

APS Funds SICAV p.l.c.

Interim Report and Unaudited Financial Statements for the period ended 30 June 2017

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Contents

	Page
Management and Administration	3
Description	5
Investment Manager's Report	6
Unaudited Financial Statements	
Unaudited Statements of Financial Position	9
Unaudited Statements of Changes in Net Assets Attributable to Shareholders	11
Unaudited Statement of Comprehensive Income	12
Unaudited Statements of Cash Flow	13
Notes to the Unaudited Financial Statements	14
Portfolio Statement	20
Statement of Changes in the Composition of the Portfolio	26
Information about the Scheme	27

Management and Administration

DIRECTORS

Dr. Mario Felice
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Malta

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Malta

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

REGISTERED OFFICE AND BUSINESS ADDRESS

APS Centre,
Tower Street,
Birkirkara BKR 4012,
Malta

COMPANY REGISTRATION NUMBER

SV 78

INVESTMENT MANAGER

REAPS Asset Management Limited
APS Centre,
Tower Street,
Birkirkara BKR 4012,
Malta

*Licensed to conduct Investment Services business by the Malta
Financial Services Authority.*

ADMINISTRATOR AND COMPANY SECRETARY

BOV Fund Services Limited
TG Complex,
Suite 2, Level 3,
Brewery Street,
Mrieħel 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

Deloitte Audit Limited,
Deloitte Place,
Mriehel Bypass,
Mriehel,
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 1994 [Cap. 370 of the Laws of Malta]. The APS Income Fund is listed on the Malta Stock Exchange. The Company has no employees.

Changes to Company Documents

On the 22 February 2017, during an extraordinary general meeting, it was resolved to amend the Company's Memorandum and Articles of Association, together with the Company's Prospectus and Offering Supplements of both the APS Income Fund and the APS Regular Income Ethical Fund, to reflect the change of the SICAV from retail non-UCITS to UCITS. The effective date of change of the Company to a UCITS scheme was 7 April 2017.

Investment Manager's Report

The International Economy and Financial Market

The global economic recovery continued to gain traction. Latest indicators show that during the second quarter of 2017, the economy of the United States of America (US) registered a quarter-on-quarter growth of 2.6 percent, driven both by private and government spending. The economy experienced an annual growth of 2.1 percent. On a similar note, the Eurozone's economy accelerated to register annual growth rate of 2.2 percent. Spain is now notably one of fastest growing economies within the currency bloc. It is also worth noting that the economy of the United Kingdom (UK) has performed at a somewhat slower pace when compared to both the US and the Eurozone as it registered a second quarter growth of just 0.3 percent and an annual growth rate 1.7 percent.

The labour markets in Western economies have also registered notable improvements. The US unemployment rate reached a post-crisis low of 4.3 percent, while official figures show that the UK is currently experiencing the lowest level of unemployment in over 40 years. The unemployment rate in the euro bloc continued to decline, albeit remaining elevated at 9.1 percent.

Meanwhile, inflation has remained somewhat benign. The latest statistics show that the HICP (Harmonised Index of Consumer Prices) inflation rate in the euro area stood at 1.3 percent as at June 2017. While this metric has increased since last year, it still remains well below the European Central Bank (ECB)'s desired level. Likewise, core inflation (excluding food and energy) in the US has moved back to 1.7 percent in June, just shy of the lowest level of 1.6 percent that was registered during the past five years.

On the political front, the first half of 2017 was characterised by a number of important elections. On 7 May 2017, France elected Emmanuel Macron as President. Mr Macron's win gained a further stronghold when later on in June his party and its allies secured a decisive majority during the French legislative elections. This result has given the President ample power to implement the promised economic reforms. Across the English Channel and almost one year after the Brexit vote, the UK held snap general elections on 8 June 2017. Theresa May's conservative party won the most votes and parliamentary seats. Following this election result, Prime Minister May formed a minority government after obtaining backing from Northern Ireland's Democratic Unionist Party. Going forward, a number of political risks remain. These primarily relate to the uncertainties that will be posed by the Brexit negotiations, and risks related to regulation changes and policy implementation in the US.

Monetary policy continued to be supportive in the Eurozone. Specifically, the ECB has kept interest rates unchanged during the first six months of the year. Furthermore, it continued to inject liquidity via asset purchases, albeit at a reduced rate of €60 billion per month. Conversely, the US Federal Reserve has raised policy interest rates twice since the start of the year.

The favourable economic developments, comparatively low inflation, and the ample liquidity that was injected by major central banks during the past years have continued to support low government bond yields and demand for risky assets.

