in issue as at 31 December 2015			
Founder Shares	1,200.000	-	-
Accumulator	78,461.079	78,461.079	-
Distributor	459,560.808	459,560.808	-
Accumulator – Class A	2,453,919.279	-	2,453,919.279
Distributor – Class B	6,820,388.315	-	6,820,388.315
Accumulator – Class C	2,343,475.839	-	2,343,475.839
Distributor – Class D	7,819,579.953	-	7,819,579.953
	€	€	€
Net asset value as at 31 December 2015	93,058,210	70,367,980	22,689,030
Net asset value as at 31 December 2014	68,680,197	52,876,218	15,802,779
Net asset value as at 31 December 2013	49,887,760	40,113,887	9,772,673
Net asset value per Accumulator share as at 31 December 2015 (note 8)		163.8076	-
Net asset value per Distributor share as at 31 December 2015 (note 8)		125.1530	-
Net asset value per Accumulator Class A share as at 31 December 2015 (note 8)		-	1.2738
Net asset value per Distributor Class B share as at 31 December 2015 (note 8)		-	1.1324
Net asset value per Accumulator Class C share as at 31 December 2015 (note 8)		-	1.2729
Net asset value per Distributor Class D share as at 31 December 2015 (note 8)		-	1.1325
Net asset value per Accumulator share as at 31 December 2014 (note 8)		142.9514	-
Net asset value per Distributor share as at 31 December 2014 (note 8)		113.0089	-
Net asset value per Accumulator shares as at 31 December 2013		128.3548	-
Net asset value per Distributor shares as at 31 December 2013		105.5138	-
Net asset value per Accumulator Class A share as at 31 December 2014 (note 8)		-	1.2415
Net asset value per Distributor Class B share as at 31 December 2014 (note 8)		-	1.1432
Net asset value per Accumulator Class C share as at 31 December 2014 (note 8)		-	1.2414
Net asset value per Distributor Class D share as at 31 December 2014 (note 8)		-	1.1438
Net asset value per Accumulator Class A shares as at 31 December 2013		-	1.0848
Net asset value per Distributor Class B shares as at 31 December 2013		-	1.0403
Net asset value per Accumulator Class C shares as at 31 December 2013		-	1.0848
Net asset value per Distributor Class D shares as at 31 December 2013		-	1.0406

These financial statements on pages 18 to 40 were authorised for issue by the Board of Directors on the 3 March 2016 and were signed on its behalf by:

Dr Mario Felice
Chairman

Mr George Cassola
Director

Statements of Changes in Net Assets Attributable to Shareholders

for the year ended 31 December 2015

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	31.12.2015 €	31.12.2014 €	31.12.2015 €	31.12.2014 €	31.12.2015 €	31.12.2014 €
As at 1 January	68,680,197	49,887,760	52,876,218	40,113,887	15,802,779	9,772,673
Issue of shares	20,823,297	14,590,424	13,540,012	9,842,429	7,283,285	4,747,995
Redemption of shares	(2,738,335)	(738,650)	(2,517,335)	(679,745)	(221,000)	(58,905)
Net equalisation	127,625	97,200	66,880	59,027	60,745	38,173
Net increase in Net Assets during the year	<u>6,165,426</u>	<u>4,843,463</u>	<u>6,402,205</u>	<u>3,540,620</u>	<u>(236,779)</u>	<u>1,302,843</u>
As at 31 December	<u>93,058,210</u>	<u>68,680,197</u>	<u>70,367,980</u>	<u>52,876,218</u>	<u>22,689,030</u>	<u>15,802,779</u>

Statements of Comprehensive Income

for the year ended 31 December 2015

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	31.12.2015 €	31.12.2014 €	31.12.2015 €	31.12.2014 €	31.12.2015 €	31.12.2014 €
Income						
Net gain on financial assets at fair value through profit or loss (note 5a)	8,682,841	6,984,863	8,238,799	5,172,414	444,042	1,812,449
Interest revenue	311,727	311,697	266,467	261,264	45,260	50,433
Dividend revenue	676,083	405,458	606,999	403,738	69,084	1,720
	<u>9,670,651</u>	<u>7,702,018</u>	<u>9,112,265</u>	<u>5,837,416</u>	<u>558,386</u>	<u>1,864,602</u>
Expenses						
Management fee (note 9a)	664,490	444,057	475,585	341,562	188,905	102,495
Administration fee (note 9b)	68,111	63,000	42,000	42,000	26,111	21,000
Custodian fee (note 9c)	33,861	26,128	20,371	14,717	13,490	11,411
Transaction costs	26,357	27,016	13,145	20,169	13,212	6,847
Legal and professional fees	12,248	8,986	8,921	6,556	3,327	2,430
Directors' remuneration	10,915	11,070	8,218	8,550	2,697	2,520
Audit fee (note 9d)	9,440	7,670	7,138	6,115	2,302	1,555
Publicity, printing and publishing costs	27,013	51,314	19,944	30,444	7,069	20,870
Compliance fees	5,428	5,428	2,714	2,714	2,714	2,714
General administrative costs	32,319	35,227	25,722	30,936	6,597	4,291
	<u>890,182</u>	<u>679,896</u>	<u>623,758</u>	<u>503,763</u>	<u>266,424</u>	<u>176,133</u>
Net income	<u>8,780,469</u>	<u>7,022,122</u>	<u>8,488,507</u>	<u>5,333,653</u>	<u>291,962</u>	<u>1,688,469</u>
Finance costs						
- distributions to shareholders (note 10)	(2,170,019)	(1,853,399)	(1,653,369)	(1,468,272)	(516,650)	(385,127)
Tax expense on income (note 11)	(445,024)	(325,260)	(432,933)	(324,761)	(12,091)	(499)
Net increase/(decrease) in net assets during the year	<u>6,165,426</u>	<u>4,843,463</u>	<u>6,402,205</u>	<u>3,540,620</u>	<u>(236,779)</u>	<u>1,302,843</u>

