

APS Funds SICAV plc

**Interim Report
and
Unaudited Financial Statements**
for the period ended
30 June 2018

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Management and Administration

DIRECTORS

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

REGISTERED OFFICE AND BUSINESS ADDRESS

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

COMPANY REGISTRATION NUMBER

SV 78

INVESTMENT MANAGER

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

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

ADMINISTRATOR AND COMPANY SECRETARY

BOV Fund Services Limited
58, Zachary Street,
Valletta, VLT1130,
Malta

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

CUSTODIAN

Bank of Valletta plc
BOV Centre,
Cannon Road,
Santa Venera, SVR 9030,
Malta

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

BANKERS

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

Deloitte Malta,
Deloitte Place,
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Malta

LEGAL ADVISORS

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

Description

APS Funds SICAV plc (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 has continued to improve. Latest indicators show that during the second quarter of 2018, the economy of the United States of America (US) registered a year-on-year growth of 2.8 percent. On a similar note, the Eurozone's economy accelerated to register an annual growth rate of 2.4 percent. Growth in Emerging and Developing Economies (EMDE) accelerated to 4.3 percent in 2017 and has generally continued to firm in 2018. This reflects an ongoing cyclical upturn in commodity exports, whose contribution to overall EMDE growth is rising. It is also worth noting that the United Kingdom (UK) remains one of the worst-performing advanced economies, with the lowest growth rates in Europe as Brexit uncertainties take their toll.

The US economy has recorded its lowest unemployment rate in 18 years. More specifically, in the second quarter of 2018, the unemployment rate dropped to 3.9 percent. The unemployment rate in the Eurozone moved closer to its pre 2008 crisis and declined to 8.3 percent by the end of June.

Meanwhile, inflation expectations have been rising. The latest statistics show that the HICP (Harmonised Index of Consumer Prices) inflation rate in the euro area stood at 2 percent in June 2018. Likewise, core inflation (excluding food and energy) in the US increased to 2.3 percent by the end of the first half of the year.

On the political front, President Donald Trump wants to wait until after the midterm elections to move forward on a new NAFTA deal with Mexico and Canada, with the parties locked in tough negotiations. Trade tensions between the three NAFTA parties have increased during the past months, with the US slapping import tariffs on Mexican and Canadian steel and aluminium. At the same time, Mr Trump continues with his growing trade dispute with China and to a lesser extent with Europe. The present crisis could end up a precursor to a full-blow trade war, with repercussions also for third countries in the emerging world.

In terms of monetary policy, the Governing Council of the ECB will continue to make net purchases under the Asset Purchase Program (APP) at the currently monthly pace of €30 billion until the end of September 2018. This will be trimmed to €15 billion during the last three months of 2018. The Federal Reserve hiked its benchmark short-term interest rate a quarter percentage point in June 2018 and indicated that two more increases are likely this year. The 10-year government bond yield in the US increased steadily during the first two months of the year. Since then, the benchmark rate briefly exceeded the 3 percent level in April and again in May, before easing to 2.86 percent at the end of the first half of the year. In Europe, the German 10 year yield initially increased to levels last seen in 2015, only to reverse course towards the 0.3 percent level at the end of June 2018. Corporate credit spreads, both investment grade and non-investment grade, widened during the period under review and by the end of June were trading at levels close to those prevailing a year earlier.

Global equity markets are currently experiencing a ten-year bull run. Having said this, equity markets have been comparatively volatile since the start of the year. During the first six months of 2018, the Dow shed 1.81 percent, while the S&P 500 gained by 1.67 percent (both measured in US dollars). Meanwhile in Europe, blue chip stocks as measured by the Euro Stoxx 50 lost 3.09%, and the UK's FTSE 100 slipped 0.66 percent (measured in pound sterling).

The talks about the trade war have triggered broad gains for the US dollar. Since the start of 2018, the euro has weakened against other major currencies. During the same period, the return from selling the euro to earn carry in emerging currencies was slightly negative. Emerging market government bonds denominated in local currencies have been relatively well behaved, while hard currency debt has been volatile and registered a negative return during the first six months of the year.