Yields on developed market government debt instruments remained low by historical standards. Specifically, the 10-year US Treasury Note was trading at 2.3 percent as at end June 2017 (down from 2.4 percent as at end 2016), while the yield on 10-year UK government debt remained practically unchanged at 1.26 percent from the start of the year. Conversely, the German sovereign curve steepened during the six months ending 30 June 2017, and the yield on the 10-year Bund increased by 26 basis points to 0.47 percent as at the end of the period under review.

The riskier segments of the international bond market, performed better than safe-haven government bonds. This is evidenced by the tighter asset swap spreads that materialised in both investment grade and sub-investment grade corporate bond markets. During the first half of 2017, the performance of sub-investment grade bonds was superior to that of their sub-investment grade counterparts.

Within the same period, global equity markets experienced a solid rally, with the S&P 500 delivering a performance of 8.24 percent, and the German DAX rallying by 7.35 percent. Meanwhile, emerging market equities, as measured by the MSCI Emerging Markets Index (USD), delivered a double-digit investment return of 17.2 percent.

Finally, in the foreign exchange market, the euro was the star performer during the period under review as it registered gains against major currencies, including the US dollar, pound sterling, Canadian dollar, and the Australian Dollar.

The Maltese Economy and Financial Market

Malta has been experiencing one of the strongest economic expansions in the Eurozone. After returning a growth of 4.98 percent during 2016 fuelled by strong export services and private consumption, the Maltese economy expanded at a robust annual rate of 4.21 percent during the first quarter of 2017. This was the slowest growth rate that the economy has registered in any one quarter since the start of 2014. The European Commission is now expecting the Maltese economy to slow down to a respectable growth rate of 4.4 percent by 2018.

At the time of writing, the unemployment rate in Malta stood at a multi-year low of 4.1 percent, while the rate of inflation as measured by the HICP stood at 1 percent. At the same time, the current account balance remained positive and the stock of government as a percentage of Gross Domestic Product continued its downward trajectory and reached a level of 59 percent as at the end of March 2017. This metric is projected by the European Commission to improve further and reach 52.5 percent by 2018. It is also notable that data published in 2017 showed that during the previous year the public sector registered a budget surplus equivalent to 1 percent of Gross Domestic Product (GDP) as the citizenship programme and the expansion of aggregate income permitted an increase in public revenues.

During the first six months of 2017, the performance of Maltese equities was somewhat subdued. As a matter of fact, the Malta Stock Exchange price index registered a mere increase of 1.44 percent during the period under review. Yields on Malta government bonds edged higher across most tenors, with the benchmark 10-year yield trading at 1.33 percent as at the end of June 2017. At the same time, the spread to the 10-year German Bund stood at a multi-year low of 83 basis points. The tightening of the spread is in large part due to Malta's improved credit metrics.

Sources: Bloomberg, Central Bank of Malta, European Commission

Portfolio Activity Review

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. The Fund seeks to achieve this objective by investing primarily in debt issued by the Maltese government and Maltese corporates. To Fund may also invest in equities, deposits and cash. To a limited extent, the Fund may also invest in international debt and equity securities.

Fund Performance

Accumulator Class of Shares

During the period from 31 December 2016 to 30 June 2017, the share price of the APS Income Fund Accumulator class of shares decreased by 0.2 percent from €172.3487 to €171.9992.

Distributor Class of Shares

During the period from 31 December 2016 to 30 June 2017, the share price of the APS Income Fund Distributor class of shares decreased by 1.40% from €126.3023 to €124.5383. The Fund distributed a dividend of €1.50638 per share for the first half of 2017.

Overview of the Fund

The Net Asset Value of the Fund decreased from €83.02 million to €81.56 million during the six month period under review.

The duration of the Fund during the first half of the year was maintained at approximately 4. The Fund Manager continued to divest from long dated fixed income securities and shifted exposure towards shorter dated bonds in order to reduce interest rate risk. The Fund manager actively participated in a number of new domestic bond issues, which increased the Fund's exposure to Maltese corporate debt. During the period, the Fund Manager reduced the foreign currency exposure towards the US dollar in anticipation of a stronger euro. The Fund Manager continued to purchase selected local equities which either gave regular and constant dividend or offered potential for earnings growth.

At the end of June 2017, the Fund's asset allocation was made up as follows: local government bonds – 10%, international government bonds – 3%, local corporate bonds – 30%, international corporate bonds – 12%, Maltese equities – 23%, and cash and cash equivalents – 22%.