Statements of Cash Flows

for the year ended 31 December 2015

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	31.12.2015 €	31.12.2014 €	31.12.2015 €	31.12.2014 €	31.12.2015 €	31.12.2014 €
Cash flows from operating activities						
Interest received	2,734,353	2,144,350	2,032,549	1,578,174	701,804	566,176
Dividend income received	527,280	342,370	462,071	342,370	65,209	-
Operating expenses paid	(802,155)	(637,044)	(573,061)	(478,165)	(229,094)	(158,879)
Tax paid	(472,901)	(271,103)	(460,064)	(270,604)	(12,837)	(499)
Payments for purchase of financial investments	(32,696,125)	(30,438,833)	(16,281,188)	(19,022,833)	(16,414,937)	(11,416,000)
Proceeds from sale of financial investments	16,459,711	18,584,118	7,066,223	10,741,604	9,393,488	7,842,514
Net cash used in operating activities	(14,249,837)	(10,276,142)	(7,753,470)	(7,109,454)	(6,496,367)	3,166,688
Cash flows from financing activities						
Amounts received on creation shares	21,039,586	14,612,504	13,634,528	9,886,915	7,405,058	4,725,589
Amounts paid on redemption of shares	(2,750,052)	(740,474)	(2,528,912)	(681,259)	(221,140)	(59,215)
Distributions paid	(2,153,006)	(1,844,418)	(1,657,184)	(1,469,833)	(495,822)	(374,585)
Net cash generated from financing activities	16,136,528	12,027,612	9,448,432	7,735,823	6,688,096	4,291,789
Movements in cash and cash equivalents	1,886,691	1,751,470	1,694,962	626,369	191,729	1,125,101
Cash and cash equivalents at beginning of year	2,302,149	550,679	893,736	267,367	1,407,213	282,112
Cash and cash equivalents at end of year (note 13)	4,188,840	2,302,149	2,588,698	893,736	1,598,942	1,407,213

Notes to the Financial Statements

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interest revenue

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

Dividend revenue

Dividend revenue 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.

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

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

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

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

Expenses

Expenses are recognised on an accrual basis.

Notes to the Financial Statements *(continued)*

Foreign exchange translation

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

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

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

Distribution policy

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

Equalisation

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

Financial Assets

Classification

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

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

Initial measurement

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

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

Subsequent measurement

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

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

Derecognition

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

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

Fair Value Measurement

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

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

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

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

Impairment

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

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

Share capital

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

Notes to the Financial Statements *(continued)*

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

Cash and cash equivalents

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

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

Significant accounting judgements, estimates and assumptions

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

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

Going Concern

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

Functional currency

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

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

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Amendments to IFRS effective as of 1 January 2015

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

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2015. The adoption of these standards did not have a material impact on the financial statements or performance of the Company.

- Improvements to IFRS (2011 - 2013 Cycle) (effective for financial years beginning on or after 1 January 2015)

b) Standards, interpretations and amendments to published standards that are not yet effective and not early adopted by the European Union

Up to the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which have not been adopted early. None of these standards, interpretations and amendments is expected to have an impact on the financial position or performance of the Company.

- IAS 16 Property, Plant & Equipment and IAS 38 Intangible Assets (Amendments) Clarification of Acceptable Methods of Depreciation and Amortisation (effective for financial years beginning on or after 1 January 2016)
- IAS 16 Property, Plant & Equipment and IAS 41 Agriculture (Amendments) Bearer Plants (effective for financial years beginning on or after 1 January 2016)
- IFRS 9 Financial instruments (effective for financial years beginning on or after 1 January 2018)
- IFRS 11 Joint Arrangements (Amendments) Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after 1 January 2016)
- IFRS 14 Regulatory deferral accounts (effective for financial years beginning on or after 1 January 2016)
- IFRS 15 Revenue from contract with customers (effective for financial years beginning on or after 1 January 2018)
- IAS 27 (Amendments) Equity Method in Separate Financial Statements (effective for financial years beginning on or after 1 January 2016)
- IFRS 10 Consolidated Financial Statements and IAS 28 Investment in (Amendments) Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date have been postponed indefinitely)
- IFRS 10, IFRS 12, and IAS 28 (Amendments) Investment Entities: Applying Consolidation Exception (effective for financial years beginning on or after 1 January 2016)
- IAS 1 (Amendments) Disclosure Initiative (effective for financial years beginning on or after 1 January 2016)
- Improvements to IFRS (2010-2012 Cycle) (effective for financial years beginning on or after 1 February 2015)
- Improvements to IFRS (2012 - 2014 Cycle) (effective for financial years beginning on or after 1 January 2016)
- IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019)

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

APS Income Fund

	Fair value 31.12.15 €	% of net assets	Fair value 31.12.14 €	% of net assets
Quoted Local Equities	13,409,180	19.05	7,873,728	14.89
Quoted Local Corporate Bonds	14,029,231	19.94	12,316,325	23.29
Quoted Malta Government Stocks	24,254,593	34.47	17,915,355	33.88
Quoted Foreign Bonds	8,365,196	11.89	6,303,331	11.92
	60,058,200	85.35	44,408,739	83.99

APS Regular Income Ethical Fund

	Fair value 31.12.15 €	% of net assets	Fair value 31.12.14 €	% of net assets
Quoted Foreign Equities	4,182,237	18.43	158,737	1.00
Quoted Malta Government Stocks	1,245,193	5.49	849,842	5.38
Quoted Foreign Bonds	11,438,290	50.41	11,027,722	69.78
Quoted Collective Investment Scheme	659,078	2.91	586,742	3.71
	17,524,798	77.24	12,623,043	79.88

Notes to the Financial Statements *(continued)*

Fair Value hierarchy

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

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

When fair values of publicly traded financial assets are based on quoted market prices the instruments are included within Level 1 of the hierarchy. As at 31 December 2015 and 2014 all financial assets of the Company, which are classified as at fair value through profit or loss are Level 1 in the above hierarchy.

