

APS Funds SICAV p.l.c.

**Interim Report
and
Unaudited Financial Statements**
for the period ended
30 June 2019

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Management and Administration

DIRECTORS

Dr. Mario Felice (until 25 April 2019)
9, Bastion Square,
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Mr. Tony Mejlaq (as from 25 April 2019)
Solitaire, Triq il-Parilja,
Santa Venera
Malta

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

Mr. Joseph Portelli
The Royal Lady,
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Ghajnsielem, 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.*

SUB-INVESTMENT MANAGER

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

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

ADMINISTRATOR AND COMPANY SECRETARY

BOV Fund Services Limited
58, Zachary Street,
Valletta, VLT1130,
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 p.l.c.
APS Centre,
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Bank of Valletta p.l.c.
BOV Centre,
Cannon Road,
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AUDITORS

Deloitte Audit Limited,
Deloitte Place,
Mrieħel Bypass,
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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 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 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

The global economic outlook continued to soften in 2019. Latest indicators show that while the economy of the United States (US) registered an annualised year-on-year growth of 3.2% during the first quarter of 2019, the Eurozone's output expanded by 1.2% during the same period, down from 2.5% a year earlier. Economic growth in United Kingdom (UK) came in at 1.8% in the first quarter as the nation continue to face political and economic uncertainty as it seeks to exit from the European Union (EU). Meanwhile, the International Monetary Fund expects economic activity in developing economies to slow down marginally from 4.5% in 2018 to 4.4% in 2019.

Unemployment continued to grind lower both in the US and Europe, while inflation expectations tumbled. Specifically, the Cleveland Fed five-year expected inflation has declined from 2.0% at the end of 2018 to 1.6% at the time of writing. Similarly, the European Central Bank's (ECB) preferred measure of inflation expectations has shed 36 basis points during the first six months of 2019, and stood at 1.2% at the end of June.

On the political front, after the G20 Summit held in Osaka, President Trump stated that the US will refrain from increasing tariffs on more than USD 300 billion worth of Chinese goods. Trade negotiations between the US and China are still ongoing, fuelling economic and market uncertainties. The UK and EU agreed to postpone the UK's exit date to 31 October 2019. Theresa May was forced to step down as the leader of the ruling Conservative party and Prime Minister of the UK after failing to deliver Brexit. Italy has stumbled into another controversy as the European Commission insisted that the nation has failed to meet fiscal targets, and warned that Italy could be in breach of EU budgetary rules by 2020.

In the sphere of monetary policy, the ECB extended its forward guidance on policy interest rates, indicating that a rate hike is unlikely to materialise before mid-2020. It also indicated that it was ready to adjust its policy stance in case of adverse economic developments, implying that it could cut policy interest rates and/or restart asset purchases. Similarly, the Federal Reserve left interest rates unchanged during the first six months of the year, but opened the door to policy easing should it be deemed necessary in order to safeguard the economy from looming risks.

The benchmark 10-year government bond yield in the US declined steadily during the period under review and was trading at 2.01% at the end of June. Similarly, the yield on 10-year German Bunds declined during the first six months of 2019, reaching an all-time low of -0.33% at the end of the first half of the year. Corporate credit spreads, both investment grade and non-investment grade, tightened during the period under review.

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

Generic 10-Year Yields as at the end of			
Country	December 2018	June 2019	Change
Germany	0.24%	-0.33%	-0.57%
Japan	0.00%	-0.16%	-0.16%
UK	1.28%	0.83%	-0.45%
US	2.68%	2.01%	-0.67%

Table 1

Investment Manager's Report (Continued)

Global equity markets recovered from the dip in valuations that materialised during the final months of 2018. As shown in Table 2, both the Dow Jones and the S&P 500 gained 14.0% and 17.4% respectively (both measured in US dollars) during the six months ending 30 June 2019. In Europe, the EURO STOXX 50 gained 15.7% (measured in euro), while the UK's FTSE 100 gained 10.4% (measured in pound sterling). These favourable market movements were also reflected in the sustainable investment segment. Specifically, during the first six months of the year, the MSCI World SRI Net Return Index gained 21.1% (measured in euro), beating the MSCI World Index (measured in euro) both on an absolute basis and on a risk-adjusted basis.

Index	December 2018	June 2019	Price Change
Dow Jones Industrial Average	23,327.46	26,599.96	+14.03%
S&P 500 Index	2,506.85	2,941.76	+17.35%
EURO STOXX 50 Index	3,001.42	3,473.69	+15.73%
FTSE 100 Index	6,728.13	7,425.63	+10.37%
MSCI World SRI Net Return Index	2,262.98	2,740.84	+21.12%
MSCI World Net Total Return Index	242.41	292.59	+20.70%

Table 2

In the forex market, the euro lost ground during the first half of 2019. Uncertainty relating to Brexit, changes in monetary policy expectations, and news pertaining to the US-China trade war were all among the factors impinging on the currency market during the period under review. Table 3 shows the performance of the euro against selected currencies of developed markets.

Currency	December 2018	June 2019	Change in Value Against the Euro
EUR per 1 AUD	0.6147	0.6172	+0.41%
EUR per 1 GBP	1.1122	1.1166	+0.40%
EUR per 100 JPY	0.7951	0.8152	+2.53%
EUR per 1 USD	0.8722	0.8793	+0.81%

Table 3

In the commodities markets, the price of gold was bolstered by the Fed's dovishness and by the ongoing demand emanating from emerging market central banks aiming to diversify their reserves. The price of oil has increased steadily during the first six months of the year, amid resilient demand, supply cuts by OPEC, export restrictions on Iran and Venezuela, and other supply disruptions.

The Maltese Economy and Financial Market

Malta's economic growth is expected to decelerate in the near-to-medium term, reflecting a deceleration in services activity and capacity constraints in the economy. Latest data shows that real GDP expanded by 6.7% in 2018.