APS Regular Income Ethical Fund

Investment Objective

The investment objective of the Fund is to endeavour to maximise the total return to investors, minimising the volatility of the portfolio whilst having regard to attaining a desirable level of liquidity, following Ethical Principles according to the Ethical Policy. The Fund seeks to achieve this objective by investing primarily in international government and corporate bonds, and in direct equities. The Fund may also invest in other collective investment schemes, deposits and cash.

Fund Performance

Class A – Accumulator

During the year from 31 December 2016 to 30 June 2017, the quoted share price of the APS Regular Income Ethical Fund accumulator class of shares increased by 2.46 percent from €1.3298 to €1.3625.

Class B – Distributor

During the year from 31 December 2016 to 30 June 2017, the APS Regular Income Ethical Fund institutional class of shares increased by 1.11 percent from €1.1522 to €1.1650. A dividend of €0.01527 per share was paid during the period.

Class C – Accumulator

During the year from 31 December 2016 to 30 June 2017, the quoted share price of the APS Regular Income Ethical Fund accumulator class of shares increased by 2.42 percent from €1.3280 to €1.3601.

Class D – Distributor

During the year from 31 December 2016 to 30 June 2017, the APS Regular Income Ethical Fund retail class of shares increased by 1.09 percent from €1.1518 to €1.1643. A dividend of €0.01517 per share was paid during the period.

Overview of the Fund

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

The Fund Net Asset Value increased from €26.3 million to €30.3 million during the six-month period under review.

During the first six months of the year, the Fund manager deployed available cash in the equity market, thereby increasing the allocation to direct equities within the Fund. During the same period, the Fund Manager reduced the

foreign currency exposure towards the US dollar in anticipation of a stronger euro. To achieve this, the Fund Manager sold US dollar-denominated bonds and purchased euro-denominated corporate bonds. The Fund Manager preferred taking credit risk as opposed to interest rate risk. As a matter of fact, the Fund's duration at the end of June 2017 stood conservatively at 3. This was achieved via careful bond selection and without any unnecessary yield give-up.

At the end of June 2017, the Fund's asset allocation was made up as follows: government and supranational bonds – 15%, corporate bonds – 45%, equities – 27%, collective investment schemes – 2%, and cash and cash equivalents – 11%.

UNAUDITED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	APS Funds SICAV p.l.c Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	€	€	€	€	€	€
ASSETS						
Financial assets at fair value through profit or loss	88,965,445	80,864,160	63,456,678	61,477,934	25,508,767	19,386,226
Other investments-term deposits	12,229,634	24,690,516	9,459,348	19,501,157	2,770,286	5,189,359
Accrued income	1,503,759	1,162,894	1,095,598	880,970	408,161	281,924
Other debtors and prepayments	5,638,729	122,069	4,428,736	104,304	1,209,993	17,765
Cash and cash equivalents	4,761,731	3,728,911	4,396,899	2,171,318	363,632	1,556,393
Total assets	113,099,298	110,568,550	82,837,259	84,135,683	30,260,839	26,431,667
LIABILITIES						
Bank overdraft	-	-	-	-	-	-
Accrued expenses	671,576	405,315	494,818	313,184	176,758	92,131
Other creditors	23,843	41,921	-	-	23,843	41,921
	695,419	447,236	494,818	313,184	200,601	134,052
	112,403,879	110,121,314	82,342,441	83,822,499	30,060,238	26,297,615
Represented by:						
Net assets attributable to shareholders	112,403,879	110,121,314	82,342,441	83,822,499	30,060,238	26,297,615

George Cassola

Director

Dr. Mario Felice

Director

Salient Statistics

Shares in issue as at 30 June 2017

Founder Shares	1,200.000		
Accumulator	98,533.7220	98,533.7220	
Distributor	522,384.9610	522,384.9610	
Accumulator – Class A	3,207,088.364		3,207,088.364
Distributor – Class B	8,145,044.623		8,145,044.623
Accumulator – Class C	3,650,238.158		3,650,238.158
Distributor – Class D	9,894,012.324		9,894,012.324
Net asset value as at 30 June 2017	112,319,430	82,257,488	30,061,942
Net asset value as at 31 December 2016	102,706,703	78,628,051	24,077,456
Net asset value as at 31 December 2015	83,762,563	63,525,623	20,235,740
Net asset value as at 31 December 2014	68,680,197	52,876,218	15,802,779