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

	APS Income Fund		APS Regular Income Ethical Fund	
	31.12.15 €	31.12.14 €	31.12.15 €	31.12.14 €
Realised gain/(loss)	243,280	(51,603)	20,644	315,984
Unrealised gain/(loss)	6,136,517	3,646,261	(167,798)	894,113
Interest income	1,832,055	1,578,490	601,105	583,714
Foreign exchange gain/(loss)	26,947	(734)	(9,909)	18,638
	<u>8,238,799</u>	<u>5,172,414</u>	<u>444,042</u>	<u>1,812,449</u>

5. (b) OTHER INVESTMENTS - TERM DEPOSITS

APS Income Fund

	Fair value 31.12.15 €	% of net assets	Fair value 31.12.14 €	% of net assets
Term Deposits maturing within 1 year	500,000	0.71	5,038,086	9.53
Term Deposits maturing in more than 1 year	6,599,144	9.38	2,000,000	3.78
	<u>7,099,144</u>	<u>10.09</u>	<u>7,038,086</u>	<u>13.31</u>

The APS Income Fund had five (2014:four) structured term deposit accounts where the interest rate payable was wholly or partially linked to the performance of a combination of a number of indices or direct equities.

APS Regular Income Ethical Fund

	Fair value 31.12.15 €	% of net assets	Fair value 31.12.14 €	% of net assets
Term Deposits maturing within 1 year	1,350,000	5.95	1,502,338	9.51
Term Deposits maturing in more than 1 year	2,102,338	9.27	-	-
	<u>3,452,338</u>	<u>15.22</u>	<u>1,502,338</u>	<u>9.51</u>

6. ACCRUED EXPENSES AND OTHER CREDITORS

	APS Income Fund		APS Regular Income Ethical Fund	
	31.12.15 €	31.12.14 €	31.12.15 €	31.12.14 €
Unpaid management fees	130,647	95,296	53,191	30,999
Unpaid administration fees	10,586	10,471	7,159	5,236
Unpaid custodian fees	5,226	3,812	2,521	2,493
Other unpaid expenses	106,751	14,529	6,323	6,348
Accrued expenses	<u>253,210</u>	<u>124,108</u>	<u>69,194</u>	<u>45,076</u>
Withholding tax on distributions	-	3,815	42,108	21,280
Other creditors	<u>-</u>	<u>3,815</u>	<u>42,108</u>	<u>21,280</u>

7. SHARE CAPITAL

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

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

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

Notes to the Financial Statements *(continued)*

APS Income Fund	2015 Shares	2014 Shares
Shares in issue at the beginning of the year		
Accumulator shares	56,940.674	28,389.526
Distributor shares	395,866.723	345,640.302
Creation of Accumulator shares	25,936.328	29,330.585
Creation of Distributor shares	78,826.426	55,601.325
Redemption of Accumulator shares	(4,415.923)	(779.437)
Redemption of Distributor shares	(15,132.341)	(5,374.904)
Shares in issue at the end of the year		
Accumulator shares	78,461.079	56,940.674
Distributor shares	459,560.808	395,866.723
APS Regular Income Ethical Fund		
	2015 Shares	2014 Shares
Shares in issue at the beginning of the year		
Class A Accumulator	2,189,134.333	1,645,504.186
Class B Distributor	6,402,638.873	5,693,997.097
Class C Accumulator	1,094,426.725	345,661.475
Class D Distributor	3,852,202.558	1,622,944.280
Creation of Class A Accumulator shares	264,784.946	543,630.147
Creation of Class B Distributor shares	417,749.442	708,641.776
Creation of Class C Accumulator shares	1,355,008.519	753,037.562
Creation of Class D Distributor shares	4,041,048.415	2,277,665.841
Redemption of Class A Accumulator shares	-	-
Redemption of Class B Distributor shares	-	-
Redemption of Class C Accumulator shares	(105,959.405)	(4,272.312)
Redemption of Class D Distributor shares	(73,671.02)	(48,407.563)
Shares in issue at the end of the year		
Class A Accumulator	2,453,919.279	2,189,134.333
Class B Distributor	6,820,388.315	6,402,638.873
Class C Accumulator	2,343,475.839	1,094,426.725
Class D Distributor	7,819,579.953	3,852,202.558

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

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

8. NET ASSET VALUE PER SHARE

The net asset value per distributor share of the APS Income Fund is determined by dividing net assets attributable to shareholders by the equivalent units. Equivalent units are the accumulator shares in issue multiplied by the accumulation factor plus the distributor shares in issue. As at 31 December 2015 and 31 December 2014 the accumulation factor for the APS Income Fund was 1.30885825 and 1.26495687 respectively. The net asset value per accumulator share is determined by multiplying the distributor net asset value per share by the accumulation factor.