A number of structural shifts in the economy have created new employment opportunities over the past years, translating in a decline in the average annual unemployment rate from 6.9% in 2009 to 3.7% in 2018. The rate of unemployment has averaged 3.5% during the first five months of 2019. The rate of inflation, as measured by the Harmonised Index of Consumer Prices, printed at 1.7% in the same month. Meanwhile, the sovereign's fiscal position has continued to strengthen with the debt to GDP ratio reaching 45.5% in 2018. The European Commission is now projecting the same metric to reach 42.2% in 2019.

Investment Manager's Report (Continued)

Yields on Malta Government Bonds with outstanding tenors between two and twenty-five years were lower at the end of June 2019 when compared to six months earlier as shown in Table 4.

Yields on Maltese Sovereign Debt as at the end of			
Tenor	December 2018	June 2019	Change
2 Years	-0.05%	-0.17%	-0.12%
3 Years	0.10%	-0.12%	-0.22%
4 Years	0.30%	-0.09%	-0.39%
5 Years	0.49%	-0.04%	-0.53%
7 Years	0.85%	0.19%	-0.66%
10 Years	1.35%	0.62%	-0.73%
15 Years	1.77%	1.05%	-0.72%
20 Years	1.96%	1.27%	-0.69%
25 Years	2.04%	1.36%	-0.68%

Table 4

Table 5 shows the spread between the yield on ten-year Maltese sovereign debt and that of a select group of Eurozone countries. The yield difference between Maltese sovereign debt and German and Italian sovereign bonds narrowed, meaning that Maltese ten-year debt had become relatively more expensive over the course of the period under review. Conversely, the spread between ten-year Maltese and Spanish sovereign debt widened by 30 basis points over the same period. The spread against Irish and French sovereign bonds remained practically unchanged.

Additional Yield from Owning 10-Year Malta Sovereign Debt as at end			
Country	December 2018	June 2019	Change
France	+0.64%	+0.63%	-0.01%
Germany	+1.11%	+0.95%	-0.16%
Ireland	+0.45%	+0.45%	0.00%
Italy	-1.39%	-1.48%	-0.09%
Spain	-0.07%	+0.23%	+0.30%

Table 5

Corporate bond activity in the regulated main market of the Malta Stock Exchange remained healthy, with more than €50 million worth of trades being executed during the first half of the year. During the same period, eight companies came to market with new bond issues. While two of the issuers, namely Bank of Valletta and International Hotels Investments plc, had issued bonds in the past, all other bonds were issued by companies which were new to the market. Meanwhile, in terms of performance, the Malta Stock Exchange Corporate Bonds Total Return Index, which captures both price and interest return, increased by 1.2% during the first six months of 2019. Table 6 shows the change in the 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 increased by 8.7% during the first six months of 2019. Table 7 indicates that the gain registered in the said index was driven primarily by price returns, as the Malta Stock Exchange Equity Price Index returned 6.6% during the period under review.

A number of companies issued encouraging full year results for the year ending 2018. In particular, the performance of Malta International Airport plc is noteworthy. The airport operator registered an increase in net profit of 25.6% in 2018 over the previous twelve months.

The share price of the company increased by 20.7% during the first half of 2019.

Investment Manager's Report (Continued)

Shares in Trident Estates plc, PG plc, and International Hotel Investments plc also returned more than 20.0% during the same period as shown in Table 7. Meanwhile, GlobalCapital and FIMBank plc ended up being the worst performers in terms of share price performance.

Yields on Selected Corporate Bonds Listed on the Malta Stock Exchange as at end			
Security	December 2018	June 2019	Change
Bank of Valletta 3.5% 2030 S1 T1	3.50%	3.50%	0.00%
Hili Finance 3.85% 2028	3.54%	3.33%	-0.21%
GAP Group 4.25% 2023	3.26%	3.23%	-0.03%
Phoenicia Finance 4.15% 2023-8	3.23%	3.17%	-0.06%
Bank of Valletta 3.5% 2030 S2 T1	3.51%	3.48%	-0.03%
GAP Group 3.65% 2022	N/A	2.70%	N/A
Von der Heyden Group 4.4% 2024	3.86%	3.89%	+0.03%
Mediterranean Investments Holding 5.5% 2020	3.20%	5.48%	+2.28%
SD Finance 4.35% 2027	3.64%	3.60%	-0.04%
Premier Capital 3.75% 2026	3.31%	2.99%	-0.32%

Table 6

Index / Security	December 2018	June 2019	Price Change
MSE Equity Total Return Index	8,999.03	9,781.69	+8.70%
MSE Equity Price Index	4,514.37	4,812.24	+6.60%
Bank of Valletta plc	1.33	1.20	-9.77%
BMIT Technologies plc	N/A	0.54	N/A
FIMBank plc	0.75	0.59	-21.33%
GlobalCapital	0.33	0.26	-21.21%
GO plc	3.96	4.58	+15.66%
Grand Harbour Marina plc	0.70	0.74	+5.71%
HSBC Bank Malta plc	1.83	1.61	-12.02%
International Hotel Investments plc	0.62	0.86	+38.71%
Lombard Bank Malta plc	2.44	2.30	-5.74%
Main Street Complex plc	0.65	0.64	-1.54%
Malita Investments plc	0.88	0.88	0.00%
Malta International Airport plc	5.80	7.00	+20.69%
Malta Properties Company plc	0.57	0.66	+15.79%
MaltaPost plc	1.58	1.49	-5.70%
Mapfre Middlesea plc	1.99	2.00	+0.50%
Medserv plc	1.15	1.15	0.00%
MIDI plc	0.67	0.64	-4.48%
PG plc	1.33	1.62	+21.80%
Plaza Centres plc	1.02	1.00	-1.96%
RS2 Software plc	1.40	1.56	+11.43%
Santumas Shareholdings plc	1.42	1.45	+2.11%
Simonds Farsons Cisk plc	8.75	10.00	+14.29%
Tigné Mall plc	0.97	0.93	-4.12%
Trident Estates plc	1.50	1.92	+28.00%

Table 7

Investment Manager's Report (Continued)

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

Accumulator Share Class

During the period from 31 December 2018 to 30 June 2019, the share price of the APS Income Fund Accumulator Shares increased by 5.61% from €179.0535 to €189.1012.