Net asset value per Accumulator share as at 30 June 2017	171.9992	
Net asset value per Distributor share as at 30 June 2017	126.0447	
Net asset value per Accumulator share as at 31 December 2016	172.3487	
Net asset value per Distributor share as at 31 December 2016	127.9522	
Net asset value per Accumulator share as at 31 December 2015	163.8076	
Net asset value per Distributor share as at 31 December 2015	125.1530	
Net asset value per Accumulator share as at 31 December 2014	142.9514	
Net asset value per Distributor share as at 31 December 2014	113.0089	
Net asset value per Accumulator Class A shares as at 30 June 2017		1.3497
Net asset value per Distributor Class B shares as at 30 June 2017		1.1541
Net asset value per Accumulator Class C shares as at 30 June 2017		1.3474
Net asset value per Distributor Class D shares as at 30 June 2017		1.1534
Net asset value per Accumulator Class A shares as at 31 December 2016		1.3297
Net asset value per Distributor Class B shares as at 31 December 2016		1.1521
Net asset value per Accumulator Class C shares as at 31 December 2016		1.3279
Net asset value per Distributor Class D shares as at 31 December 2016		1.1517
Net asset value per Accumulator Class A shares as at 31 December 2015		1.2738
Net asset value per Distributor Class B shares as at 31 December 2015		1.1324
Net asset value per Accumulator Class C shares as at 31 December 2015		1.2729
Net asset value per Distributor Class D shares as at 31 December 2015		1.1325
Net asset value per Accumulator Class A shares as at 31 December 2014		1.2415
Net asset value per Distributor Class B shares as at 31 December 2014		1.1432
Net asset value per Accumulator Class C shares as at 31 December 2014		1.2414
Net asset value per Distributor Class D shares as at 31 December 2014		1.1438

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six month period ended 30 June
2017

	APS Funds SICAV p.l.c Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	€	€	€	€	€	€
Net assets at beginning of period	110,121,314	93,058,210	83,822,499	70,367,980	26,297,615	22,689,030
Creation of shares	6,873,151	10,950,764	2,161,537	8,729,787	4,711,614	2,220,977
Redemption of shares	(3,715,149)	(1,771,709)	(2,598,600)	(1,342,062)	(1,116,549)	(429,647)
Net equalisation	20,084	51,125	(5,079)	39,402	25,163	11,723
Net increase/(decrease) in net assets during the period	(895,521)	418,317	(1,037,916)	832,944	142,395	(414,627)
Net assets at end of period	112,403,879	102,706,707	82,342,441	78,628,051	30,060,238	24,077,456

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 30 June 2017

	APS Funds SICAV p.l.c Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	€	€	€	€	€	€
Income						
Interest from loans and receivables	199,180	31,344	158,836	61	40,344	31,283
Dividend income and accrued interest	544,943	1,164,202	357,806	824,260	187,137	339,942
Net gain/loss on financial assets at fair value through profit or loss	420,562	2,034,341	(1,887)	2,419,813	422,449	(385,472)
	1,164,685	3,229,887	514,755	3,244,134	649,930	(14,247)
Expenses	(680,568)	(711,461)	(468,409)	(545,933)	(212,159)	(165,528)
Net Income	484,117	2,518,426	46,346	2,698,201	437,771	(179,775)
Finance costs-distributions to shareholders (note 6)	(1,122,325)	(1,945,412)	(861,862)	(1,732,392)	(260,463)	(213,020)
Tax expense on income	(257,313)	(154,697)	(222,400)	(132,865)	(34,913)	(21,832)
Net increase/(decrease) in net assets during the period	(895,521)	418,317	(1,037,916)	832,944	142,395	(414,627)

UNAUDITED STATEMENT OF CASH FLOWS

for the six month period ended 30 June 2017

	APS Funds SICAV p.l.c Combined Statement		APS Income Fund		APS Regular Income Ethical Fund	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	€	€	€	€	€	€
Net cash used in operating activities	(1,004,863)	(12,090,151)	3,529,585	(9,140,125)	(4,534,448)	(2,950,026)
Net cash generated from/(used) financing activities	2,037,683	8,153,791	(1,304,004)	6,594,174	3,341,687	1,559,617
Movements in cash and cash equivalents	1,032,820	(3,936,360)	2,225,581	(2,545,951)	(1,192,761)	(1,390,409)
Cash and cash equivalents at beginning of period	3,728,911	4,188,840	2,171,318	2,588,698	1,556,393	1,598,942
Cash and cash equivalents at end of period	4,761,731	252,480	4,396,899	42,747	363,632	208,533

NOTES TO THE UNAUDITED 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 the APS Regular Income Ethical Fund, both of which are licensed by the Malta Financial Services Authority as a Collective Investment Scheme under the Investment Services Act, 1994 [Cap. 370 of the Laws of Malta]. The APS Income Fund was launched on 22 April 2008 whilst 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 unaudited condensed financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' as adopted for use in the European Union and are consistent with the accounting policies used in the preparation of the 2014 audited financial statements. 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 unaudited financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit and loss.