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

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

9. FEES

a) *Management fee*

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

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

In the case of APS Regular Income Ethical Fund, management fee was at 0.85% per annum of the net asset value for all classes of shares up to 25 March 2015. From 26 March 2015, management fee was at 0.93% per annum of the net asset value for Class A and Class B shares, and at 1% per annum of the net asset value for Class C and Class D shares.

b) *Administration fee*

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

The Administrator, Valletta Fund Services Limited, receives for its services, a fee calculated as 0.13% per annum of the net asset value of the APS Income Fund. This fee is subject to a minimum fee of €25,000 (2014: €25,000) per annum and a maximum fee of €42,000 (2014: €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 (2014: €21,000) per annum and a maximum fee of €38,000 (2014: €38,000) per annum.

c) *Custodian fee*

Under the terms of an agreement dated 1 February 2008 (revised 28 May 2012), the Company appointed Bank of Valletta p.l.c. as Custodian, to provide custody services. The Custodian receives a custody fee of 0.03% per annum of the net asset value of the APS Income Fund with a minimum annual fee of €11,000 (2014: €11,000) and no maximum fee applicable.

The Custodian receives a custody fee of 0.03% per annum of the net asset value of the APS Regular Income Ethical Fund with a minimum annual fee of €10,000 (2014: €10,000).

d) *Auditor's remuneration*

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

	2015	2014
	€	€
Annual statutory fee	9,440	7,670
Tax compliance services	673	673
	<hr/>	<hr/>
	10,113	8,343
	<hr/>	<hr/>

Notes to the Financial Statements *(continued)*

10. DIVIDEND DISTRIBUTION

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

APS Income Fund - Distributor Shares

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

APS Regular Income Ethical Fund Distributor Shares

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

Distributions reflected in the Statement of Comprehensive Income for the year ended 31 December 2014:

APS Income Fund - Distributor Shares

	<i>Ex-dividend date</i>	<i>Rate per Share</i>	<i>Distribution paid</i>
	31 December 2013	€1.9896	€687,686
	30 June 2014	€2.1393	€780,586

APS Regular Income Ethical Fund Distributor Shares

	<i>Ex-dividend date</i>	<i>Rate per Share</i>	<i>Distribution paid</i>
B Class	31 March 2014	€0.0219	€125,705
D Class	31 March 2014	€0.0216	€45,729
B Class	25 September 2014	€0.0226	€142,290
D Class	25 September 2014	€0.0226	€71,403

A final dividend of €1.8382 per share which amounted to a distribution of €844,765 was declared by the Directors on 31 December 2015 with respect to the distributor shares of the APS Income Fund. This distribution will be reflected in the Statement of Comprehensive Income for the year ending 31 December 2016.

11. TAX EXPENSE

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

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

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

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

Distributions from the Company's Untaxed Account to a Maltese resident person (other than a 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

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

(i) Shareholding

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

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

	APS Funds SICAV p.l.c. Founder Shares 31.12.2015	APS Income Fund Distributor Shares 31.12.2015	APS Regular Income Ethical Fund Distributor Shares (Class B) 31.12.2015	APS Funds SICAV p.l.c. Founder Shares 31.12.2014	APS Income Fund Distributor Shares 31.12.2014	APS Regular Income Ethical Fund Distributor Shares (Class B) 31.12.2014
Number of Shares	1,199,000	98,853,140	5,000,000.000	1,199,000	98,853,140	5,000,000.000
Dividend Income	Nil	392,585	204,700	Nil	408,155	222,500

As at 31 December 2015, the APS Funds Sicav held bank balances at APS Bank Limited amounting to €4,188,840 (2014: €2,302,149) and term deposits of €8,262,338 (2014: €5,712,338).

As at 31 December 2015, the APS Income Fund held bank balances at APS Bank Limited amounting to €2,588,698 (2014: €893,736) and term deposits of €5,510,000 (2014: €4,910,000).

As at 31 December 2015, the APS Regular Income Ethical Fund held bank balances at APS Bank Limited amounting to €1,598,942 (2014: €1,407,213) and term deposits of €2,752,338 (2014: €802,338). The interest received on such bank and term deposits are equivalent to those that prevail in arm's length transactions.

(ii) Management agreement

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

Notes to the Financial Statements *(continued)*

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

(iii) Key management personnel

The Directors are entitled to remuneration for their services at rates determined by the annual general meeting of the shareholders. For the years ended 31 December 2015 and 31 December 2014, the Company remunerated its Directors the amount of €10,915 and €11,070 respectively for each reporting year as disclosed separately in the Statement of Comprehensive Income. There were no other payments to key management personnel.

As at 31 December 2015 and 31 December 2014, the Directors held units in the Sub-Funds, as detailed in the succeeding page.

	<i>Sub-Fund</i>	<i>Type of shares held</i>	<i>Number of shares</i>	<i>Income from Dividends</i>
2015	APS Income Fund	Accumulator	220	Nil
2014	APS Income Fund	Accumulator	220	Nil
2015	APS Regular Income Ethical Fund	Class C Accumulator	8,000	Nil
2014	APS Regular Income Ethical Fund	Class C Accumulator	8,000	Nil

All related party transactions were made at arm's length on normal commercial terms and conditions. There were no other transactions between the Company and its related parties during the reporting period (2014: the same).

13. CASH AND CASH EQUIVALENTS

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

	2015 €	% of net assets	2014 €	% of net assets
APS Funds SICAV p.l.c.	4,188,840	4.50	2,302,149	3.35
APS Income Fund	2,588,698	3.68	893,736	1.69
APS Regular Income Ethical Fund	1,598,942	7.05	1,407,213	8.90

The APS Income Fund has an overdraft facility with APS Bank Limited of €2,500,000 (2014: €2,500,000). As at 31 December 2015, the overdraft amount was of €1,020. (2014: €5,950). This facility is secured by the pledge with the total value of €2,500,000 (2014: €2,500,000).

The APS Regular Income Ethical Fund has an overdraft facility with APS Bank Limited of €1,000,000 (2014: €1,000,000). As at 31 December 2015 and 2014, the facility was not overdrawn. This facility is secured by a pledge with a total value of €1,000,000 (2014: €1,000,000).