Distributor Share Class

During the period from 31 December 2018 to 30 June 2019, the share price of the APS Income Fund Distributor Shares increased by 2.93% from €126.1875 to €129.8906. The Fund distributed a dividend of €1.82057 per share for the six-month period ending 30 June 2019.

Overview of the Fund

The Net Asset Value of the Fund increased from €79.3 million to €84.9 million during the six-month period under review.

The local equity market registered a positive performance during the first half of the year on the back of a strong Maltese economy. The APS Income Fund maintained a close to full allocation to local equities as permitted by the Offering Supplement. The Fund was not exposed to international equities. In view of slowing global growth and persistently low inflation, major central banks announced a more cautious approach to their interest rate cycles and expectations for monetary policy easing have increased throughout the period. Such expectations were priced in global credit markets, as bond spreads continued to narrow. This was also reflected in the local bond market with Malta government stocks and corporate debt issues performing favourably. This contributed positively to the performance of the Fund during the period under review.

The allocation to the US dollar was trimmed to realize the capital gains that were registered as the euro weakened. Proceeds from the sale of US dollar were generally directed towards investments denominated in third currencies that were deemed to be attractively valued and at the same time offered incremental income over similar investments denominated in euro. The duration of the Fund during the first half of the year was maintained at approximately 4.6. Most of the Fund's assets were denominated in euro. Exposures to other currencies, namely the Norwegian krone, US dollar and British pound sterling, collectively made up 6.5% of the Fund at the end of the period under review.

At the end of June 2019, the Fund's asset allocation was made up as follows:

- Local corporate bonds – 33.73%;
- Local equities – 24.00%;
- Local government bonds – 22.32%,
- International government bonds – 8.22%,
- International corporate bonds – 3.94%,
- Term deposits – 6.89%, and
- Cash – 0.90%.

Investment Manager's Report (Continued)

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 collective investment schemes, deposits, and cash.

Fund Performance

Class A – Accumulator Share Class

During the period from 31 December 2018 to 30 June 2019, the share price of the APS Regular Income Ethical Fund Class A Shares increased by 7.96% from 1.3243 to 1.4297.

Class B – Distributor Share Class

During the period from 31 December 2018 to 30 June 2019, the share price of the APS Regular Income Ethical Fund Class B Shares increased by 6.82% from 1.0872 to 1.1614. During the same period, the Share Class distributed a dividend of €0.0119 per share.

Class C – Accumulator Share Class

During the period from 31 December 2018 to 30 June 2019, the share price of the APS Regular Income Ethical Fund Class C Shares increased by 7.92% from 1.3207 to 1.4253.

Class D – Distributor Share Class

During the period from 31 December 2018 to 30 June 2019, the share price of the APS Regular Income Ethical Fund Class D Shares increased by 6.80% from 1.0856 to 1.1594. During the same period, the Share Class distributed a dividend of €0.0118 per share.

Overview of the Fund

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

The Fund generated a healthy return during the first half of 2019 with the Net Asset Value increasing from EUR 30.49 million to EUR 31.83 million at the end of June.

Financial asset performance during the first six months of the year was generally favourable. In this environment, the Fund increased its allocation to equity market risk by circa 25.0%. At the same time, the allocation to the US dollar was trimmed to crystallise the capital gains that were registered as the euro weakened. Proceeds from the sale of US dollar were generally directed towards investments denominated in third currencies that were deemed to be attractively valued and at the same time offered incremental income over similar investments denominated in euro. In terms of credit exposures, a number of new names were added to the portfolio, while some holdings were sold as the outlook for the underlying credits deteriorated. At the end of June, the Fund's duration was slightly lower than six months earlier, and stood at 4.7.

Investment Manager's Report (Continued)

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

- Corporate bonds – 39.68%
- Government and supranational bonds – 28.36%;
- Equities – 17.80%
- Collective investment schemes – 9.68%
- Term Deposits – 2.91%; and
- Cash 1.57%.

APS Diversified Bond Fund

Investment Objective

The investment objective of the Fund is to endeavour 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 – Accumulator Share Class

During the period from 31 December 2018 to 30 June 2019, the share price of the APS Diversified Bond Fund Class A Shares increased by 6.68% from 1.0027 to 1.0697.

Class B – Distributor Share Class

During the period from 31 December 2018 to 30 June 2019, the share price of the APS Diversified Bond Fund Class B Shares increased by 5.20% from 0.9535 to 1.0031. During the same period, the Share Class distributed a dividend of €0.0114 per share.

Class C – Accumulator Share Class

During the period from 31 December 2018 to 30 June 2019, the share price of the APS Diversified Bond Fund Class C Shares increased by 6.68% from 0.9800 to 1.0455.

Class D – Distributor Share Class

During the period from 31 December 2018 to 30 June 2019, the share price of the APS Diversified Bond Fund Class D Shares increased by 5.20% from 0.9534 to 1.0030. During the same period, the Share Class distributed a dividend of €0.01146 per share.

Overview of the Fund

The Fund generated good returns during the first half of 2019 as global bond yields declined and credit spreads tightened aggressively. At the same time, the Fund's Net Asset Value increased from EUR 40.13 million to EUR 43.17 million at the end of June.

Economic and market conditions were highly favourable to the Fund's investable asset classes during the first six months of the year. In this environment, the Fund reduced its allocation to the US dollar in order to crystallise the capital gains that were registered as the euro weakened. At the same time, exposure to selected third currencies, including those of emerging economies, were increased as the available returns more than justified the underlying risks. In terms of credit exposures, a number of new names were added to the portfolio, while some positions were sold as the outlook for the underlying credits deteriorated. At the end of June, the Fund's duration was slightly lower than six months earlier, and stood at 5.2.