In line with International Financial Reporting Standards, the Company presented assets and liabilities in order of their liquidity, 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 and 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 Advisor'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**Income recognition**

All distributions from financial assets included in the Statement of Comprehensive Income are recognised on the date on which the stock is quoted ex-dividend up to the Company's interim date. Interest income from financial assets not classified as fair value through profit and loss is recognised using the effective interest method.

Other gains or losses, including interest income, arising from changes in the fair value of the financial assets at fair value through profit and loss category are presented in the Statement of Comprehensive Income within 'Net gain on financial assets at fair value through profit and loss' in the year in which they arise.

Expenses

Expenses are accounted for on an accrual basis.

Foreign exchange translation

The Company's and the Sub-Funds' functional currency is the Euro.

Transactions carried out in currencies other than the functional currency, are translated at exchange rates ruling at the transaction dates. Assets and liabilities designated in currencies other than the functional currency are translated into the functional currency at exchange rates ruling at the Company's interim date. All resulting differences are taken to the Statement of Comprehensive Income.

Translation differences on financial assets held at fair value through profit and loss are reported as part of the net fair value movement.

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 period 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 into the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification is dependent 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. Financial instruments designated as at fair value through profit or loss upon initial recognition include equity securities and debt instruments that are not held for trading. These financial assets 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, other receivables and cash and cash equivalents.

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 are initially recognised at fair value, and transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred.

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 are recorded separately in "Dividend Revenue."

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

The fair value of financial instruments listed or dealt on a regulated market, is based on the latest available price. In the case of financial instruments which are quoted, listed or normally dealt in or under the rules of a regulated market but in respect of which, for any reason, prices on that regulated market may not be available at any relevant time, the value thereof shall be determined by reference to prices sought from dealers, brokers or pricing service providers.

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.

Share capital

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

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

Cash and cash equivalents

For the purpose of the Statement of Cash Flow, cash and cash equivalents comprise deposits held at call with banks, net of outstanding bank overdraft, if applicable.

Significant accounting judgements, estimates and assumptions

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

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

Going Concern

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

Functional currency

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

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

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES**Standards, interpretations and amendments to published standards effective 1 January 2017**

There are no new standards, interpretations and amendments to published standards that are effective for the first time for this interim period that would be expected to have a material impact on the Company

5. NET ASSET VALUE PER SHARE

The net asset value per share of the APS Income 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 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 is based on the net assets attributable to holders of each Class at the balance sheet date and on the year end number of shares in issue for each Class.

6. DIVIDEND DISTRIBUTION

Distributions reflected in the relative Statement of Comprehensive Income for the period ended 30 June 2017:

	Ex-dividend date	Rate per Share	Distribution paid
APS Income Fund Distributor Shares	29 December 2016	€1.64986	€861,862
APS Regular Income Ethical Fund Distributor Shares Class EUR B	28 March 2017	€0.01527	€124,834
APS Regular Income Ethical Fund Distributor Shares Class EUR D	28 March 2017	€0.01517	€135,630

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

	Ex-dividend date	Rate per Share	Distribution paid
APS Income Fund Distributor Shares	31 December 2015	€1.8382	€844,765
APS Income Fund Distributor Shares	28 June 2016	€1.7616	€887,627

APS Regular Income Ethical Fund Distributor Shares B Class	31 March 2016	€0.01366	€103,460
APS Regular Income Ethical Fund Distributor Shares D Class	31 March 2016	€0.01355	€109,560
APS Regular Income Ethical Fund Distributor Shares B Class	25 September 2016	€0.01493	€113,096
APS Regular Income Ethical Fund Distributor Shares D Class	25 September 2016	€0.01483	€122,476

During the period ended 28 June 2017 a final dividend of €1.50638 per share which amounted to a distribution of €782,258 was declared by the Directors on 28 June 2017 with respect to the distributor shares of the APS Income Fund. This declared distribution will be reflected in the Statement of Comprehensive Income for the year ending December 2017.

7. CASH AND CASH EQUIVALENTS

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

	30.06.17	% of net assets	31.12.16	% of net assets
	€		€	
APS Funds SICAV p.l.c.	4,761,731	4.24	3,728,911	3.39
APS Income Fund	4,396,899	5.34	2,171,318	2.59
APS Regular Income Ethical Fund	363,632	1.21	1,556,393	5.92

Both Funds have an overdraft facility with APS Bank Limited as follows:

The overdraft facility for APS Income Fund is of € 2,500,000 which is made up of a regular limit of € 750,000, while the additional balance of € 1,750,000 refers to occasional temporary extensions of these facilities.