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Risk Management Structure

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

Market Price Risk

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

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

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

The APS Income Fund seeks to achieve long-term capital growth by investing principally in the equity and debt securities markets in Malta on a diversified basis. The equity securities are selected from the Malta Stock Exchange Share Index (the "MSE Index") traded on the Malta Stock Exchange. If the MSE Index at 31st December 2015 had increased by 15% (2014: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €2,011,377 (2014: €1,181,059). Conversely, if the MSE Index had decreased by 15% (2014: 15%), this would have had an equal but opposite effect.

For the purpose of this calculation, the Company assumed that the 15% (2014: 15%) change in the MSE Index is made up of an identical and equal change to all the securities listed on the MSE and therefore the 15% (2014: 15%) is not a composite of different percentage changes of the underlying listed securities. The Company has deemed a 15% (2014: 15%) change in the MSE Index to be a reasonable change.

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

The equity securities are selected from recognised stock exchanges across the world. If equities at 31st December 2015 had increased by 15% (2014: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €726,197 (2014: €111,822). Conversely, if equities had decreased by 15% (2014: 15%), this would have had an equal but opposite effect.

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

Interest Rate Risk

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

Notes to the Financial Statements *(continued)*

	Financial assets held at fixed rates (as a % of NAV)		Financial assets held at variable rates (as a % of NAV)	
	2015	2014	2015	2014
APS Income Fund	63.92	67.73	2.37	1.37
APS Regular Income Ethical Fund	30.39	51.71	25.51	23.46

In the case of the APS Income Fund, at 31st December 2015, should interest rates have lowered/increased by 50 (2014: 50) basis points with all other variables remaining constant, the increase/decrease in net assets attributable to holders of redeemable shares (gross of expenses) would amount to approximately €1,835,503 (2014: €1,526,175), arising from the change in market values of these corporate and government bonds.

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

The Investment Manager monitors such exposure against these limits on a regular basis. At 31st December 2015, should interest rates have lowered/increased by 50 basis (2014: 50) 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 €218,112 (2014: €347,191), arising from the change in market values of these corporate and government bonds.

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

Maturity analysis of debt securities

The table in the succeeding page 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
	31.12.15 €	31.12.15 €	31.12.15 €
Up to 1 year	-	-	-
1 to 5 years	7,049,648	107,630	4,593,948
5 to 15 years	6,979,583	13,247,890	3,771,248
Over 15 years	-	10,899,073	-
	14,029,231	24,254,593	8,365,196
	31.12.14 €	31.12.14 €	31.12.14 €
Up to 1 year	824,920	-	-
1 to 5 years	2,745,600	-	1,278,055
5 to 15 years	8,745,805	4,176,969	4,805,697
Over 15 years	-	13,738,386	219,579
	12,316,325	17,915,355	6,303,331

**APS Regular Income
Ethical Fund**

	Quoted Malta Government Bonds 31.12.15 €	Quoted Malta Government Bonds 31.12.14 €	Quoted Foreign Bonds 31.12.15 €	Quoted Foreign Bonds 31.12.14 €
Up to 1 year	-	-	281,271	-
1 to 5 years	-	-	7,013,846	2,666,837
5 to 15 years	367,380	247,360	2,311,553	5,421,043
Over 15 years	877,813	602,482	1,831,620	2,939,842
	1,245,193	849,842	11,438,290	11,027,722

Currency Risk

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

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

Although the majority of APS Income Fund's transactions, assets and liabilities are denominated in euro, as at 31 December 2015, the Fund had 11.09% (2014: 11.45%) of its underlying assets denominated in foreign currencies.

The APS Regular Income Ethical Fund is exposed to considerable foreign currency risk. As at 31 December 2015, the Fund had 46.28% (2014: 43.66%) of its underlying assets denominated in foreign currencies.

The analysis below calculates the effect of reasonably positive movement of the currency rate against euro on the net assets attributable to shareholders with all other variables held constant:

APS Income Fund

	Change in currency rate %	2015 Effect on the net assets attributable to shareholders €	2014 Effect on the net assets attributable to shareholders €
Currency			
Australian Dollar	+10	15	31,532
Canadian Dollar	+10	8	15,760
British Pound	+10	318,953	150,085
US Dollars	+10	461,572	407,891

Notes to the Financial Statements *(continued)*

APS Regular Income Ethical Fund

	Change in currency rate	2015 Effect on the net assets attributable to shareholders	2014 Effect on the net assets attributable to shareholders
Currency	%	€	€
Australian Dollar	+10	-	27,162
Brazilian Real	+10	11,125	35,325
Canadian Dollar	+10	-	23,610
British Pound	+10	313,972	243,110
Polish Zloty	+10	10,090	10,432
US Dollars	+10	637,358	302,239
Turkish Lira	+10	26,307	22,101
Mexican Pesos	+10	34,495	25,941
Swiss Franc	+10	16,840	-

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 2015 and 31 December 2014 on its monetary financial assets.

