

APS Funds SICAV p.l.c.

**Interim Report
and
Unaudited Financial Statements**
for the period ended
30 June 2020

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Management and Administration

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REGISTERED OFFICE AND BUSINESS ADDRESS

APS Centre,
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Birkirkara, BKR 4012,
Malta

COMPANY REGISTRATION NUMBER

SV 78

INVESTMENT MANAGER

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

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

SUB-INVESTMENT MANAGER

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

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

ADMINISTRATOR AND COMPANY SECRETARY

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Central Business District,
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Malta

*Recognised to provide fund administration services
by the Malta Financial Services Authority.*

Management and Administration (continued)

CUSTODIAN

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Palazzo Spinola, 45,
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Valletta, VLT 1464,
Malta

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

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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 24 January 2008. The Company consists of three funds: the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund. The Company is licensed by the Malta Financial Services Authority as a UCITS Collective Investment Scheme under the Investment Services Act 1994 [Cap. 370 of the Laws of Malta]. The APS Income Fund is listed on the Malta Stock Exchange. The Company has no employees.

Investment Manager's Report

The International Economy and Financial Market

Concerns regarding the global outlook at the end of 2019 became manifest as the emerging COVID-19 situation escalated exponentially in the first months of 2020. It became evident that the assumption that COVID-19 would be a regional issue in Asia was a spurious one. The reality was that the world, and consequently financial markets, were on the cusp of a black swan event. The decline in financial markets, globalisation and individual freedom occurred on an unprecedented scale in times of peace. In January 2020, risky assets underperformed traditional safe haven assets, mostly as a result of geopolitical tensions, namely between the United States (U.S.) and China over trade, and the risk of slower global growth driven by the Chinese economy as the country grappled with the virus. By the end of February, markets started reflecting the severity of COVID-19 on global health and economies as governments around the world took dramatic action to contain the virus, after witnessing the havoc the virus wrought in Italy. In March, the World Health Organisation officially labelled COVID-19 a pandemic. As shown in Figure 1, financial markets entered a period of sustained volatility, with the Chicago Board Options Exchange Volatility Index (commonly referred to as VIX) surpassing the record level that was registered during the peak of the 2008 financial crisis. Amidst this backdrop, risky assets were negatively impacted. The exponentially escalating situation in financial markets climaxed on 23 March, with the U.S. Federal Reserve (Fed) announcing a response package including unlimited asset purchases aimed at bringing stability to financial markets and the U.S. economy. This would prove to be an inflection point for world economies, with the slide in major equity indexes halted and a shift in market sentiment that created a risk-on environment which would persist throughout the second quarter. At the same time, lockdown measures in various countries started to work as infection rates reduced in most of the developed economies which fuelled a gradual easing of restrictive measures, opening up of borders, and a return to work for many.

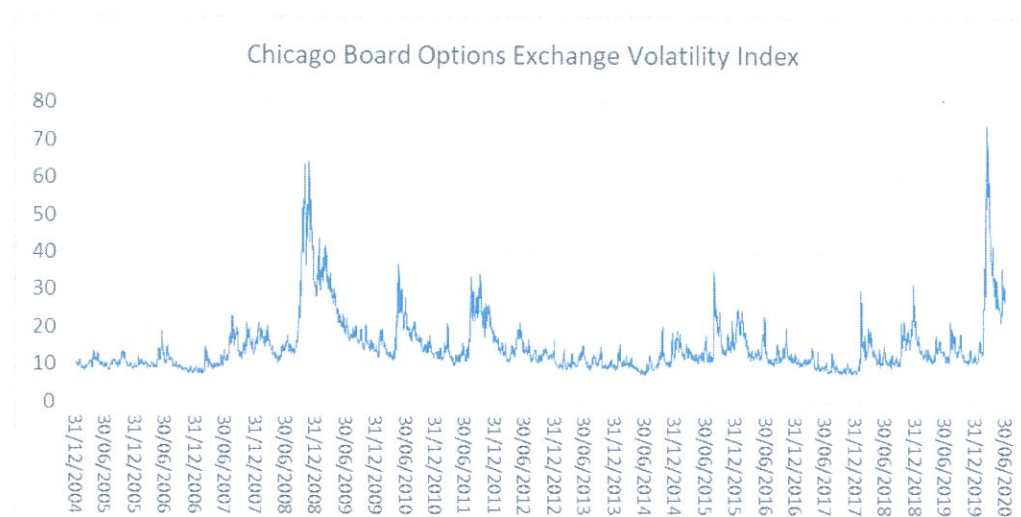


Figure 1

Source: Bloomberg

In terms of economic growth, the impact of the virus and of the global lockdown started to reflect in economic data for the first quarter, but generally deteriorated in the second quarter. Economic growth in the euro-bloc shrank by 3.1% during the first three months of the year (compared to the same period in the previous year), before shrinking by 15% in the subsequent quarter. In the U.S., year-on-year economic growth slowed to 0.3% in the first three months of the year, while data for the second quarter shows the economy shrank by 9.5%. In its June 2020 update to the World Economic Outlook, the International Monetary Fund (IMF) projected that advanced economies would collectively shrink by 8% during 2020, before expanding by 4.8% in the following year. The impact on emerging markets and developing economies is projected by the IMF to be more benign with a contraction of 3% in 2020, followed by an expansion of 5.9% in 2021.

Investment Manager's Report (Continued)

On the political front, European politics have been dominated by intense negotiations over the COVID-19 response and the Brexit process coming to a conclusion. Attempts by the European Union (EU) to contain the fallout from the virus, from both a health and economic perspective, culminated in a COVID-19 recovery package. Grants that will be awarded to the Members of the Union will be financed via the issuance of common debt, which will in turn give rise to new sources of common revenue. This deal is largely considered to be a symbolic demonstration of solidarity among Member States in response to the economic fallout from the pandemic. Economically, this is posed to have long-term beneficial impact as the tail risk of an EU breakup is diminished. Meanwhile, uncertainty remains in the Brexit process due to the distinct possibility of three outcomes as the deadline looms, namely a complete rupture from Europe, reaching a trade deal, or an extension of the transition period, taking the process into 2021. Due to the political ramifications of first and the last option, it is likely some form of deal will be reached, the depth and composition of such a deal, however, remain unclear at this point.

The U.S. Presidential election is due to be held in November of this year. Democrat candidate Joe Biden has been enjoying a stable lead in the polls over Donald Trump. Should Trump fail to be re-elected, there could be significant ramifications, in the form of higher tax rates for U.S. companies. In the meantime, a number of issues have caused rising tensions between the U.S. and China, with some observers stating that the world is witnessing the onset of a new cold war.

In terms of monetary policy, the European Central Bank (ECB) kept its key ECB interest rates unchanged, stating that they will remain at current or lower levels until inflation approached 2%. The ECB's response to the pandemic has included the launch of the Pandemic Emergency Purchase Programme, an asset purchase programme that was first launched in March, before being expanded to €1.35 trillion in June.

In the U.S., the Fed lowered interest rates twice in March, leaving rates at 0.25%. The central bank has maintained that it is committed to doing whatever was necessary to ensure financial stability. This included an unprecedented move into buying corporate bonds, including high yield bonds, through the purchasing of bond exchange traded funds.

Whilst the 'whatever it takes' approach by central banks around the world arguably creates moral hazard in financial markets, exacerbates wealth inequalities, and could lead to asset price bubbles in the medium term, it has served to bolster markets and investors' confidence in the short term. Figure 2 shows the extent to which the ECB and the Fed have expanded their respective balance sheets in response to the economic damage inflicted by COVID-19.