Investment Manager's Report (Continued)

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

- Government and supranational bonds – 45.51%;
- Corporate bonds – 39.45%
- Collective investment schemes – 10.73%
- Term deposits – 2.32%; and
- Cash 1.99%.

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.

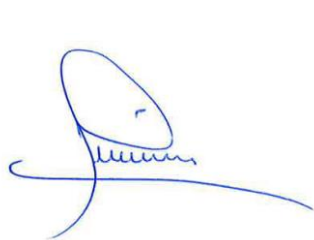
Sources: Bloomberg, Central Bank of Malta, European Commission, International Monetary Fund, and Malta Stock Exchange.

UNAUDITED STATEMENT OF FINANCIAL POSITION

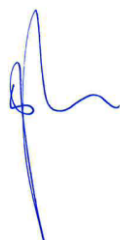
As at 30 June 2019

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	€	€	€	€	€	€	€	€
ASSETS								
Financial assets at fair value through profit or loss	147,887,195	132,383,905	76,803,163	69,362,387	30,165,818	27,659,847	40,918,214	35,361,671
Term Deposits at fair value through profit or loss	1,050,000	1,200,000	1,050,000	1,200,000	-	-	-	-
Term Deposits at amortised cost	6,597,666	10,243,460	4,678,133	5,824,768	919,533	918,692	1,000,000	3,500,000
Accrued income	1,484,673	1,468,818	820,874	692,626	265,924	334,354	397,875	441,838
Other debtors	750,000	-	750,000	-	-	-	-	-
Cash and cash equivalents	2,607,432	5,032,294	1,013,341	2,406,456	658,152	1,728,000	934,739	896,638
Total assets	160,376,966	150,328,477	85,115,511	79,486,237	32,009,427	30,640,893	43,250,828	40,200,147
LIABILITIES								
Accrued expenses	370,062	338,513	192,411	180,719	102,675	94,518	74,976	63,276
Other creditors	90,035	66,559	8,487	8,482	74,013	53,190	7,535	4,887
	460,097	405,072	200,898	189,201	176,688	147,708	82,511	68,163
	159,916,869	149,923,405	84,914,613	79,297,036	31,832,739	30,493,185	43,168,317	40,131,984
Represented by:								
Net assets attributable to holders of redeemable shares								
	159,916,869	149,923,405	84,914,613	79,297,036	31,832,739	30,493,185	43,168,317	40,131,984

These interim unaudited financial statements were authorised for issue by the Board of Directors on the 22nd August 2019 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 2019 (note 7)				
Founder Shares	1,200.000	-	-	-
Accumulator	101,092.698	101,092.698	-	-
Distributor	499,561.519	499,561.519	-	-
Accumulator – Class A	3,975,391.442	-	3,521,375.803	454,015.639
Distributor – Class B	47,833,883.488	-	7,615,234.724	40,218,648.764
Accumulator – Class C	4,864,090.234	-	4,194,723.256	669,366.978
Distributor – Class D	11,957,793.201	-	10,327,011.503	1,630,781.698
		€	€	€
Net asset value as at 30 June 2019		84,914,613	31,832,739	43,168,317
Net asset value as at 31 December 2018		79,297,036	30,493,185	40,131,984
Net asset value as at 31 December 2017		81,363,561	32,554,103	41,041,116
Net asset value per Accumulator share as at 30 June 2019				
		189.1012	-	-
Net asset value per Distributor share as at 30 June 2019				
		129.8906	-	-
Net asset value per Accumulator Class A share as at 30 June 2019				
		-	1.4297	1.0697
Net asset value per Distributor Class B share as at 30 June 2019				
		-	1.1614	1.0031
Net asset value per Accumulator Class C share as at 30 June 2019				
		-	1.4253	1.0455
Net asset value per Distributor Class D share as at 30 June 2019				
		-	1.1594	1.0030
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				
		-	1.3243	1.0027
Net asset value per Distributor Class B share as at 31 December 2018				
		-	1.0872	0.9535
Net asset value per Accumulator Class C share as at 31 December 2018				
		-	1.3207	0.9800
Net asset value per Distributor Class D share as at 31 December 2018				
		-	1.0856	0.9534

	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 2017		175.9104	-	-
Net asset value per Distributor share as at 31 December 2017		127.3622	-	-
Net asset value per Accumulator Class A share as at 31 December 2017 (note 8)		-	1.3731	-
Net asset value per Distributor Class B share as at 31 December 2017 (note 8)		-	1.1573	0.9985
Net asset value per Accumulator Class C share as at 31 December 2017 (note 8)		-	1.3703	0.9985
Net asset value per Distributor Class D share as at 31 December 2017 (note 8)		-	1.1563	0.9985

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

For the six month period ended 30 June 2019

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	€	€	€	€
Net assets at beginning of period	149,923,405	154,959,980	79,297,036	81,363,561
Creation of shares	7,431,951	2,307,610	5,083,278	939,526
Redemption of shares	(5,475,398)	(3,264,613)	(3,229,316)	(2,645,071)
Net equalisation	2,995	(9,363)	5,335	(14,529)
Net increase/(decrease) in net assets during the period	8,033,916	(3,584,803)	3,758,280	(1,458,708)
Net assets at end of period	159,916,869	150,408,811	84,914,613	78,184,779

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

For the six month period ended 30 June 2019

	APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	€	€	€	€
Net assets at beginning of period	30,493,185	32,554,103	40,131,984	41,041,116
Creation of shares	1,312,394	763,001	1,036,279	605,083
Redemption of shares	(2,124,117)	(599,690)	(121,965)	(19,852)
Net equalisation	(6,593)	2,255	4,253	2,911
Net increase/(decrease) in net assets during the period	2,157,870	(734,405)	2,117,766	(1,391,690)
Net assets at end of period	31,832,739	31,985,264	43,168,317	40,237,568

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME*for the six month period ended 30 June 2019*