APS Income Fund

	As at 31 December 2015 €	% of net assets	As at 31 December 2014 €	% of net assets
British Pound	3,189,532	4.53	1,500,849	2.84
Australian Dollar	153	0.00	315,318	0.60
US Dollar	4,615,723	6.56	4,078,912	7.71
Canadian Dollar	81	0.00	157,602	0.30
	<u>7,805,489</u>	<u>11.09</u>	<u>6,052,681</u>	<u>11.45</u>

APS Regular Income Ethical Fund

	As at 31 December 2015 €	% of net assets	As at 31 December 2014 €	% of net assets
British Pound	3,139,715	13.84	2,431,103	15.38
Australian Dollar	-	-	271,619	1.72
US Dollar	6,373,581	28.09	3,022,394	19.13
Canadian Dollar	-	-	236,101	1.49
Brazilian Real	111,251	0.49	353,248	2.24
Polish Zloty	100,904	0.44	104,323	0.66
Swiss Francs	168,398	0.74	-	-
Turkish Lira	263,069	1.16	221,006	1.40
Mexican Peso	344,953	1.52	259,410	1.64
	<u>10,501,871</u>	<u>46.28</u>	<u>6,899,204</u>	<u>43.66</u>

Credit Risk

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

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

APS Income Fund

	AAA	AA	A	BBB	BB	B	Not Rated	Carrying Value 31.12.2015 €	Fair Value 31.12.2015 €
Debt securities classified as fair value through profit or loss	0.13%	2.23%	2.79%	37.95%	2.29%	-	20.91%	40,867,906	46,649,020
	AAA	AA	A	BBB	BB	B	Not Rated	Carrying Value 31.12.2014 €	Fair Value 31.12.2014 €
Debt securities classified as fair value through profit or loss	0.46%	1.32%	0.88%	38.66%	3.22%	0.03%	24.54%	32,640,853	36,535,011

APS Regular Income Ethical Fund

	AAA	AA	A	BBB	BB	B	Not Rated	Carrying Value 31.12.2015 €	Fair Value 31.12.2015 €
Debt securities classified as fair value through profit or loss	2.21%	7.46%	13.51%	22.60%	4.71%	3.13%	2.29%	12,168,411	12,683,482
	AAA	AA	A	BBB	BB	B	Not Rated	Carrying Value 31.12.2014 €	Fair Value 31.12.2014 €
Debt securities classified as fair value through profit or loss	3.04%	5.76%	9.99%	24.30%	17.19%	6.07%	8.81%	11,022,064	11,877,564

The concentration of credit risk is managed by ensuring that such investments are only made in instruments issued by companies considered to be reputable and enjoy a high credit standing.

As at 31 December 2015 the APS Income Fund held Malta Government Stocks for the total value of €24,254,593 (2014: €17,915,355) with a BBB+ (2014: BBB+) credit rating by S&P. This Sub-Fund also held 4.25% and 5.35% Bank of Valletta Plc Bonds 2019 for the value of €741,639 (2014: €639,156), 4.8% Bank of Valletta plc Bonds 2018/2020 for the value of €908,569 (2014: €739,500) and 3.50% Bank of Valletta Plc Bonds 2030 for the value of €74,509 (2014: nil) which had a BBB+ credit rating by Fitch (2014: BBB+).

As at 31 December 2015 the APS Regular Income Ethical Fund held Malta Government Stocks for the total value of €1,245,193 (2014: €849,842) with a BBB+ (2014: BBB+) credit rating by S&P.

Notes to the Financial Statements *(continued)*

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 2015 and 2014. Bank balances (note 13) are held and transacted with APS Bank Limited and term deposits (note 5b) are held with APS Bank Limited, FIMBank p.l.c. and Izola Bank p.l.c. The carrying amounts of each financial asset represents the maximum exposure to credit risk.

Liquidity Risk

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

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

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

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

Portfolio Statements

APS INCOME FUND	Market value 31.12.2015 €	% of net assets
<i>Quoted Local Equities</i>		
Bank of Valletta p.l.c.	1,729,259	2.46
GO p.l.c.	120,800	0.17
HSBC Bank Malta p.l.c.	1,523,876	2.17
Malita Investments p.l.c.	1,184,911	1.68
Malta Properties Company p.l.c.	20,200	0.03
Mapfre Middlesea Insurance p.l.c.	317,188	0.45
Malta International Airport p.l.c.	3,144,682	4.47
Plaza Centers p.l.c.	1,349,079	1.92
RS2 Software p.l.c.	1,991,464	2.83
Simonds Farsons Cisk p.l.c.	752,958	1.07
Tigne Mall p.l.c.	1,274,763	1.81
<i>Quoted Local Corporate Bonds</i>		
5.100% 6PM Holdings Plc 2025	10,956	0.02
4.800% Bank Of Valletta Plc 2018	217,882	0.31
4.250% Bank Of Valletta Plc 2019	528,389	0.75
3.500% Bank Of Valletta Plc 2030	74,509	0.11
5.350% Bank Of Valletta Plc 2019	213,251	0.3
4.800% Bank Of Valletta Plc 2020	690,687	0.98
5.000% Halmann Vella Group 2024	801,216	1.14
4.600% Hsbc Bank Malta Plc 2017	36,837	0.05
5.900% Hsbc Bank Malta Plc 2018	326,945	0.46
4.500% Izola Bank Plc 2025	1,050,223	1.49
6.000% Medserv Plc 2023	356,231	0.51
5.500% Pendergardens Dev Plc 2020	550,000	0.78
6.000% Pendergardens Dev Plc 2022	588,672	0.84
4.500% Hili Properties Plc 2025	31,175	0.04
6.500% Island Hotels Grp Hldg 2019	116,231	0.17
6.800% Premier Capital Plc 2020	790,020	1.12
6.000% Ax Investments 2024	920,000	1.31
6.600% Eden Finance 2020	590,547	0.84
4.900% Gasan Finance Company 2021	921,155	1.31
6.000% Island Hotels Grp Hldg 2024	943,733	1.34
5.750% International Hotel Inve 2025	77,000	0.11
5.800% International Hotel Inve 2021	191,937	0.27
5.800% International Hotel Inve 2023	345,139	0.49
7.000% Midi Malta Plc 2018	1,066,000	1.51
7.150% Mediterranean Investment 2017	137,600	0.2
6.000% Mediterranean Investment 2021	364,882	0.52
5.500% Mediterranean Investment 2020	617,386	0.88
7.150% Mediterranean Investment 2017	28,957	0.04
6.200% Mizzi 2019	542,651	0.77
6.000% Simonds Farsons Cisk 2020	419,459	0.6
6.200% Tumas Investments 2020	176,808	0.25
5.000% Tumas Investments 2024	239,822	0.34
5.300% United Finance 2023	62,931	0.09
<i>Quoted MGS Bonds (1 to 5 years)</i>		
2.000% MGS 2020 (V)	107,630	0.15