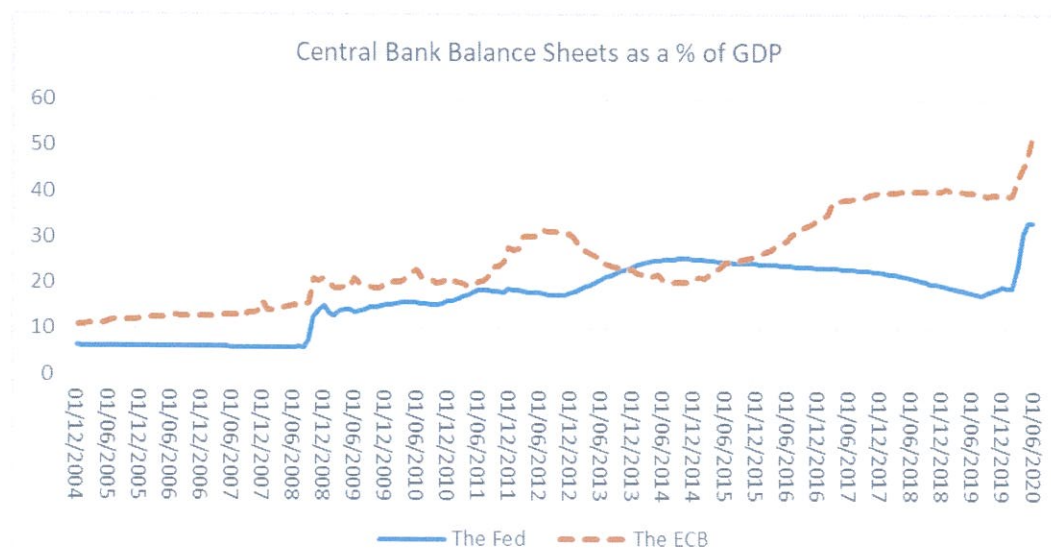


Figure 2

Source: Bloomberg

Investment Manager's Report (Continued)

The benchmark 10-year government bond yield in the U.S. declined from 1.92% at the end of 2019 to 0.66% by mid-2020. Meanwhile, yields on 10-year benchmark government debt issued by Germany and the United Kingdom (U.K.), declined by 0.27% and 0.65% respectively. The yield on Japanese 10-year debt increased marginally by 0.04%

Table 1 displayed below shows the changes in the benchmark 10-year yields on selected development market sovereign debt.

Country	Generic 10-Year Yields as at the end of		Change
	Dec-2019	Jun-2020	
Germany	-0.19%	-0.45%	-0.27%
Japan	-0.01%	0.03%	0.04%
UK	0.82%	0.17%	-0.65%
US	1.92%	0.66%	-1.26%

Table 1

Global equities suffered as COVID-19 spread globally and economies began to shut down, with the lowest point for equities arriving in late March. This was followed by a subsequent rally, triggered principally by the Fed's response. By the end of the first six months of the period under review, the Dow Jones Industrial Average and S&P 500 shed 9.55% and 4.04% respectively. Conversely, the NASDAQ Composite, which tracks information technology stocks, fared comparatively well during the same period, as it advanced by 12.11% (all three indices measured in U.S. dollar). In Europe, the EURO STOXX 50 lost -13.65% (measured in euro), while the U.K.'s FTSE 100 lost -18.20% (measured in pound sterling). These adverse market movements were less pronounced in the sustainable investment segment, with the MSCI World SRI Net Return Index losing -1.74% (measured in euro) compared to the MSCI World Index, which fell -5.82% (measured in euro).

Index	31-Dec-2019	30-Jun-2020	Price Change
Dow Jones Industrial Average	28,538.44	25,812.88	-9.55%
S&P 500 Index	3,230.78	3,100.29	-4.04%
NASDAQ Composite	8,972.60	10,058.77	12.11%
EURO STOXX 50 Index	3,745.15	3,234.07	-13.65%
FTSE 100 Index	7,542.44	6,169.74	-18.20%
MSCI World SRI Net Return Index	2,990.43	2,938.48	-1.74%
MSCI World Net Total Return Index	315.18	296.83	-5.82%

Table 2

In the forex market, the value of the U.S. dollar against the euro experienced a period of heightened volatility. By the end of the first half of 2020, the euro had appreciated by 0.19% against the U.S. dollar. Meanwhile, the euro strengthened significantly against the pound sterling, as uncertainty over Brexit negotiations took a toll on the British currency.

Currency	31-Dec-2019	30-Jun-2020	Change in Value Against the Euro
EUR per 1 AUD	0.6258	0.6145	-1.81%
EUR per 1 GBP	1.1825	1.104	-6.64%
EUR per 100 JPY	0.8208	0.8248	0.49%
EUR per 1 USD	0.8919	0.8902	-0.19%

Table 3

Investment Manager's Report (Continued)

The Maltese Economy and Financial Market

For the first time since World War II, the economic and social life in the Maltese Islands have been severely impacted by an international crisis. Policy makers were relatively quick to implement measures to safeguard against the spread of the virus, while at the same time providing support measures to various economic players. Arguably, these coordinated actions supported the livelihood of many, whilst enabling a move closer to normality by the end of the period under review. The trajectory of the Maltese economy in the months ahead will in no doubt depend a number of factors including (i) the emergence of a second wave of infections; (ii) the severity and duration of a second wave; (iii) the authorities' reaction function to the increased infection rate; and (iv) the speed of recovery of demand for tourism.

To this end, the Central Bank of Malta has published a two-scenario analysis, with the first scenario having a set of assumptions that reflect the successful containment of COVID-19 (baseline scenario), and a second scenario that assumes a second wave of infections that necessitates a return to the measures introduced in March (severe scenario). Under both scenarios, the Maltese economy is expected to register a severe contraction in 2020, with a sharp return to growth in the subsequent two-year period. Under the baseline scenario, economic activity in 2021 and 2022 is estimated to be circa 6% lower than what was being projected prior to the onset of the pandemic. Unsurprisingly, this suggests that the economy is likely to grow on a lower trajectory in the years ahead.

Meanwhile, data from the National Statistics Office shows that the unemployment rate at the end of June stood at 4.2%, up from 3.3% six months earlier. While arguably this was a sharp increase, in relative terms, it was low when compared to the increase in unemployment rates elsewhere in the Eurozone. In June, the annual rate of inflation as measured by the Harmonised Index of Consumer Prices stood at 1.8%, compared to 1.2% at the end of last year. The sovereign's fiscal position has also been impacted by the COVID-19 pandemic. During the first half of the year, the stock of sovereign debt increased by around €1.05 billion. At the same time, government expenditure exceeded revenue by €895.7 million, a deficit that is more than 5.7 times the one registered during the same period in 2019.

Yields on Malta Government Bonds with outstanding tenors between two and twenty years were higher at the end of June 2020 when compared to six months earlier as shown in Table 4.

Yields on Maltese Sovereign Debt as at the end of				
Tenor	Dec-2019	Jun-2020	Change	
2 Years	-0.19%	0.08%	0.27%	
3 Years	-0.13%	0.13%	0.26%	
4 Years	-0.07%	0.20%	0.27%	
5 Years	0.00%	0.28%	0.28%	
7 Years	0.16%	0.44%	0.28%	
10 Years	0.45%	0.73%	0.28%	
15 Years	0.75%	1.15%	0.40%	
20 Years	0.93%	1.43%	0.50%	

Table 4

Investment Manager's Report (Continued)

Table 5 shows the spread between the yields on 10-year Maltese sovereign debt and that of a select group of Eurozone countries. The yield difference between Maltese sovereign debt and French, German, Irish, Italian, and Spanish sovereign bonds widened, meaning that Maltese ten-year debt had become relatively cheaper over the course of the period under review.