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	€	€	€	€
Income				
Interest income	128,473	155,385	103,682	131,582
Dividend income	701,993	745,201	495,389	460,610
Net gain/loss on financial assets at fair value through profit or loss	9,764,307	(1,926,575)	4,533,174	(638,808)
	10,594,773	(1,025,989)	5,132,245	(46,616)
Expenses	(788,175)	(765,615)	(410,153)	(392,063)
Net Income	9,806,598	(1,791,604)	4,722,092	(438,679)
Finance costs-distributions to shareholders (note 6)	(1,512,816)	(1,515,795)	(726,213)	(786,741)
Tax expense on income	(259,866)	(277,404)	(237,599)	(233,288)
Net increase/(decrease) in net assets during the period	8,033,916	(3,584,803)	3,758,280	(1,458,708)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME*for the six month period ended 30 June 2019*

	APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	€	€	€	€
Income				
Interest income	4,881	16,242	19,910	7,561
Dividend income	135,645	244,326	70,959	40,265
Net gain/loss on financial assets at fair value through profit or loss	2,471,750	(473,885)	2,759,383	(813,882)
	<u>2,612,276</u>	<u>(213,317)</u>	<u>2,850,252</u>	<u>(766,056)</u>
Expenses	<u>(213,193)</u>	<u>(217,646)</u>	<u>(164,829)</u>	<u>(155,906)</u>
Net Income	2,399,083	(430,963)	2,685,423	(921,962)
Finance costs-distributions to shareholders (note 6)	(218,946)	(259,326)	(567,657)	(469,728)
Tax expense on income	(22,267)	(44,116)	-	-
Net increase/(decrease) in net assets during the period	<u>2,157,870</u>	<u>(734,405)</u>	<u>2,117,766</u>	<u>(1,391,690)</u>

UNAUDITED STATEMENT OF CASHFLOWS*for the six month period ended 30 June 2019*

	APS Funds SICAV p.l.c. Combined Statement		APS Income Fund	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	€	€	€	€
Net cash used in operating activities	(2,961,629)	(396,531)	(2,534,686)	2,356,794
Net cash generated from/(used in) financing activities	536,767	(2,455,701)	1,141,571	(2,506,815)
Movements in cash and cash equivalents	(2,424,862)	(2,852,232)	(1,393,115)	(150,021)
Cash and cash equivalents at beginning of period	5,032,294	5,192,756	2,406,456	401,889
Cash and cash equivalents at end of period	2,607,432	2,340,524	1,013,341	251,868

UNAUDITED STATEMENT OF CASHFLOWS*for the six month period ended 30 June 2019*

	APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	€	€	€	€
Net cash used in operating activities	(106,599)	(700,917)	(320,344)	(2,052,408)
Net cash generated from/(used) financing activities	(963,249)	(69,359)	358,445	120,473
Movements in cash and cash equivalents	(1,069,848)	(770,276)	38,101	(1,931,935)
Cash and cash equivalents at beginning of period	1,728,000	1,655,095	896,638	3,134,572
Cash and cash equivalents at end of period	658,152	884,819	934,739	1,202,637

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. 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 2018 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 2019, 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 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	€98,441
APS Regular Income Ethical Fund Distributor Shares Class EUR D	26 March 2019	€0.0118	€120,505
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

Distributions reflected in the relative Statement of Comprehensive Income for the year ended 30 June 2018:

	Ex-dividend date	Rate per Share	Distribution paid
APS Income Fund Distributor Shares	29 December 2017	€1.54954	€786,741
APS Regular Income Ethical Fund Distributor Shares Class EUR B	29 March 2018	€0.01344	€119,474
APS Regular Income Ethical Fund Distributor Shares Class EUR D	29 March 2018	€0.01332	€139,852
APS Diversified Bond Fund Distributor Shares Class EUR B	29 March 2018	€0.01140	€456,000
APS Diversified Bond Fund Distributor Shares Class EUR D	29 March 2018	€0.01146	€13,728

During the period ended 30 June 2019 a final dividend of €1.82057 per share which amounted to a distribution of €909,487 was declared by the Directors on 28 June 2019 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 2019.

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:

	30.06.19	% of net assets	30.06.18	% of net assets
T h e A P S	€		€	
APS Funds SICAV p.l.c.	2,607,432	1.63	2,340,524	1.56
APS Income Fund	1,013,341	1.19	251,868	0.32
APS Regular Income Ethical Fund	658,152	2.07	884,819	2.77
APS Diversified Bond Fund	934,739	2.17	1,202,637	2.99

Income Fund has an overdraft facility with APS Bank p.l.c. of €2,500,000 (2018: €2,500,000). As at 30 June 2019, there was no overdraft balance (2018: €137). This facility is secured by the pledge with the total value of €2,500,000 (2018: €2,500,000).

The APS Regular Income Ethical Fund has an overdraft facility with APS Bank p.l.c. of €1,000,000 (2018: €1,000,000). As at 30 June 2019 and 2018, the facility was not overdrawn. This facility is secured by a pledge with a total value of €1,000,000 (2018: €1,000,000).

The APS Diversified Bond Fund has an overdraft facility with APS Bank p.l.c. of €1,000,000. As at 30 June 2019 the facility was not overdrawn. This facility is secured by a pledge with a total value of €1,000,000.

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 overdraft and other banking facilities.