As at 30 June 2017, the balance drawn on the overdraft was nil.

The overdraft facility for APS Regular Income Ethical Fund is of €1,000,000 which is made up of a regular limit of €250,000, while the additional balance of €750,000 refers to occasional temporary extensions of these facilities.

As at 30 June 2016, the balance drawn on the overdraft was nil.

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

PORTFOLIO STATEMENT

APS INCOME FUND

	Market Value	% of net assets
	30.06.2017	
	€	
<i>Quoted Local Equities</i>		
Bank Of Valletta Plc	1,871,523	2.29
Hsbc Bank Malta Plc	1,944,700	2.38
Mapfre Middlesea Plc	262,025	0.32
Simonds Farsons Cisk	2,181,010	2.67
Go Plc	138,800	0.17
Plaza Centres Plc	1,412,105	1.73
Malta Intl Airport-A Shares	3,586,029	4.40
Medserv Plc	1,397,500	1.71
Rs2 Software Plc	2,065,883	2.53
Malita Investments Plc-B Shs	1,110,000	1.36
Tigne Mall Plc	2,011,880	2.47
Malta Properties Co Plc	21,160	0.03
Pg Plc	1,035,190	1.27
<i>Quoted Local Corporate Bonds</i>		
5.350% Bank Of Valletta Plc 2019	379,040	0.46
4.800% Bank Of Valletta Plc 2020	837,795	1.03
4.800% Bank Of Valletta Plc 2018	902,513	1.11
4.250% Bank Of Valletta Plc 2019	719,125	0.88
3.500% Bank Of Valletta Plc 2030	2,361,666	2.90
5.900% Hsbc Bank Malta Plc 2018	473,256	0.58
4.900% Gasan Finance Company 2021	1,016,532	1.25
6.000% Simonds Farsons Cisk 2020	412,012	0.51
6.000% AX Investments 2024	953,150	1.17
4.250% Corinthia Finance 2026	88,725	0.11
5.800% International Hotel Investments 2021	188,664	0.23
5.800% International Hotel Investments 2023	340,367	0.42
5.750% International Hotel Investments 2025	76,284	0.09
4.000% International Hotel Investments 2026	422,177	0.52
4.000% International Hotel Investments 2026	204,408	0.25
3.900% Plaza Centres Plc 2026	101,150	0.12
5.300% United Finance 2023	77,004	0.09
4.000% Eden Finance 2027	1,835,076	2.25
6.200% Tumas Investments 2020	405,700	0.50
5.000% Tumas Investments 2024	233,442	0.29
6.000% Medserv Plc 2023	350,744	0.43

4.500% Medserv Plc 2026	550,044	0.67
5.100% 6Pm Holdings Plc 2025	652,845	0.80
7.150% Mediterranean Investments Holding Plc 2017	137,600	0.17
7.150% Mediterranean Investments Holding Plc 2017	27,442	0.03
6.000% Mediterranean Investments Holding Plc 2021	370,569	0.45
5.500% Mediterranean Investments Holding Plc 2020	621,914	0.76
4.000% Midi Malta Plc 2026	1,195,006	1.47
6.000% Island Hotels Grp Hldg 2024	985,205	1.21
3.750% Premier Capital Plc 2026	1,877,412	2.30
4.500% Izola Bank Plc 2025	1,241,896	1.52
5.500% Pendergardens Dev Plc 2020	632,979	0.78
6.000% Pendergardens Dev Plc 2022	1,000,503	1.23
5.000% Halmann Vella Group 2024	919,202	1.13
4.500% Hili Properties Plc 2025	30,450	0.04
5.000% Dizz Finance Plc 2026	189,000	0.23
<i>Quoted Foreign Bonds</i>		
2.100% Royal Bank Of Canada 2020	87,591	0.11
2.625% Bestgain Real Estate 2018	175,375	0.22
2.174% General Electric Co 2023	175,551	0.22
6.250% Bank Of India London 2021	191,439	0.23
3.875% Arcelik As 2021	211,800	0.26
2.750% Xerox Corporation 2020	219,176	0.27
5.250% Yapi Ve Kredi Bankasi As 2018	222,584	0.27
4.750% Empresa Nacional De Petr 2021	233,543	0.29
5.500% Perusahaan Listrik Negar 2021	240,244	0.29
3.625% Royal Bk Scotlnd Grp Plc 2024	258,908	0.32
8.000% Provident Financial Plc 2019	269,352	0.33
4.875% Bulgarian Energy Hld 2021	269,800	0.33
10.000% Barclays Bank Plc 2021	292,377	0.36
2.500% Korea Midland Power Co 2021	304,459	0.37
4.750% A2D Funding Plc 2022	316,237	0.39
7.125% Erste Group Bank Ag 2022	322,601	0.40
2.350% Royal Bank Of Canada 2020	353,226	0.43
7.750% Commerzbank Ag 2021	367,649	0.45
2.500% Santander Issuances 2025	512,089	0.63
4.500% Bnq Cen Tunisia Int Bond 2020	519,825	0.64
4.000% Societe Generale 2023	574,568	0.70
3.375% Aviva Plc 2045	1,029,470	1.26
3.099% Allianz Se 2047	1,059,610	1.30
6.250% Munich Re 2042	1,238,447	1.52