Additional Yield from Owning 10-Year Malta Sovereign Debt as at end			
Country	Dec-2019	Jun-2020	Change
France	0.33%	0.84%	0.51%
Germany	0.64%	1.18%	0.55%
Ireland	0.33%	0.73%	0.39%
Italy	-0.96%	-0.53%	0.43%
Spain	-0.02%	0.26%	0.28%

Table 5

Corporate bond activity in regulated main market of the Malta Stock Exchange amounted to more than €55 million worth of trades being executed during the first half of the year. During the same period, no new bond issues were listed. The Malta Stock Exchange Corporate Bonds Total Return Index, which captures both price and interest return, gained a mere 0.43% during the first six months of 2020. Table 6 shows the change in yields of the ten most traded corporate bonds on the Regulated Main Market of the Malta Stock Exchange during the period under review.

In the equity market, the Malta Stock Exchange Equity Total Return Index fell sharply by 13.19% in the first six months of 2020. Meanwhile, the Malta Stock Exchange Equity Price Index registered a decline of 14.40%, outstripping the decline in the Total Return Index. Table 7 provides granular data on the performance of individual stocks that are traded on the Malta Stock Exchange.

Yields on Selected Corporate Bonds Listed on the Malta Stock Exchange as at end			
Security	Dec-2019	Jun-2020	Change
3.80% Hili Finance Company Plc 27.08.2029	3.80%	4.00%	0.20%
4.00% Stivala Group Finance Plc 18.10.2027	3.70%	3.60%	-0.10%
3.85% Hili Finance Company Plc 24.07.2028	3.85%	3.85%	0.00%
3.75% Premier Capital Plc 23.11.2026	3.02%	3.57%	0.55%
3.50% Bank Of Valletta Plc 08.08.2030 S1 T1	3.51%	3.38%	-0.13%
5.10% 1923 Investments Plc 04.12.2024	4.75%	5.10%	0.35%
4.35% SD Finance Plc 25.04.2027	4.19%	4.09%	-0.09%
3.65% Gap Group Plc 05.04.2022	2.73%	3.06%	0.34%
4.00% Int. Hotel Investments Plc 29.07.2026	3.48%	3.96%	0.48%
6.00% Int. Hotel Investments Plc 15.05.2024	4.40%	5.38%	0.98%

Table 6

Investment Manager's Report (Continued)

Index / Security	31-Dec-2019	30-Jun-2020	Price Change
MSE Equity Total Return Index	9,615.700	8,347.534	-13.19%
MSE Equity Price Index	4,714.165	4,052.669	-14.03%
Bank of Valletta plc	1.06	1.00	-5.66%
BMIT Technologies plc	0.50	0.49	-1.41%
FIMBank plc	0.60	0.42	-30.00%
GlobalCapital	0.28	0.33	17.86%
GO plc	4.10	3.50	-14.70%
Grand Harbour Marina plc	0.55	0.72	30.91%
HSBC Bank Malta plc	1.27	0.95	-25.43%
International Hotel Investments plc	0.83	0.59	-28.92%
Lombard Bank Malta plc	2.28	2.10	-7.89%
Main Street Complex plc	0.60	0.57	-5.00%
Malita Investments plc	0.88	0.91	4.00%
Malta International Airport plc	6.76	5.80	-14.23%
Malta Properties Company plc	0.62	0.60	-3.88%
MaltaPost plc	1.27	1.18	-7.16%
Mapfre Middlesea plc	2.16	2.20	1.85%
Medserv plc	1.10	0.69	-37.27%
MIDI plc	0.54	0.39	-28.52%
PG plc	1.80	1.91	5.99%
Plaza Centres plc	1.00	1.02	2.00%
RS2 Software plc	2.14	2.40	12.15%
Santumas Shareholdings plc	1.41	1.49	5.67%
Simonds Farsons Cisk plc	11.50	8.20	-28.70%
Tigné Mall plc	0.90	0.85	-5.56%
Trident Estates plc	1.55	1.54	-0.65%

Table 7

Portfolio Activity Review

APS Income Fund

Investment Objective

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

Fund Performance

Class A – EUR Accumulator Share Class

During the period from 31 December 2019 to 30 June 2020, the share price of the APS Income Fund Accumulator Shares decreased by 3.43% from 193.7937 to 187.1402.

Class B – EUR Distributor Share Class

During the period from 31 December 2019 to 30 June 2020, the share price of the APS Income Fund Distributor Shares decreased by 4.45% from 133.1133 to 127.1895. The Share Class distributed a dividend of 1.39658 per share during the six-month period ending 30 June 2020.

Investment Manager's Report (Continued)

Overview of the Fund

The Net Asset Value of the Fund decreased from €90.2 million to €87.1 million during the six-month period under review.

The first six months were a challenging time for Maltese markets as much as international markets. The fund was not exposed to international equities, but it maintained a significant position in local equities. As the country went into a partial lockdown in March, asset valuations adjusted downwards. This in turn translated into a negative performance for the Fund. During the period under review, the Fund's duration was managed to reflect the Manager's view on the direction of interest rates and to protect the portfolio as the outlook for financial markets worsened. At the same time, the market turmoil generated opportunities for the Fund to add risk to specific assets that were considered to be mis-priced. The Fund took advantage of such opportunities by being active both in domestic and in international markets.

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

- Local corporate bonds – 33.09%
- Local equities – 22.46%
- Local government bonds – 25.07%
- International government bonds – 4.98%
- International corporate bonds – 5.40%
- Term deposits – 5.62%
- Cash – 3.38%

APS Regular Income Ethical Fund

Investment Objective

The investment objective of the Fund is 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 collective investment schemes, deposits, and cash.

Fund Performance

Class A – EUR Accumulator Share Class

During the period from 31 December 2019 to 30 June 2020, the share price of the APS Regular Income Ethical Fund Class A Shares decreased by 1.88% from 1.4731 to 1.4454.

Class B – EUR Distributor Share Class

During the period from 31 December 2019 to 30 June 2020, the share price of the APS Regular Income Ethical Fund Class B Shares decreased by 2.70% from 1.1834 to 1.1514. The Share Class distributed a dividend of 0.0092 per share during the six-month period ending 30 June 2020.

Class C – EUR Accumulator Share Class

During the period from 31 December 2019 to 30 June 2020, the share price of the APS Regular Income Ethical Fund Class C Shares decreased by 1.91% from 1.468 to 1.4399.

Class D – EUR Distributor Share Class

During the period from 31 December 2019 to 30 June 2020, the share price of the APS Regular Income Ethical Fund Class D Shares decreased by 2.73% from 1.1811 to 1.1488. The Share Class distributed a dividend of 0.00908 per share during the six-month period ending 30 June 2020.

Investment Manager's Report (Continued)

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 Net Asset Value of the Fund decreased from €34.2 million to €34.1 million during the six-month period under review.

The first calendar quarter of 2020 was dominated by a flight to safe haven assets and a price correction in risky assets as virus infections accelerated and numerous lockdowns were put into place. During this time, the Fund's strategy was focused on protecting capital by increasing the duration exposure. The second quarter was dominated by a significant bounce back in risky assets as huge monetary and fiscal stimulus started to have an impact on markets. As people returned to work and air travel resumed, economic data bounced back, fuelling the risk-on sentiment. During this period, the Fund reduced its duration risk, and opportunistically added exposure to more cyclical equity holdings, corporate bonds across the credit quality spectrum and indirect commodity exposure to oil.

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

- Corporate bonds – 28.80%
- Government and supranational bonds – 28.45%
- Equities – 34.01%
- Collective investment schemes – 0.03%
- Cash – 8.71%

APS Diversified Bond Fund

Investment Objective

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

Fund Performance

Class A – EUR Accumulator Share Class

During the period from 31 December 2019 to 30 June 2020, the share price of the APS Diversified Bond Fund Class A Shares decreased by 1.38% from 1.0982 to 1.083.