PORTFOLIO STATEMENT**APS INCOME FUND**

	Market Value	% of net assets
	30.06.2019	
	€	
Quoted Local Equities		
Bank Of Valletta p.l.c.	733,823	0.86
BMIT Technologies p.l.c.	230,318	0.27
GO p.l.c.	860,582	1.01
HSBC Bank Malta p.l.c.	1,366,301	1.61
Malita Investments p.l.c.	1,083,027	1.28
Malta International Airport p.l.c.	5,596,080	6.59
Mapfre Middlesea p.l.c.	275,816	0.32
Medserv p.l.c.	1,194,860	1.41
PG p.l.c.	1,371,006	1.61
Plaza Centre p.l.c.	816,961	0.96
RS2 Software p.l.c.	2,032,293	2.39
Simonds Farsons Cisk p.l.c.	2,532,310	2.98
Tigné Mall p.l.c.	1,643,169	1.94
Trident Estates p.l.c.	421,390	0.50
Quoted Local Corporate Bonds		
4.8% Bank of Valletta p.l.c. Subordinated Bonds 2020	794,788	0.94
5.5% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2020	603,800	0.71
5.5% Pendergardens Developments p.l.c. Series I Secured Bonds 2020	622,363	0.73
4.9% Gasan Finance Company p.l.c. Bonds 2019 - 2021	970,997	1.14
5.8% International Hotel Investments p.l.c. Bonds 2021	180,438	0.21
6% Mediterranean Investments Holdings p.l.c. Unsecured Bonds 2021	356,732	0.42
5% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2022	286,700	0.34
6% Pendergardens Developments p.l.c. Series II Secured Bonds 2022	1,044,151	1.23
5.8% International Hotel Investments p.l.c. Bonds 2023	341,958	0.40
6% Medserv p.l.c. Secured and Guaranteed Notes 2023 Series 1 Tranche 1	322,825	0.38
5.3% United Finance p.l.c. Unsecured Bonds 2023	89,301	0.11
6% AX Investments p.l.c. € Bonds 2024	1,055,156	1.24
5% Hal Mann Vella Group p.l.c. Secured Bonds 2024	934,857	1.10
6% International Hotel Investments p.l.c. Bonds 2024	964,282	1.14
5% Tumas Investments p.l.c. Unsecured Bonds 2024	242,000	0.28
4.5% Hili Properties p.l.c. Unsecured Bonds 2025	189,227	0.22
5.75% International Hotel Investments p.l.c. Unsecured Bonds 2025	104,520	0.12
4.5% Izola Bank p.l.c. Unsecured Bonds 2025	1,277,044	1.50
4.25% Corinthia Finance p.l.c. Unsecured Bonds 2026	87,458	0.10
5% Dizz Finance p.l.c. Unsecured Bonds 2026	215,180	0.25

4% International Hotel Investments p.l.c. Bonds 2026	263,347	0.31
4% International Hotel Investments p.l.c. Secured Bonds 2026	426,256	0.50
4% International Hotel Investments p.l.c. Unsecured Bonds 2026	216,685	0.26
4.5% Medserv p.l.c. Unsecured Euro Bonds 2026	538,561	0.63
4% MIDI p.l.c. EUR Secured Bonds 2026	1,229,812	1.45
3.9% Plaza Centres p.l.c. Unsecured Bonds 2026	203,000	0.24
3.75% Premier Capital p.l.c. Unsecured Bonds 2026	2,069,760	2.44
4% Eden Finance p.l.c. Unsecured € Bonds 2027	2,025,214	2.39
5% Mediterranean Bank p.l.c. Subordinated Unsecured € Bonds 2022 -2027	572,250	0.67
3.5% Simonds Farsons Cisk p.l.c. Unsecured € Bond 2027	657,148	0.77
4.35% SD Finance p.l.c. Unsecured € Bonds 2027	2,100,000	2.47
4% Stivala Group Finance p.l.c. Secured € Bonds 2027	840,285	0.99
3.75% Tumas Investments p.l.c. Unsecured € Bonds 2027	575,368	0.68
3.5% Bank Of Valletta p.l.c. Subordinated Notes 2030 Series 2 Tranche 1	404,808	0.48
4% Exalco Finance p.l.c. 2028	594,270	0.70
4.15% Phoenicia Finance Company p.l.c. Unsecured 2023 - 2028	1,417,520	1.67
3.75% TUM Finance p.l.c. Secured € Bonds 2029	500,000	0.59
3.5% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 1 Tranche 1	2,546,400	3.00
3.5% Bank Of Valletta p.l.c. Subordinated Notes 2030 Series 2 Tranche 1	404,808	0.48

Quoted Foreign Bonds

10% Barclays Bank p.l.c. 2021	257,039	0.30
6% Cemex Finance LLC 2024	180,544	0.21
3.375% Aviva p.l.c. 2045	1,069,047	1.26
3.099% Allianz SE 2047	1,122,860	1.32
4.5% Repsol International Finance BV 2075	627,336	0.74

Quoted MGS Bonds (5 to 15 years)

3.3% Malta Government Stock 2024 (I)	1,184,465	1.39
1.5% Malta Government Stock 2027 (I)	4,363,600	5.14
4.8% Malta Government Stock 2028 (I)	3,122,523	3.68
4.5% Malta Government Stock 2028 (II)	2,063,641	2.43
2.3% Malta Government Stock 2029 (II)	1,948,524	2.29
5.1% Malta Government Stock 2029 (I)	1,070,696	1.26

Quoted MGS Bonds (over 15 years)

2.1% Malta Government Stock 2039 (I)	4,305,681	5.07
3% Malta Government Stock 2040 (I)	327,775	0.39
2.4% Malta Government Stock 2041 (I)	265,375	0.31

Foreign Government Bonds

2.5% US Treasury Bond 2020	255,972	0.30
3.75% Kingdom of Norway 2021	2,631,157	3.10

4.875% Russian Federation 2023	566,066	0.67
1.25% Republic of Italy 2026	1,852,930	2.18
3% Croatia 2027	466,552	0.55
3.375% United Mexican States 2031	577,660	0.68
3.5% US Treasury Bond 2039	521,323	0.61