Portfolio Statements *(continued)*

Quoted MGS Bonds (5 to 15 years)

5.000% MGS 2021	31,746	0.05
4.300% MGS 2022 (ii)	18,450	0.03
5.100% MGS 2022	22,701	0.03
5.500% MGS 2023	666,190	0.95
3.300% MGS 2024 (I)	98,070	0.14
4.800% MGS 2028 (I)	2,582,931	3.67
4.500% MGS 2028 (II)	1,402,956	1.99
5.100% MGS 2029 (I)	1,035,013	1.47
2.300% MGS 2029 (II)	104,900	0.15
5.250% MGS 2030 (I)	7,284,934	10.35

Quoted MGS Bonds (over 15 years)

5.200% MGS 2031 (I)	2,783,777	3.96
4.650% MGS 2032 (I)	271,780	0.39
4.450% MGS 2032 (II)	1,527,352	2.17
4.300% MGS 2033 (I)	2,581,961	3.67
4.100% MGS 2034 (I)	3,332,936	4.74
3.000% MGS 2040 (I)	401,267	0.57

Quoted Foreign Bonds

4.750% A2D Funding Plc 2022	356,458	0.51
10.000% Barclays Bank Plc 2021	350,645	0.5
2.625% Bestgain Real Estate 2018	181,628	0.26
6.250% Bank Of India London 2021	205,310	0.29
1.750% Bmw Finance Nv 2017	409,144	0.58
0.303% Cooperatieve Rabobank Ua 2022	387,445	0.55
1.422% Credit Agricole London 2019	274,714	0.39
1.470% General Elec Cap Corp 2023	183,067	0.26
0.714% General Elec Cap Corp 2026	214,085	0.3
5.500% Goldman Sachs Group Inc 2021	301,615	0.43
2.000% Harman Finance Int Sca 2022	289,305	0.41
5.375% Heathrow Finance Plc 2019	218,149	0.31
1.375% Leeds Building Society 2022	390,541	0.55
1.295% Mitsubishi Ufj Lease&Fin 2019	229,163	0.33
8.000% Provident Financial Plc 2019	324,817	0.46
2.100% Royal Bank Of Canada 2020	90,218	0.13
2.350% Royal Bank Of Canada 2020	364,376	0.52
1.537% Sinopec Grp Oversea 2014 2019	274,999	0.39
5.250% Yapi Ve Kredi Bankasi As 2018	233,840	0.33
3.875% Arcelik As 2021	197,080	0.28
6.750% Chorus Ltd 2020	309,844	0.44
4.750% Empresa Nacional De Petr 2021	233,133	0.33
2.750% Ibm Corp 2020	348,694	0.5
5.500% Perusahaan Listrik Negara 2021	235,053	0.33
6.375% Telecom Italia Spa 2019	296,278	0.42
2.875% Walgreens Boots Alliance 2020	269,885	0.38
2.750% Xerox Corporation 2020	217,468	0.31
2.050% Manitoba (Province Of) 2020	456,709	0.65

Term Deposits

APS Bank Limited	5,510,000	7.83
FIMBank p.l.c.	463,290	0.66
Izola Bank p.l.c.	1,125,854	1.60

APS REGULAR INCOME ETHICAL FUND	Market value 31.12.2015 €	% of net assets
<i>Quoted Foreign Equities</i>		
Aberdeen Asset Mgmt p.l.c.	112,300	0.49
Adidas Ag	148,352	0.65
Allianz Se Reg	101,401	0.45
Anheuser-Busch Inbev Sa	114,400	0.50
Ashtead Group p.l.c.	144,234	0.64
AT&T Inc	31,676	0.14
Atlantia Spa	182,525	0.80
Axa Sa	214,455	0.95
Baxalta Inc	17,964	0.08
Bayer Ag Reg	141,276	0.62
Bayerische Motoren Werke Ag	244,075	1.08
Bhp Billiton p.l.c. ADR	87,572	0.39
Bnp Paribas	193,251	0.85
Bolsas Y Mercados Espanoles	24,848	0.11
British Land Co p.l.c.	45,324	0.20
Cap Gemini	111,280	0.49
Christian Dior Se	188,100	0.83
Endesa Sa	185,250	0.82
Experian p.l.c.	97,771	0.43
Industria De Diseno Textil	110,915	0.49
Intel Corp	149,050	0.66
JPMorgan Chase & Co	212,743	0.94
Marks & Spencer Group p.l.c.	73,658	0.32
Novartis Ag Reg	27,938	0.12
Orange	145,094	0.64
Procter & Gamble Co/The	153,511	0.68
Roche Holding Ag Genusschein	104,215	0.46
Sanofi	180,780	0.80
Sap Se	256,830	1.13
Sgs Sa Reg	35,148	0.15
Taylor Wimpey p.l.c.	136,405	0.60
Vodafone Group p.l.c.	209,896	0.93
<i>Quoted Collective Investment Scheme</i>		
Etica Azionario I	659,078	2.90
<i>Quoted MGS Bonds (5 to 15 years)</i>		
4.500% MGS 2028 (II)	262,480	1.16
2.300% MGS 2029 (II)	104,900	0.46
<i>Quoted MGS Bonds (over 15 years)</i>		
4.650% MGS 2032 (I)	135,890	0.60
4.450% MGS 2032 (II)	172,634	0.76
4.300% MGS 2033 (I)	129,480	0.57
4.100% MGS 2034 (I)	417,324	1.84
3.000% MGS 2040 (I)	22,485	0.10
<i>Quoted Foreign Government Bonds</i>		
4.000% Poland Government Bond 2023	100,904	0.44