Class B – EUR Distributor Share Class

During the period from 31 December 2019 to 30 June 2020, the share price of the APS Diversified Bond Fund Class B Shares decreased by 2.65% from 1.0159 to 0.989. The fund distributed a dividend of 0.0123 per share during the six-month period ending 30 June 2020.

Class C – EUR Accumulator Share Class

During the period from 31 December 2019 to 30 June 2020, the share price of the APS Diversified Bond Fund Class C Shares decreased by 1.38% from 1.0733 to 1.0585.

Investment Manager's Report (Continued)

Class D – EUR Distributor Share Class

During the period from 31 December 2019 to 30 June 2020, the share price of the APS Diversified Bond Fund Class D Shares decreased by 2.65% from 1.0158 to 0.9889. The fund distributed a dividend of 0.0123 per share during the six-month period ending 30 June 2020.

Class G – GBP Distributor Share

The initial offering period for the APS Diversified Bond Fund Class G Shares opened on 15 June 2020 and had not yet closed by the end of the reporting period. For this reason, the first valuation for this Share Class occurred after 30 June 2020.

Overview of the Fund

The Net Asset Value of the Fund increased from €46.4 million to €46.5 million during the six-month period under review.

The first calendar quarter of 2020 was dominated by a flight to safe haven assets and a price correction in risky assets as virus infections accelerated and numerous lockdowns were put into place. During this time, the Fund's strategy was focused on protecting capital by increasing the duration exposure, reducing exposure to emerging market currencies, and reducing idiosyncratic risk. The second quarter was dominated by a significant bounce back in risky assets as huge monetary and fiscal stimulus started to have an impact on markets. As people returned to work and air travel resumed, economic data bounced back, fuelling the risk-on sentiment. During this period, the Fund reduced its duration risk, and opportunistically added exposure to debt securities that were expected to benefit from the policy stimulus or that had underperformed during the previous months.

At the period under review, the Fund's asset allocation was made up as follows –

- Government and supranational bonds – 26.37%
- Corporate bonds – 43.36%
- Collective investment schemes – 16.25%
- Cash – 14.02%

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

Sources – Bloomberg; Central Bank of Malta; International Monetary Fund; National Statistics Office Malta; and Malta Stock Exchange.

UNAUDITED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	€	€	€	€	€	€	€	€
ASSETS								
Financial assets at fair value through profit or loss	149,119,138	150,506,371	78,554,702	79,225,556	30,943,797	30,266,898	39,620,639	41,013,917
Term Deposits at fair value through profit or loss	1,050,000	1,050,000	1,050,000	1,050,000	-	-	-	-
Term Deposits at amortised cost	3,800,000	8,613,606	3,800,000	6,690,885	-	922,721	-	1,000,000
Accrued income	1,483,088	1,491,397	910,091	666,366	207,978	306,233	365,019	518,798
Other debtors	-	1,068,200	-	1,068,200	-	-	-	-
Cash and cash equivalents	12,626,777	8,585,620	2,960,961	1,702,904	3,071,655	2,879,333	6,592,961	4,002,183
Total assets	168,079,003	171,315,194	87,275,754	90,403,911	34,223,430	34,375,185	46,578,619	46,534,898
LIABILITIES								
Accrued expenses	422,296	380,840	219,773	203,002	111,018	99,964	91,505	77,874
Other creditors	24,328	52,264	-	-	17,123	44,229	7,205	8,035
	446,624	433,104	219,773	203,002	128,141	144,193	98,710	85,909
	167,632,379	170,882,090	87,055,981	90,200,909	34,095,289	34,230,992	46,479,909	46,448,989
Represented by:								
Net assets attributable to holders of redeemable shares	167,632,379	170,882,090	87,055,981	90,200,909	34,095,289	34,230,992	46,479,909	46,448,989

These interim unaudited financial statements were authorised for issue by the Board of Directors on the 25th August 2020 and were signed on its behalf by:


Mr. Tony Mejlaq
Chairman


Mr. Etienne Borg Cardona
Director

	APS Funds SICAV p.l.c. Combined	APS Income Fund	APS Regular Income Ethical Fund	APS Diversified Bond Fund
Salient Statistics				
Shares in issue as at 30 June 2020 (note 7)				
Founder Shares	1,200,000	-	-	-
Accumulator	110,274.771	110,274.771	-	-
Distributor	522,205.891	522,205.891	-	-
Accumulator – Class A	4,088,698.700	-	3,571,526.369	517,172.331
Distributor – Class B	48,701,304.143	-	8,387,387.271	40,313,916.872
Accumulator – Class C	6,667,983.398	-	4,597,419.421	2,070,563.977
Distributor – Class D	14,914,630.106	-	11,016,074.915	3,898,555.191
		€	€	€
Net asset value as at 30 June 2020		87,055,981	34,095,289	46,479,909
Net asset value as at 31 December 2019		90,200,909	34,230,992	46,448,989
Net asset value as at 31 December 2018		79,297,036	30,493,185	40,131,984
Net asset value per Accumulator share as at 30 June 2020		187.1402	-	-
Net asset value per Distributor share as at 30 June 2020		127.1895	-	-
Net asset value per Accumulator Class A share as at 30 June 2020		-	1.4454	1.0830
Net asset value per Distributor Class B share as at 30 June 2020		-	1.1514	0.9890
Net asset value per Accumulator Class C share as at 30 June 2020		-	1.4399	1.0585
Net asset value per Distributor Class D share as at 30 June 2020		-	1.1488	0.9889
Net asset value per Accumulator share as at 31 December 2019		193.7937	-	-
Net asset value per Distributor share as at 31 December 2019		133.1133	-	-
Net asset value per Accumulator Class A share as at 31 December 2019		-	1.4731	1.0982
Net asset value per Distributor Class B share as at 31 December 2019		-	1.1834	1.0159
Net asset value per Accumulator Class C share as at 31 December 2019		-	1.4680	1.0733
Net asset value per Distributor Class D share as at 31 December 2019		-	1.1811	1.0158

	APS Funds SICAV p.l.c. Combined	APS Income Fund	APS Regular Income Ethical Fund	APS Diversified Bond Fund
Net asset value per Accumulator share as at 31 December 2018		179.0535	-	-
Net asset value per Distributor share as at 31 December 2018		126.1875	-	-
Net asset value per Accumulator Class A share as at 31 December 2018 (note 8)		-	1.3243	1.0027
Net asset value per Distributor Class B share as at 31 December 2018 (note 8)		-	1.0872	0.9535
Net asset value per Accumulator Class C share as at 31 December 2018 (note 8)		-	1.3207	0.9800
Net asset value per Distributor Class D share as at 31 December 2018 (note 8)		-	1.0856	0.9534

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS*For the six month period ended 30 June 2020*

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	€	€	€	€
Net assets at beginning of period	170,882,090	149,923,405	90,200,909	79,297,036
Issue of shares	6,494,539	7,431,951	3,582,474	5,083,278
Redemption of shares	(3,689,021)	(5,475,398)	(2,786,019)	(3,229,316)
Net equalisation	9,775	2,995	(2,066)	5,335
Net (decrease)/increase in net assets during the period	(6,065,004)	8,033,916	(3,939,317)	3,758,280
Net assets at end of period	167,632,379	159,916,869	87,055,981	84,914,613

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS*For the six month period ended 30 June 2020*

	APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	€	€	€	€
Net assets at beginning of period	34,230,992	30,493,185	46,448,989	40,131,984
Issue of shares	1,463,945	1,312,394	1,448,120	1,036,279
Redemption of shares	(721,100)	(2,124,117)	(181,902)	(121,965)
Net equalisation	3,094	(6,593)	8,747	4,253
Net (decrease)/increase in net assets during the period	(881,642)	2,157,870	(1,244,045)	2,117,766
Net assets at end of period	34,095,289	31,832,739	46,479,909	43,168,317

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME*for the six month period ended 30 June 2020*

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	€	€	€	€
Income				
Interest income	56,333	128,473	41,573	103,682
Dividend income	449,630	701,993	180,555	495,389
Net (loss)/gain on financial assets at fair value through profit or loss	(4,064,275)	9,764,307	(2,833,238)	4,533,174
	(3,558,312)	10,594,773	(2,611,110)	5,132,245
Expenses	(890,144)	(788,175)	(450,524)	(410,153)
Net (Loss)/Income	(4,448,456)	9,806,598	(3,061,634)	4,722,092
Finance costs-distributions to shareholders (note 6)	(1,438,127)	(1,512,816)	(720,533)	(726,213)
Tax expense on income	(178,421)	(259,866)	(157,150)	(237,599)
Net (decrease)/increase in net assets during the period	(6,065,004)	8,033,916	(3,939,317)	3,758,280

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME*for the six month period ended 30 June 2020*

	APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	€	€	€	€
Income				
Interest income	8,384	4,881	6,376	19,910
Dividend income	155,701	135,645	113,374	70,959
Net (loss)/gain on financial assets at fair value through profit or loss	(615,370)	2,471,750	(615,667)	2,759,383
	(451,285)	2,612,276	(495,917)	2,850,252
Expenses	(237,074)	(213,193)	(202,546)	(164,829)
Net (Loss)/ Income	(688,359)	2,399,083	(698,463)	2,685,423
Finance costs-distributions to shareholders (note 6)	(175,291)	(218,946)	(542,303)	(567,657)
Tax expense on income	(17,992)	(22,267)	(3,279)	-
Net (decrease)/increase in net assets during the period	(881,642)	2,157,870	(1,244,045)	2,117,766

UNAUDITED STATEMENT OF CASHFLOWS*for the six month period ended 30 June 2020*

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	€	€	€	€
Net cash generated from/(used in) operating activities	2,691,927	(2,961,629)	1,184,201	(2,534,686)
Net cash generated from financing activities	1,349,230	536,767	73,856	1,141,571
Movements in cash and cash equivalents	4,041,157	(2,424,862)	1,258,057	(1,393,115)
Cash and cash equivalents at beginning of period	8,585,620	5,032,294	1,702,904	2,406,456
Cash and cash equivalents at end of period	12,626,777	2,607,432	2,960,961	1,013,341

UNAUDITED STATEMENT OF CASHFLOWS*for the six month period ended 30 June 2020*

	APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	€	€	€	€
Net cash (used in)/generated operating activities	(351,220)	(106,599)	1,858,946	(320,344)
Net cash generated from/(used in) financing activities	543,542	(963,249)	731,832	358,445
Movements in cash and cash equivalents	192,322	(1,069,848)	2,590,778	38,101
Cash and cash equivalents at beginning of period	2,879,333	1,728,000	4,002,183	896,638
Cash and cash equivalents at end of period	3,071,655	658,152	6,592,961	934,739

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 with registration number SV78. The registered address of the Company is APS Centre, Tower Street, Birkirkara, BKR4012, Malta. The Company consists of three Funds, the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund ("the Sub-Funds"), 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 APS Income Fund was launched on 22 April 2008, the APS Regular Income Ethical Fund was launched on 24 May 2012 and the APS Diversified Bond Fund was launched on 23 October 2017. On 15 June 2020, the APS Diversified Bond Fund opened the initial offering period for the Class G GBP Distributor Shares. The offering period had not yet closed by 30 June 2020. Only the shares of the APS Income Fund are listed on the Official List of the Malta Stock Exchange.

2. BASIS OF PREPARATION

These 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 2019 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, except for financial assets at fair value through profit or loss, comprising financial investments and certain term deposits, which are stated at their fair values.

In line with International Financial Reporting Standards, the Company 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 investments 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 Manager's recommendations. All other assets and liabilities are expected to be realised within one year.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Interest income**

Interest income for all interest bearing financial instruments not classified as at fair value through profit or loss is recognised in the statement of comprehensive income using the effective interest method. Interest income is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably.

Dividend income

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Net gain or loss on financial assets at fair value through profit or loss**

This item includes changes in the fair value of financial assets measured as at fair value through profit or loss, comprising financial investments and certain term deposits, and interest income thereon.

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

Realised gains and losses on disposal of financial instruments classified as at fair value through profit or loss are calculated using the AVCO method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Expenses

Expenses are recognised on an accrual basis.

Foreign exchange translation

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

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

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

Distribution policy

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

Equalisation

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

Part of the first distribution to holders of shares in respect of which equalisation payments are made, will be paid out of the equalisation account.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial Instruments***(a) Financial Assets*

The Company classifies its financial assets as subsequently measured at amortised cost or measured at FVTPL on the basis of both:

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

Financial assets at amortised cost

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

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

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

Financial assets at FVTPL

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

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

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

*(b) Financial liabilities*Financial liabilities measured at amortised cost

Financial liabilities that are not classified at FVTPL are classified at amortised cost. Financial liabilities measured at amortised cost include other payables (representing amounts payable for transactions contracted for but not yet delivered by the end of the period) and overdrawn bank balances.

Financial liabilities measured at FVTPL

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Recognition, derecognition and measurement*

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

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

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

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

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

The fair value of financial instruments listed or dealt on a regulated market, is based on the latest available dealing price, appearing to the Directors. The fair values of unquoted investments are established by using valuation techniques. These include reference to recent financial statements and similar financial instruments as well as option pricing models.

Impairment

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

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

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

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

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions. To the extent applicable, the Company has applied the low credit risk assumption for the following classes of financial assets – cash at bank and term deposits.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. In this regard, the Company has an internal credit scoring system in place that analyses the credit quality of the counterparties accordingly. Such credit scoring system takes into consideration both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, and also considers the counterparties' macroeconomic context.

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

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

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

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

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

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

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

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

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Share capital**

The share capital of the Sub-Funds is redeemable at the shareholders' option and is classified as a financial liability. The shares can be put back to the Sub-Funds at any dealing day for cash equal to a proportionate share of the Sub-Funds' net asset value. The share capital is carried at the redemption amount that is payable at the balance sheet date if the shareholder exercised its right to put the share back to the Fund. Such net asset value per share would be payable in the case where the balance sheet date is a dealing day.

Cash and cash equivalents

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

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

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 euro 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).