Term Deposits

APS Bank p.l.c.	4,728,133	5.57
Izola Bank p.l.c.	1,000,000	1.18

APS REGULAR INCOME ETHICAL FUND

	Market Value	% of net assets
	30.06.2019	
	€	
Quoted Foreign Equities		
Adidas AG	447,975	1.41
Allianz SE	322,240	1.01
Anheuser-Busch InBev SA/NV	311,360	0.98
Ashtead Group p.l.c.	371,565	1.17
AXA SA	381,150	1.20
Bayerische Motoren Werke AG	260,360	0.82
Bolsas y Mercados Espanoles	150,640	0.47
Credit Agricole SA	253,080	0.80
Delta Airlines Inc	259,137	0.81
Endesa SA	226,100	0.71
Industria de Diseno Textil SA	264,500	0.83
KBC Group NV	288,200	0.91
Merck & Co Inc	331,341	1.04
Microsoft Corp	388,194	1.22
Orange SA	129,915	0.41
Sanofi	303,640	0.95
SAP SE	398,508	1.25
The Walt Disney Company	318,818	1.00
Vodafone Group p.l.c.	260,152	0.82
Quoted Foreign Bonds		
7.20% European Investment Bank 2019	310,092	0.97
7.75% Commerzbank AG 2021	337,733	1.06
7.125% Erste Group Bank AG 2022	367,019	1.15
1.875% Barclays p.l.c. 2023	156,125	0.49
1.401% Becton Dickinson 2023	207,356	0.65
7.875% Inter-American Development Bank 2023	259,518	0.82
2.375% Peugeot SA 2023	426,300	1.34
1.125% EDP Finance BV 2024	312,099	0.98
3.75% Fiat Chrysler Automobile 2024	443,840	1.39
2% Imerys SA 2024	321,810	1.01
3.625% PVH Corporation 2024	391,195	1.23
2.625% Rexel SA 2024	359,944	1.13
1.625% Atlantia SpA 2025	198,330	0.62
2.50% Banco Santander 2025	324,903	1.02
1.25% Goldman Sachs Group Inc. 2025	618,396	1.94
1.625% RCI Banque SA 2025	516,400	1.62

1.375% WPP Finance 2025	310,806	0.98
1.75% DXC Technology 2026	304,011	0.96
1.375% Morgan Stanley 2026	418,368	1.31
4.40% AusNet Services Holdings 2027	281,264	0.88
3.50% Banco Bilbao Vizcaya Argentaria SA 2027	458,928	1.44
2.50% Bankinter SA 2027	311,127	0.98
2.25% BNP Paribas SA 2027	324,672	1.02
2% Barclays p.l.c. 2028	195,978	0.62
1.375% Societe Generale SA 2028	302,670	0.95
1.25% Svenska Handelsbanken AB 2028	355,663	1.12
6.25% Munchener Reinsurance Co. 2042	352,484	1.11
4.25% Aquarius & Investments p.l.c. 2043	287,631	0.90
5.125% AXA SA 2043	351,792	1.11
4.625% NN Group NV 2044	568,455	1.79
3.375% Aviva p.l.c. 2045	801,785	2.52
3.099% Allianz SE 2047	561,430	1.76
4.375% Mapfre SA 2047	336,990	1.06
4.50% Lanxess AG 2076	339,838	1.07
3.00% Telia Co. AB 2078	323,956	1.02
6.25% Orsted A/S 3013	320,286	1.01

Quoted MGS Bonds (5 to 15 years)

2.3% Malta Government Stock 2029 (II)	467,160	1.47
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Foreign Government Bonds

2.5% US Treasury Bond 2020	354,656	1.11
3.75% Kingdom of Norway 2021	1,186,177	3.73
5.75% Republic of Poland 2021	515,041	1.62
3.50% Hellenic Republic 2023	365,729	1.15
4.00% Poland Government Bond 2023	102,102	0.32
2.15% Spain Government Bond 2025	340,718	1.07
4.25% Republic Of Cyprus 2025	436,485	1.37
1.25% Republic of Hungary 2025	318,396	1.00
3.00% US Treasury Bond 2025	281,428	0.88
1.25% Republic of Italy 2026	682,659	2.15
2.875% Obrigacoes do Tesouro 2026	417,585	1.31
1.625% US Treasury Bond 2026	951,759	2.99
0.75% Government of France 2028	968,859	3.04
0.90% Republic of Ireland 2028	969,480	3.05

Foreign Collective Investment Schemes

Etica Azionario I	788,313	2.48
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iShares USD Treasury Bond 20+ Year UCITS ETF	2,293,200	7.20
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Term Deposits

APS Bank p.l.c.	219,533	0.69
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Izola Bank p.l.c.	700,000	2.20
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APS DIVERSIFIED BOND FUND

	Market Value	% of net assets
	30.06.2019	
	€	
Quoted Local Corporate Bonds		
4.15% Phoenicia Finance Company p.l.c. Unsecured 2023 - 2028	312,000	0.72
4.00% International Hotel Investments p.l.c. Unsecured Bonds 2026	247,640	0.57
4.00% Exalco Finance p.l.c. Secured 2028	99,045	0.23
3.75% TUM Finance p.l.c. Secured € Bonds 2029	100,000	0.23
3.5% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 1 Tranche 1	300,000	0.670
Quoted Foreign Bonds		
7.2% European Investment Bank 2019	201,560	0.47
2.65% EMC Corp 2020	349,497	0.81
3.875% Arcelik AS 2021	408,000	0.95
6.75% Codere Finance 2021	199,900	0.46
5.125% CBR Fashion 2022	200,660	0.47
4.75% FMG Resources 2006 2022	359,156	0.83
3.25% Teva Pharmaceutical Finance 2022	196,346	0.46
1.401% Becton Dickinson 2023	311,034	0.72
5.25% Fiat Chrysler Automobile 2023	436,830	1.01
3.125% Gaz Capital 2023	215,740	0.50
7.875% Inter-American Development Bank 2023	1,038,073	2.41
4.6% RZD Capital 2023	395,518	0.92
4.125% Adler Pelzer Holding GmbH 2024	369,360	0.86
6% Cemex Finance LLC 2024	388,170	0.90
5.5% Cott Corp 2024	208,368	0.48
2.5% Dufry One BV 2024	256,505	0.59
2% Imerys SA 2024	321,810	0.75
3.25% Nemak SAB De CV 2024	206,168	0.48
4.875% Orano SA 2024	341,805	0.79
2.625% Rexel SA 2024	205,682	0.48
4.75% Softbank Group Corp 2024	223,649	0.52
2.5% Banco Santander 2025	433,204	1.00
5.05% Embraer Netherlands Finance BV 2025	430,295	1.00
3.25% IQVIA Inc. 2025	257,834	0.60
1.375% WPP Finance 2025	414,408	0.96
2.75% BPCE SA 2026	420,959	0.98
1.75% DXC Technology 2026	354,680	0.82
3.625% LKQ European Holdings BV 2026	263,478	0.61
2.2% Altria Group Inc 2027	421,874	0.98