Quoted MGS Bonds (1 to 5 years)

1.500% MGS 2022	105,720	0.13
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Quoted MGS Bonds (5 to 15 years)

5.500% MGS 2023	673,768	0.83
3.300% MGS 2024	1,324,701	1.62
4.800% MGS 2028	2,945,579	3.61
5.100% MGS 2029	1,045,600	1.28
4.300% MGS 2022	17,891	0.02
2.300% MGS 2029	110,100	0.13
5.100% MGS 2022	35,734	0.04
4.500% MGS 2028	1,759,194	2.16

Foreign Government Bonds

5.500% Kingdom Of Bahrain 2020	91,414	0.11
3.375% Republic Of Indonesia 2025	272,969	0.33
4.875% Republic Of Indonesia 2021	188,150	0.23
3.375% United Mexican States 2031	525,740	0.64
2.875% Government of Portugal 2026	1,008,500	1.24

Term Deposits

APS Bank Limited	7,633,494	9.36
Izola Bank p.l.c.	1,825,854	2.24

APS REGULAR INCOME ETHICAL FUND

	Market Value	% of net assets
	30.06.2017	
	€	
<i>Quoted Foreign Equity</i>		
Anheuser-Busch Inbev Sa/Nv	386,840	1.29
KBC Groep Nv	332,050	1.11
Novartis Ag-Reg	109,586	0.37
Roche Holding Ag-Genusschein	491,847	1.64
SGS SA-Reg	212,581	0.71
Adidas AG	444,538	1.48
Allianz Se-Reg	262,048	0.87
Bayerische Motoren Werke AG	447,040	1.49
SAP SE	457,250	1.52
Bolsas Y Mercados Espanoles	221,305	0.74
Endesa SA	201,700	0.67
Industria De Diseno Textil	336,100	1.12
AXA SA	395,175	1.32
BNP Paribas	466,644	1.55
Capgemini SE	271,440	0.90
EDF	379,280	1.26
Orange	130,149	0.43
Sanofi	335,040	1.11
Ashtead Group Plc	266,920	0.89
Experian Plc	107,621	0.36
Vodafone Group Plc	446,372	1.49
Atlantia Spa	492,800	1.64
At&T Inc	33,080	0.11
Intel Corp	139,033	0.46
JPMorgan Chase & Co	520,875	1.73
Procter & Gamble Co/The	160,458	0.53
<i>Quoted Foreign Bonds</i>		
3.099% Allianz Se 2047	529,805	1.76
4.250% Aqua + Inv (Zurich Ins) 2043	287,750	0.96
4.400% Ausnet Services Holdings 2027	274,726	0.91
3.375% Aviva Plc 2045	772,103	2.57
5.125% A SA 2043	831,494	2.77
1.875% Barclays Plc 2023	311,454	1.04
5.000% BBVA Banco Continental 2022	285,289	0.95
3.625% BNDES 2019	621,834	2.07
2.250% BNP Paribas 2027	202,940	0.68