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

4. INTERNATIONAL FINANCIAL REPORTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

5. NET ASSET VALUE PER SHARE

The net asset value per share of the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund is determined by dividing net assets attributable to a class by the number of shares in issue for the same class irrespective of the class being either an accumulator 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 2020:

	Ex-dividend date	Rate per Share	Distribution paid
APS Income Fund Distributor Shares	30 December 2019	€1.3966	€720,533
APS Regular Income Ethical Fund Distributor Shares Class EUR B	24 March 2020	€0.0092	€76,373
APS Regular Income Ethical Fund Distributor Shares Class EUR D	24 March 2020	€0.0091	€98,918
APS Diversified Bond Fund Distributor Shares Class EUR B	24 March 2020	€0.0123	€495,862
APS Diversified Bond Fund Distributor Shares Class EUR D	24 March 2020	€0.0123	€46,441

Distributions reflected in the relative Statement of Comprehensive Income for the period ended 30 June 2019:

	Ex-dividend date	Rate per Share	Distribution paid
APS Income Fund Distributor Shares	28 December 2018	€1.4733	€726,213
APS Regular Income Ethical Fund Distributor Shares Class EUR B	26 March 2019	€0.0119	€98,387
APS Regular Income Ethical Fund Distributor Shares Class EUR D	26 March 2019	€0.0118	€120,420
APS Diversified Bond Fund Distributor Shares Class EUR B	26 March 2019	€0.0138	€550,000
APS Diversified Bond Fund Distributor Shares Class EUR D	26 March 2019	€0.0138	€17,657

During the period ended 30 June 2020 a final dividend of €1.21894 per share which amounted to a distribution of €636,538 was declared by the Directors on 26 June 2020 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 31 December 2020.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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:

	30.06.2020	% of net assets	30.06.2019	% of net assets
	€		€	
APS Funds SICAV p.l.c.	12,626,777	7.53	2,607,432	1.63
APS Income Fund	2,960,961	3.40	1,013,341	1.19
APS Regular Income Ethical Fund	3,071,655	9.01	658,152	2.07
APS Diversified Bond Fund	6,592,961	14.18	934,739	2.17

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

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

PORTFOLIO STATEMENT**APS INCOME FUND**

	<i>Market Value</i> 30.06.2020 €	<i>% of net assets</i>
<i>Quoted Local Equities</i>		
Bank Of Valletta p.l.c.	574,078	0.66
BMIT Technologies p.l.c.	210,945	0.24
GO p.l.c.	1,662,031	1.91
HSBC Bank Malta p.l.c.	806,202	0.93
Malita Investments p.l.c.	1,065,348	1.22
Malta International Airport p.l.c.	4,769,700	5.48
Mapfre Middlesea p.l.c.	303,398	0.35
Medserv p.l.c.	690,000	0.79
PG p.l.c.	1,650,285	1.90
Plaza Centres p.l.c.	686,171	0.79
RS2 Software p.l.c.	3,126,605	3.59
Simonds Farsons Cisk p.l.c.	2,076,494	2.39
Tigné Mall p.l.c.	1,509,939	1.73
Trident Estates p.l.c.	424,446	0.49
<i>Quoted Local Corporate Bonds</i>		
5.50% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2020	603,800	0.69
5.80% International Hotel Investments p.l.c. Unsecured Bonds 2021	179,377	0.21
6.00% Mediterranean Investments Holdings p.l.c. Unsecured Bonds 2021	347,902	0.40
5.00% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2022	283,833	0.33
6.00% Pendergardens Developments p.l.c. Series II Secured Bonds 2022	989,940	1.14
5.80% International Hotel Investments p.l.c. Unsecured Bonds 2023	341,600	0.39
6.00% Medserv p.l.c. Secured and Guaranteed Notes 2020-2023 Series 1 Tranche 1	318,975	0.37
6.00% AX Investments p.l.c. Unsecured Bonds 2024	928,627	1.07
5.00% Hal Mann Vella Group p.l.c. Secured Bonds 2024	926,806	1.06
6.00% International Hotel Investments p.l.c. Unsecured Bonds 2024	1,136,373	1.31
5.30% Mariner Finance p.l.c. Unsecured Bonds 2024	265,860	0.31
5.00% Tumas Investments p.l.c. Unsecured Bonds 2024	220,000	0.25
4.50% Hili Properties p.l.c. Unsecured Bonds 2025	250,818	0.29
5.75% International Hotel Investments p.l.c. Unsecured Bonds 2025	197,593	0.23
4.50% Izola Bank p.l.c. Unsecured Bonds 2025	1,183,316	1.36
4.25% Corinthia Finance p.l.c. Unsecured Bonds 2026	84,923	0.10
4.00% International Hotel Investments p.l.c. Secured Bonds 2026	408,716	0.47

APS Income Fund (continued)

	<i>Market Value 30.06.2020 €</i>	<i>% of net assets</i>
<i>Quoted Local Corporate Bonds (continued)</i>		
3.90% Plaza Centres p.l.c. Unsecured Bonds 2026	204,000	0.23
3.75% Premier Capital p.l.c. Unsecured Bonds 2026	1,990,912	2.29
4.00% Eden Finance p.l.c. Unsecured Bonds 2027	1,921,294	2.21
5.00% MeDirect Bank (Malta) p.l.c. Subordinated Unsecured Bonds 2022-2027	932,150	1.07
3.50% Simonds Farsons Cisk p.l.c. Unsecured Bonds 2027	657,210	0.75
4.35% SD Finance p.l.c. Unsecured Bonds 2027	2,250,966	2.59
4.00% Stivala Group Finance p.l.c. Secured Bonds 2027	839,168	0.96
3.75% Tumas Investments p.l.c. Unsecured Bonds 2027	550,942	0.63
4.00% Exalco Finance p.l.c. Secured Bonds 2028	558,056	0.64
4.15% Phoenicia Finance Company p.l.c. Unsecured Bonds 2023 - 2028	1,448,224	1.66
3.75% AX Group p.l.c. Unsecured Bonds 2029 Series 2	436,550	0.50
4.00% MeDirect Bank (Malta) p.l.c. Sub Unsecured Bonds 2024-2029	488,580	0.56
3.65% Stivala Group Finance p.l.c. Secured Bonds 2029	93,636	0.11
3.75% TUM Finance p.l.c. Secured € Bonds 2029	711,949	0.82
3.50% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 1 Tranche 1	2,746,594	3.15
3.50% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 2 Tranche 1	756,488	0.87
3.75% Bank of Valletta p.l.c. Unsecured Subordinated Bonds 2026-2031	887,400	1.02
<i>Quoted Foreign Bonds</i>		
0.50% RCI Banque 2023	387,376	0.44
5.125% Petroleos Mexicanos 2023	541,096	0.62
6.25% Banca Popolare di Sondrio 2029	396,024	0.45
3.375% Aviva p.l.c. 2045	533,064	0.61
3.099% Allianz SE 2047	662,178	0.76
4.50% Repsol International Finance BV 2075	576,725	0.66
3.25% BP Capital Markets Perpetual	703,528	0.81
4.875% CPI Property Perpetual	390,556	0.45
5.375% Electricite de France S.A. Perpetual	432,299	0.50
<i>Quoted MGS Bonds (5 to 15 years)</i>		
1.50% Malta Government Stock 2027 (I)	4,400,000	5.05
4.80% Malta Government Stock 2028 (I)	2,841,205	3.26
4.50% Malta Government Stock 2028 (II)	2,002,411	2.30
5.10% Malta Government Stock 2029 (I)	1,035,161	1.19
2.30% Malta Government Stock 2029 (II)	2,440,080	2.80

APS Income Fund (continued)

	<i>Market Value 30.06.2020 €</i>	<i>% of net assets</i>
<i>Quoted MGS Bonds (over 15 years)</i>		
2.50% Malta Government Stock 2036 (I)	98,532	0.11
2.10% Malta Government Stock 2039 (I)	5,823,352	6.69
3.00% Malta Government Stock 2040 (I)	443,660	0.51
2.40% Malta Government Stock 2041 (I)	288,210	0.33
<i>Foreign Government Bonds</i>		
1.25% Republic of Italy 2026	2,459,191	2.82
0.625% US Treasury 2030	1,156,172	1.33
2.00% US Treasury 2050	713,800	0.82
<i>Term Deposits</i>		
APS Bank p.l.c. (formerly APS Bank Ltd.)	3,850,000	4.42
Izola Bank p.l.c.	1,000,000	1.15