2.5% Bankinter SA 2027	414,836	0.96
2.25% BNP Paribas 2027	108,224	0.25
5% Societe Generale 2027	338,174	0.78
4.125% Verizon Communications Inc. 2027	380,888	0.88
1.875% Volkswagen International 2027	415,916	0.96
5.5% Ziggo BV 2027	356,083	0.83
2% Barclays p.l.c. 2028	244,973	0.57
5% BNP Paribas 2028	327,427	0.76
3% CEZ AS 2028	345,549	0.80
2% CK Hutchison 2028	325,425	0.75
1.375% Daimler AG 2028	422,680	0.98
3.125% BAT International Finance 2029	446,932	1.04
4.625% NN Group NV 2044	454,764	1.05
4.375% Mapfre SA 2047	449,320	1.04
6.375% America Movil SAB de CV 2073	423,399	0.98
4.5% Repsol International Finance 2075	416,323	0.96
4.5% Lanxess AG 2076	438,500	1.02
3% Telia Co AB 2078	418,008	0.97
6.25% Orsted A/S 3013	474,498	1.10

Quoted MGS Bonds (5 to 15 years)

4.50% Malta Government Stock 2028 (II)	395,409	0.92
2.30% Malta Government Stock 2029 (II)	233,580	0.54

Foreign Government Bonds

3.75% Kingdom of Norway 2021	1,914,059	4.43
5.75% Republic of Poland 2021	772,561	1.79
6.75% Republic of South Africa 2021	501,950	1.16
2.375% Saudi International Bond 2021	416,592	0.97
6.5% United Mexican States 2021	246,839	0.57
2.5% US Treasury Bond 2021	1,686,962	3.91
6.125% Kingdom Of Bahrain 2023	277,268	0.64
5.625% Macedonia Government International Bond 2023	503,769	1.17
3.5% Republic of Greece 2023	469,443	1.09
3.5% Kingdom Of Morocco 2024	489,676	1.13
3% Croatia Government International Bond 2025	228,800	0.53
1.25% Republic of Hungary 2025	424,528	0.98
3.375% Republic Of Indonesia 2025	413,796	0.96
2.15% Spain Government Bond 2025	397,504	0.92
2.75% US Treasury Bond 2025	1,386,352	3.21
3.875% Republic Of Colombia 2026	489,717	1.13
1.25% Republic of Italy 2026	877,704	2.03

4.75% Oman Government International Bond 2026	381,847	0.89
10.5% Republic of South Africa 2026	776,768	1.80
5.2% Republic of Turkey 2026	301,170	0.70
4.375% Oriental Republic of Uruguay 2027	568,292	1.32
0.75% Government of France 2028	753,557	1.75
0.9% Republic of Ireland 2028	1,184,920	2.75
7.6003% Arab Republic Of Egypt 2029	417,969	0.97
8.5% United Mexican States 2029	1,265,204	2.93
3.5% US Treasury Bond 2039	417,058	0.97

Collective Investment Schemes

iShares JP Morgan EM Local Govt Bond UCITS ETF	895,455	2.07
iShares JP Morgan USD EM Bond EUR Hedged UCITS ETF	543,467	1.26
iShares JP Morgan USD EM Corp Bond UCITS ETF	195,206	0.45
iShares USD High Yield Corp Bond UCITS ETF	832,428	1.93
iShares USD Treasury Bond 20+ Year UCITS ETF	2,167,200	5.02

Term Deposits

Izola Bank p.l.c.	1,000,000	2.32
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Statement of Changes in the Composition of the Portfolio

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

	% of net assets 30.06.2019	% of net assets 31.12.2018
APS Income Fund		
Quoted Local Equities	23.74	24.00
Quoted Local Corporate Bonds	32.81	34.88
Quoted Foreign Bonds	3.84	6.63
Quoted Malta Government Bonds	21.97	17.05
Foreign Government Bonds	8.09	4.94
Term Deposits	6.75	8.86
	% of net assets 30.06.2019	% of net assets 31.12.2018
APS Regular Income Ethical Fund		
Quoted Foreign Equities	17.80	12.44
Quoted Foreign Bonds	41.02	45.26
Quoted Malta Government Bonds	1.47	1.42
Foreign Government Bonds	24.79	24.20
Foreign Collective Investment Schemes	9.68	7.39
Term Deposits	2.89	3.02
	% of net assets 30.06.2019	% of net assets 31.12.2018
APS Diversified Bond Fund		
Quoted Local Corporate Bonds	2.45	1.02
Quoted Foreign Bonds	39.46	34.20
Quoted Malta Government Bonds	1.46	1.48
Foreign Government Bonds	40.69	35.29
Foreign Collective Investment Schemes	10.73	16.12
Term Deposits	2.32	8.72

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 1.50%, 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 0.93% per annum of the net asset value for Class A and Class B shares, and 1% 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 0.5% per annum of the net asset value of the Fund.

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 €38,000 per annum.

Custodian fee

The Company appointed Bank of Valletta p.l.c. as Custodian, to provide custody services, under an agreement concluded on 7 April 2017 and subsequently revised on 23 October 2017.

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

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

In the case of the APS Diversified Bond Fund the Custodian receives a custody fee of 0.045% per annum for the first €50 million of NAV, 0.04% to be applied between €50 million - €100 million of NAV and 0.035% between €100 million - €200 million of NAV, subject to a minimum fee of €20,000 per annum, discounted to €18,000 for the first year.

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 2019, and does not omit any matter or development of significance.