7.750% Commerzbank Ag 2021	367,649	1.22
1.125% EDPFinance Bv 2024	292,947	0.97
7.125% Erste Group Bank Ag 2043	387,121	1.29
4.750% Fiat Chrysler Finance Eu 2022	222,000	0.74
1.250% Goldman Sachs Group Inc 2025	592,944	1.97
5.750% Hannover Finance Sa 2040	289,049	0.96
5.921% Mapfre Sa 2037	400,520	1.33
1.375% Morgan Stanley 2026	388,920	1.29
11.500% Morgan Stanley 2020	284,650	0.95
6.250% Munich Re 2042	990,758	3.30
1.625% RCI Banque Sa 2025	507,320	1.69
2.000% Royal Bk Scotlnd Grp Plc 2023	206,540	0.69
3.625% Royal Bk Scotlnd Grp Plc 2024	310,689	1.03
2.250% Sky Plc 2025	635,495	2.11
1.625% Atlantia Spa 2025	202,022	0.67
2.375% Cellnex Telecom Sa 2024	204,915	0.68
4.561% Casino Guichard Perracho 2023	565,045	1.88
3.750% Fiat Chrysler Automobile 2024	421,288	1.40
2.375% Peugeot Sa 2023	417,624	1.39
6.250% Thomas Cook Group Plc 2022	322,533	1.07
5.500% Zagrebacki Holding Doo 2017	201,010	0.67
1.826% Community Of Madrid Spain 2025	621,658	2.07
0.500% European Bk Recon & Dev 2023	434,396	1.45
19.500% European Bk Recon & Dev 2017	397,427	1.32
10.000% European Investment Bank 2018	134,975	0.45
10.500% European Investment Bank 2017	400,309	1.33
4.000% European Investment Bank 2020	682,655	2.27
8.500% European Investment Bank 2019	71,943	0.24
7.500% Inter-American Devel Bk 2024	201,030	0.67
<i>Quoted MGS Bonds (5 to 15 years)</i>		
4.500% MGS 2028	264,620	0.88
2.300% MGS 2029	110,100	0.37
<i>Foreign Government Bonds</i>		
4.250% Republic Of Cyprus 2025	394,380	1.31
4.000% Poland Government Bond 2023	101,191	0.34
2.875% Obrigacoes Do Tesouro 2026	352,975	1.17
5.650% Obrigacoes Do Tesouro 2024	243,560	0.81

Collective Investment Schemes

Etica Azionario I	721,344	2.40
<i>Term Deposits</i>		
APS Bank Limited	2,070,286	6.89
Izola Bank p.l.c.	700,000	2.33

Statement of Changes in the Composition of the Portfolio

The composition of the portfolio, detailed in the Portfolio Statement on page 19, in comparison with the Portfolio Statement as at 31 December 2016 stood as follows:

	% of net assets 30.06.2017	% of net assets 31.12.2016
APS Income Fund		
Quoted Local Equities	23.34	22.07
Quoted Local Corporate Bonds	30.49	22.88
Quoted Malta Government Bonds	9.83	19.99
Foreign Government Bonds	2.56	2.38
Quoted Foreign Bonds	11.58	6.02
Term Deposit	11.60	23.27

	% of net assets 30.06.2017	% of net assets 31.12.2016
APS Regular Income Ethical Fund		
Quoted Foreign Equity	26.77	21.82
Quoted Foreign Bonds	50.80	44.75
Quoted Malta Government Bonds	1.25	1.45
Foreign Government Bonds	3.63	3.01
Foreign Collective Investment Schemes	2.40	2.69
Term Deposit	9.22	19.73

Information about the Scheme

1. AUTHORISATION

The Company is licensed 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.

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 for fees.

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

In the case of APS Regular Income Ethical Fund, the manager receives a management fee of 1% per annum of the net asset value attributable to the Class A and B shares, and 1.3% per annum of the net asset value attributable to the Class C and D shares. For the period ending 30th June 2015 the management fee was of 0.93% per annum for Class A and B shares and 1.00% per annum for Class C and D shares.

Administration fee

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

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

Custodian fee

Under the terms of an agreement dated 1 February 2008 (revised 7 April 2017), the Company appointed Bank of Valletta p.l.c. as Custodian, to provide custody services. The Custodian receives a custody fee of 0.045% per annum for the first € 50 million of the net asset value, 0.04% per annum to be applied between € 50 million and € 100 million of net asset value and 0.035% per annum to be applied between € 100 million and € 200 million of net asset value for both the APS Income Fund and APS Regular Income Ethical Fund. Both funds are also subject to a minimum annual fee of € 20,000.

The Custody fee previously applicable was of 0.03% per annum of the net asset value of the APS Income Fund with a minimum annual fee of € 11,000 and a 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.

4. TAX EXPENSE

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

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.

5. RISK WARNINGS

Market Fluctuations

Investment in the Fund should be regarded as a long-term investment. The Fund's 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 Fund, including the currency in which it is 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 Fund,

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 are mainly related to the illiquidity of the market.

6. 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 dated 4th May 2017. All these documents are available upon request from the Investment Manager, and were current at the date of publishing of this Interim Report and Unaudited 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.

7. MANAGER'S STATEMENT

In the opinion of the Manager, this Interim Report and Unaudited Financial Statements contain all the information necessary to enable the investors to make an informed judgement of the results and activities of the Company for the period ended 30 June 2017, and does not omit any matter or development of significance.