APS REGULAR INCOME ETHICAL FUND

	Market Value 30.06.2020 €	% of net assets
Quoted Foreign Equities		
ABB Ltd.	220,461	0.65
AbbVie Inc.	238,551	0.70
Adidas AG	385,440	1.13
Allianz SE	276,275	0.81
AXA SA	307,098	0.90
Bayerische Motoren Werke AG	454,560	1.33
Bristol-Myers Squibb	184,697	0.54
Cisco Systems Inc	207,626	0.61
Delta Airlines Inc	129,865	0.38
Deutsche Post AG	211,575	0.62
Endesa SA	219,300	0.64
Euronext NV	187,425	0.55
ING Group NV	211,978	0.62
Intesa SanPaolo	265,331	0.78
KBC Group NV	255,300	0.75
Microsoft Corp	597,935	1.75
Mylan NV	171,799	0.50
Orange SA	99,744	0.29
Phoenix Group Holdings p.l.c.	184,824	0.54
Sanofi	362,600	1.06
SAP SE	410,256	1.20
Schaeffler AG	240,120	0.70
Total SA	315,968	0.93
The Walt Disney Company	258,132	0.76
Vodafone Group p.l.c.	255,166	0.75
Yara International ASA	200,305	0.59
Quoted Foreign Bonds		
0.50% Total 2022	351,220	1.03
1.875% Barclays p.l.c. 2023	155,250	0.46
3.75% Fiat Chrysler Automobile 2024	207,544	0.61
2.00% Imerys 2024	305,075	0.90
6.3% International Finance Corp. 2024	499,067	1.46
2.00% JCDecaux 2024	202,358	0.59
2.50% Banco Santander 2025	313,500	0.92

APS REGULAR INCOME ETHICAL FUND (continued)

	Market Value 30.06.2020 €	% of net assets
Quoted Foreign Bonds (continued)		
0.375% Continental AG 2025	314,655	0.92
1.25% Goldman Sachs Group Inc. 2025	607,008	1.78
1.625% RCI Banque SA 2025	338,412	0.99
1.375% WPP Finance 2025	297,909	0.87
1.75% DXC Technology 2026	295,989	0.87
3.50% Banco Bilbao Vizcaya Argentaria SA 2027	439,872	1.29
2.25% BNP Paribas SA 2027	318,084	0.93
1.50% ISS Global 2027	173,990	0.51
2.00% Barclays p.l.c. 2028	195,750	0.57
1.375% Societe Generale SA 2028	298,923	0.88
1.25% Svenska Handelsbanken AB 2028	353,500	1.04
6.25% Banca Popolare di Sondrio 2029	198,012	0.58
1.00% Banco Bilbao Vizcaya Argentaria SA 2030	188,162	0.55
6.25% Munchener Reinsurance Co. 2042	330,070	0.97
4.25% Aquarius & Investments p.l.c. 2043	273,171	0.80
5.125% AXA SA 2043	334,744	0.98
4.625% NN Group NV 2044	546,964	1.60
3.099% Allianz SE 2047	331,089	0.97
4.375% Mapfre SA 2047	326,952	0.96
4.50% Lanxess AG 2076	323,687	0.95
6.25% Orsted A/S 3013	306,907	0.90
1.38% Engie SA Perpetual	292,947	0.86
2.88% OMV AG Perpetual	302,226	0.89
2.13% Unibail Rodamco Perpetual	263,253	0.77
5.375% Electricite de France S.A. Perpetual	324,224	0.95
4.25% Solvay Perpetual	207,136	0.61
Quoted MGS Bonds (5 to 15 years)		
2.3% Malta Government Stock 2029 (II)	480,000	1.41
Foreign Government Bonds		
5.75% Republic of Poland 2021	871,302	2.56
4.00% Republic of Poland 2023	100,565	0.30
2.15% Kingdom of Spain 2025	335,734	0.99
3.00% US Treasury 2025	304,829	0.89
1.25% Republic of Italy 2026	1,332,062	3.91

APS REGULAR INCOME ETHICAL FUND (continued)

	Market Value 30.06.2020 €	% of net assets
Foreign Government Bonds (continued)		
0.625% Republic of Cyprus 2030	703,740	2.06
2.75% Republic of Croatia 2030	673,206	1.97
1.875% Chile 2030	326,010	0.96
0.275% Republic of Slovenia 2030	349,720	1.03
1.00% Slovakia Government 2032	388,815	1.14
2.50% US Treasury 2045	768,917	2.26
0.00% Federal Republic of Germany 2050	578,022	1.70
Foreign Collective Investment Schemes		
Etica Azionario I	10,519	0.03
Exchange Traded Funds		
iShares USD Treasury Bond 7-10 Year Eur Hedged UCITS ETF	2,402,695	7.05
iShares USD Treasury Bond 20+ Year Eur Hedged UCITS ETF	2,340,415	6.86

APS DIVERSIFIED BOND FUND

	Market Value 30.06.2020 €	% of net assets
Quoted Local Corporate Bonds		
6.00% Medserv p.l.c. Secured and Guaranteed Notes 2020-2023 Series 1 Tranche 1	198,800	0.43
4.00% International Hotel Investments p.l.c. Unsecured Bonds 2026	245,224	0.53
4.50% Medserv p.l.c. Unsecured Bonds 2026	99,000	0.21
4.35% SD Finance p.l.c. Unsecured Bonds 2027	253,750	0.55
4.00% Exalco Finance p.l.c. Secured Bonds 2028	93,009	0.20
4.15% Phoenixia Finance Company p.l.c. Unsecured 2023 - 2028	296,970	0.64
4.00% MeDirect Bank (Malta) p.l.c. Subordinated Unsecured Bonds 2024 – 2029	105,060	0.23
3.75% TUM Finance p.l.c. Secured Bonds 2029	101,000	0.22
3.50% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 1 Tranche 1	303,000	0.65
Quoted Foreign Bonds		
3.875% Arcelik AS 2021	202,694	0.44
5.125% CBR Fashion 2022	173,160	0.37
4.75% FMG Resources 2006 Pty Ltd. 2022	275,339	0.59
3.25% Teva Pharmaceutical Finance 2022	198,389	0.43
5.25% Fiat Chrysler Automobile 2023	230,408	0.50
3.125% Gaz Capital SA 2023	208,836	0.45
5.125% Petroleos Mexicanos 2023	245,953	0.53
0.5% RCI Banque 2023	387,376	0.83
4.60% RZD Capital 2023	382,984	0.82
6.00% Cemex Finance LLC 2024	253,902	0.55
0.90% Harley Davidson Financial Service Inc. 2024	234,210	0.50
6.30% International Finance Corp. 2024	912,927	1.96
2.00% JCDcaux 2024	202,358	0.44
3.25% Nemak SAB De CV 2024	190,562	0.41
4.875% Orano SA 2024	546,740	1.18
5.50% Primo Water 2024	201,878	0.43
2.625% Sigma Alimentos 2024	458,393	0.99
4.75% Softbank Group Corp 2024	223,975	0.48
2.50% Banco Santander SA 2025	417,999	0.90
0.375% Continental AG 2025	381,400	0.82
3.25% IQVIA Inc. 2025	253,630	0.55
2.75% Philip Morris International 2025	549,176	1.18
1.375% WPP Finance 2025	397,212	0.86
1.75% DXC Technology 2026	345,321	0.74

APS DIVERSIFIED BOND FUND (continued)