Portfolio Statements *(continued)*

Quoted Foreign Bonds

1.533% AT&T Inc 2020	320,073	1.41
6.625% Aviva p.l.c. 2041	146,995	0.65
5.125% Axa Sa 2043	171,449	0.76
4.125% Banco Nac De Desen Econo 2017	187,046	0.82
7.750% Bank Of America Corp 2018	383,126	1.69
1.482% Bank Of America Corp 2019	274,212	1.21
2.143% Bank Of America Corp 2020	93,573	0.41
1.217% Bank Of Montreal 2018	368,536	1.62
1.176% Bank Of New York Mellon 2018	183,883	0.81
4.250% Bnp Paribas 2016	106,545	0.47
2.400% Citigroup Inc 2020	227,386	1.00
7.500% Cloverie (Zurich Ins) 2039	236,948	1.04
7.375% Cnp Assurances 2041	151,333	0.67
1.422% Credit Agricole London 2019	274,717	1.21
5.250% Debenhams p.l.c. 2021	134,090	0.59
1.125% Deutsche Bank Ag 2025	185,640	0.82
14.000% European Investment Bank 2016	174,726	0.77
8.500% European Investment Bank 2019	88,343	0.39
4.750% Fiat Chrysler Finance Eu 2022	267,305	1.18
12.000% Friends Life Holdings Pl 2021	276,844	1.22
1.462% Goldman Sachs Group Inc 2018	183,849	0.81
2.012% Goldman Sachs Group Inc 2023	185,774	0.82
1.002% Hsbc Bank p.l.c. 2018	367,251	1.62
7.500% Inter-American Devel Bk 2024	238,408	1.05
5.750% Intl Personal Finance Pl 2021	186,028	0.82
6.125% Intl Personal Finance Pl 2020	180,624	0.80
8.625% Johnston Press Bond p.l.c. 2019	113,293	0.50
2.200% Jpmorgan Chase & Co 2019	274,184	1.21
10.000% Legal & General Group 2041	345,017	1.52
3.000% Macquarie Group Ltd 2018	232,263	1.02
5.921% Mapfre Sa 2037	415,324	1.83
2.500% Mitsubishi Ufj Lease&Fin 2020	225,645	0.99
1.295% Mitsubishi Ufj Lease&Fin 2019	274,996	1.21
10.090% Morgan Stanley 2017	111,251	0.49
2.650% Morgan Stanley 2020	229,008	1.01
6.250% Munich Re 2042	364,554	1.61
1.259% National Australia Bank 2018	368,068	1.62
8.000% Old Mutual p.l.c. 2021	144,204	0.64
7.375% Peugeot Sa 2018	336,540	1.48
8.000% Provident Financial p.l.c. 2019	153,488	0.68
3.750% Rio Tinto Fin Usa Ltd 2021	178,876	0.79
0.974% Royal Bank Of Canada 2019	268,366	1.18
6.500% Selecta Group Bv 2020	192,800	0.85
0.804% Statoil Asa 2018	319,748	1.41
6.250% Telenet Finance V 2022	215,466	0.95
1.166% Toronto-Dominion Bank 2018	184,246	0.81
1.625% Wells Fargo & Company 2025	198,014	0.87
1.358% Westpac Banking Corp 2018	183,840	0.81
2.750% Xerox Corporation 2019	225,653	0.99
5.500% Zagrebacki Holding Doo 2017	187,838	0.83

Term Deposits

APS Bank Limited	2,752,338	12.13
Izola Bank p.l.c.	700,000	3.09

Statement of Changes in the Composition of the Portfolio

The composition of the portfolio as at 31 December 2015, detailed in the Portfolio Statement on pages 41 to 44, in comparison with the Portfolio Statement as at 31 December 2014 stood as follows:

APS INCOME FUND	% of net assets 31.12.2015	% of net assets 31.12.2014
Quoted Local Equities	19.05	14.89
Quoted Local Corporate Bonds	19.94	23.29
Quoted Malta Government Bonds	34.47	33.88
Quoted Foreign Bonds	11.89	11.92
Term Deposits	10.09	13.31
 APS REGULAR INCOME ETHICAL FUND		
	% of net assets 31.12.2015	% of net assets 31.12.2014
Quoted Foreign Equities	18.43	1.00
Quoted Foreign Bonds	50.41	69.78
Quoted Malta Government Bonds	5.49	5.38
Foreign Collective Investment Schemes	2.91	3.71
Term Deposits	15.22	9.51

Information about the Scheme

1. AUTHORISATION

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

2. INCOME

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

3. UP-FRONT CHARGE AND OTHER FEES

APS Income Fund

Initial Fee

An initial charge of 1.50% on the amount invested.

APS Regular Income Ethical Fund

Initial Fee

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

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

Details on the Management, Custody and Administration fees can be found under note 9 on page 31.

4. RISK WARNINGS

Market Fluctuations

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

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

Past performance is no guarantee of future performance.

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

Erosion of Capital

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

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

Currency Fluctuations

Currency fluctuations between the base currency of the Fund, and

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

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

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

Investment on the Malta Stock Exchange

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

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

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

Exposure to a single market

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

Investments in smaller companies

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

Investments in unquoted companies

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

5. SCHEME PARTICULARS

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

6. MANAGER'S STATEMENT

In the opinion of the Manager, this Annual Report and Financial Statements contains all the information necessary to enable the investors to make an informed judgment of the results and activities of the Company for the year ended 31 December 2015, and does not omit any matter or development of significance.

Your notes

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