	Market Value 30.06.2020 €	% of net assets
Quoted Foreign Bonds (continued)		
3.625% LKQ European Holdings BV 2026	254,780	0.55
4.25% Playtech 2026	247,970	0.53
2.20% Altria Group Inc. 2027	421,346	0.91
2.25% BNP Paribas SA 2027	106,028	0.23
1.50% ISS Global 2027	497,115	1.07
4.75% KFC Holding 2027	228,705	0.49
2.25% Kinder Morgan 2027	480,051	1.03
4.125% Verizon Communications Inc. 2027	419,822	0.90
1.875% Volkswagen Communications Inc. 2027	410,812	0.88
5.50% Ziggo BV 2027	191,538	0.41
2.00% Barclays p.l.c. 2028	244,688	0.53
3.00% CEZ AS 2028	346,262	0.75
2.00% CK Hutchison 2028	318,954	0.69
1.375% Daimler AG 2028	401,884	0.87
6.25% Banca Popolare di Sondrio 2029	198,012	0.43
3.125% BAT International Finance 2029	446,925	0.96
3.875% Netflix Inc. 2029	210,562	0.45
5.125% Service Corp International 2029	238,165	0.51
1.00% Banco Bilbao Vizcaya Argentaria SA 2030	470,405	1.01
4.625% NN Group NV 2044	437,571	0.94
4.375% Mapfre SA 2047	435,936	0.94
6.375% America Movil SAB de CV 2073	226,043	0.49
4.50% Repsol International Finance BV 2075	382,735	0.82
4.50% Lanxess AG 2076	417,660	0.90
6.25% Orsted A/S 3013	454,677	0.98
3.25% BP Capital Markets Perpetual	402,016	0.87
4.875% CPI Property Perpetual	292,917	0.63
5.375% Electricite de France S.A. Perpetual	432,299	0.93
1.38% Engie SA Perpetual	390,596	0.84
2.88% OMV AG Perpetual	402,968	0.87
4.25% Solvay SA Perpetual	207,136	0.45
2.13% Unibail Rodamco Perpetual	351,004	0.76
5.38% Unicredit Perpetual	310,496	0.67

APS DIVERSIFIED BOND FUND (continued)

	<i>Market Value 30.06.2020 €</i>	<i>% of net assets</i>	
<i>Quoted MGS Bonds (5 to 15 years)</i>			
4.50% Malta Government Stock 2028 (II)	383,676	0.83	
2.30% Malta Government Stock 2029 (II)	240,000	0.52	
<i>Foreign Government Bonds</i>			
5.75% Republic of Poland 2021	1,452,170	3.12	
6.50% United Mexican States 2021	215,494	0.46	
5.625% Macedonia Government International Bond 2023	469,743	1.01	
3.375% Republic Of Indonesia 2025	398,610	0.86	
2.15% Kingdom of Spain2025	391,690	0.84	
1.25% Republic of Italy 2026	1,844,394	3.97	
7.6003% Arab Republic Of Egypt 2029	409,098	0.88	
0.70% Republic of Philippines 2029	472,890	1.02	
8.50% United Mexican States 2029	548,380	1.18	
1.875% Republic of Chile 2030	434,680	0.94	
2.75% Republic of Croatia 2030	897,608	1.93	
0.625% Republic of Cyprus 2030	938,320	2.02	
0.275% Republic of Slovenia 2030	549,560	1.18	
1.50% US Treasury 2030	673,533	1.45	
0.50% People’s Republic of China 2031	387,088	0.83	
1.00% Republic of Slovakia 2032	499,905	1.08	
<i>Exchange Traded Funds</i>			
iShares JP Morgan EM Local Govt Bond UCITS ETF	820,050	1.76	
iShares JP Morgan USD EM Bond EUR Hedged UCITS ETF	510,059	1.10	
iShares USD Treasury Bond 7-10 Year EUR Hedged UCITS ETF	2,911,501	6.26	
iShares USD Treasury Bond 20+ Year EUR Hedged UCITS ETF	3,313,055	7.13	
	<i>Notional Amount</i>	<i>Fair Value</i>	<i>% of net assets</i>
<i>Derivatives - Forward Forex Contracts</i>			
Sale of United States Dollar against euro maturing on 3 September 2020	1.600.000	10.422	0.02

Statement of Changes in the Composition of the Portfolio

The composition of the portfolio, detailed in the Portfolio Statement on pages 29 to 37, in comparison with the Portfolio Statement as at 31 December 2019 stood as follows:

	% of net assets 30.06.2020	% of net assets 31.12.2019
<i>APS Income Fund</i>		
Quoted Local Equities	22.47	23.51
Quoted Local Corporate Bonds	32.55	33.19
Quoted Foreign Bonds	5.30	3.50
Quoted Malta Government Bonds	24.94	22.25
Foreign Government Bonds	4.97	5.38
Term Deposits	5.56	8.58
	% of net assets 30.06.2020	% of net assets 31.12.2019
<i>APS Regular Income Ethical Fund</i>		
Quoted Foreign Equities	20.10	18.38
Quoted Foreign Bonds	29.97	34.28
Quoted Malta Government Bonds	1.41	1.41
Foreign Government Bonds	25.34	21.93
Foreign Collective Investment Schemes	0.03	2.57
Exchange Traded Funds	13.91	9.85
Term Deposits	-	2.70
	% of net assets 30.06.2020	% of net assets 31.12.2019
<i>APS Diversified Bond Fund</i>		
Quoted Local Corporate Bonds	3.65	3.69
Quoted Foreign Bonds	41.21	37.84
Quoted Malta Government Bonds	1.34	1.39
Foreign Government Bonds	22.77	36.52
Exchange Traded Funds	16.25	8.87
Term Deposits	-	2.15
Forwards	0.02	-

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 up to 1.5%, on the amount invested.

APS Regular Income Ethical Fund

Initial Fee

An initial charge of up to 2% of the amount invested in Class A - Accumulator/Class B - Distributor shares. An initial charge of up to 3.5% of the amount invested in Class C - Accumulator/Class D - Distributor shares.

APS Diversified Bond Fund

Initial Fee

An initial charge of up to 2% of the amount invested in Class A - Accumulator/Class B - Distributor shares. An initial charge of up to 3.5% of the amount invested in Class C - Accumulator/Class D - Distributor shares.

Management fee

On 7 April 2017 the Company appointed ReAPS Asset Management Limited to provide management services for fees. In turn, ReAPS Asset Management Limited appointed APS Bank p.l.c. as the sub-investment manager of the Company, by virtue of an Agreement signed on the same said date.

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

In the case of APS Regular Income Ethical Fund, the Manager receives a management fee of up to 1.0% per annum of the net asset value for Class A and Class B shares, and up to 1.3% per annum of the net asset value for Class C and Class D shares.

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

Administration fee

The Company in conjunction with the Investment Manager appointed BOV Fund Services Limited (formerly Valletta Fund Services Limited) as Administrator to the Company to provide administration services, under an agreement signed on 7 April 2017 and revised on 23 October 2017.

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

In respect of the APS Diversified Bond Fund, the Administrator shall receive a fixed fee of €16,500 per annum for the first two years from the date of the launch of the sub-fund. Thereafter, the Administrator shall receive for its services a fee calculated as 0.14% per annum of the net asset value. This fee is subject to a minimum fee of €21,000 per annum and a maximum fee of €41,500 per annum.

Custodian fee

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

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

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

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

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.

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

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

Distributions from the Company's Untaxed Account to a Maltese resident person (other than a company) or to a non-resident person who is owned and controlled by, directly or indirectly, or who acts on behalf of a person who is ordinarily resident and domiciled in Malta should, inter alia, be subject to a withholding tax of 15%. This withholding tax should be deducted by the Company and the dividend would be passed on to the Shareholders net of the tax. The 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 she/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 securities 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 unquoted investments.

6. SCHEME PARTICULARS

The above details are extracted from the most recent APS Funds SICAV p.l.c. Prospectus, the APS Income Fund Supplement, the APS Regular Income Ethical Fund Supplement and the APS Diversified Bond Fund Supplement. All 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, the APS Regular Income Ethical Fund and/or the APS Diversified Bond Fund should do so on the basis of the full information contained in the Prospectus and relative Supplement.

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 2020, and does not omit any matter or development of significance.