Investment Manager's Report (Continued)

The Maltese Economy and Financial Market

The Maltese economy has experienced another good year with strong economic expansion. Real GDP has increased by 6.4 percent during the year 2017 and is expected to average 5.4 percent during the current calendar year, before slowing down to 5 percent during 2019.

The unemployment rate in Malta has declined below the 4 percent mark. The rate of inflation as measured by the HICP increased to 2.04 percent in June from 1.34 percent six months earlier. The European Commission is projecting an inflation rate of 1.8 percent in 2019.

The Malta Stock Exchange price index registered a decrease of 3.39 percent during the first six months of the year. Yields at the front end on the Malta government yield curve increased during the period under review, while the yields at the long end have declined. At the same time, the spread to the ten-year German Bund widened to 101 basis points. The underperformance appears to have been triggered by the recent political drama in Italy.

Portfolio Activity Review

APS Income Fund

Investment Objective

The investment objective of the Fund is to maximise the total level of return for investors, whilst maintaining 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 Class of Shares

During the period from 31 December 2017 to 30 June 2018, the quoted share price of the APS Income Fund Accumulator class of shares decreased by 0.84 percent from €175.9104 to €174.4408.

Distributor Class of Shares

During the period from 31 December 2017 to 30 June 2018, the quoted share price of the APS Income Fund Distributor class of shares decreased by 2.04 percent from €127.3622 to €124.7635. The Fund distributed a dividend of €1.54954 per share during the first half of 2018 for the period July to December 2017.

Overview of the Fund

The Net Asset Value of the Fund decreased from €81.36 million to €78.18 million during the six-month period under review.

The duration of the Fund during the first half of the year was maintained at approximately 4.3. During the period, the Fund Manager continued to selectively invest in local corporate debt, striking a balance between income and interest rate risk. In view of the current strong domestic economic growth, the Fund Manager maintained a close to full allocation towards local equities. The Fund has a number of foreign bond positions. The Manager sought to switch some of the existing investments with other short to medium term bonds with a better risk/return profiles. Most of the Fund's assets were denominated in euro, with minor exposures to the US dollar and British pound amounting to circa 6 percent as at the end of the period.

At the end of June 2018, the Fund's asset allocation was made up as follows: local government bonds – 15%, international government bonds – 4%, local corporate bonds – 35%, international corporate bonds – 10%, Maltese equities – 23% and cash and cash equivalents – 13%.

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 other collective investment schemes, deposits, and cash.

Fund Performance

Class A - Accumulator Class of Shares

During the period from 31 December 2017 to 30 June 2018, the quoted share price of the APS Regular Income Ethical Fund Class A accumulator class of shares decreased by 1.43 percent from €1.3731 to €1.3534.

Class B - Distributor Class of Shares

During the period from 31 December 2017 to 30 June 2018, the price of the APS Regular Income Ethical Fund Class B distributor class of shares decreased by 2.6 percent from €1.1573 to €1.1272. A dividend of €0.01344 per share was paid during the period.

Class C - Accumulator Class of Shares

During the period from 31 December 2017 to 30 June 2018, the price of the APS Regular Income Ethical Fund Class C accumulator class of shares decreased by 1.47 percent from €1.3703 to €1.3501.

Class D - Distributor Class of Shares

During the period from 31 December 2017 to 30 June 2018, the price of the APS Regular Income Ethical Fund Class D distributor class of shares decreased by 2.63 percent from €1.1563 to €1.1259. A dividend of €0.01332 per share was paid during the period.

Overview of the Fund

The Fund differs from a traditional fund in the process by which investments are selected. Specifically, the investment process entails 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's Net Asset Value decreased from €32.55 million to €31.99 million during the six-month period under review.

The six-month period under review proved to be challenging, with low interest rates persisting in Europe, widening credit spreads in the corporate bond market segment, and increased volatility in global equity markets. In this environment, the Fund Manager sought to protect the value of the portfolio while enhancing return via tactical positioning. Amongst other things, the strategy entailed increasing the allocation to term deposits whilst decreasing the allocation to equity market risk. Within the equity allocation, the Fund Manager rotated out of US market exposure and favoured European equities. This strategy was backed by valuation considerations. Finally, the Fund Manager opportunistically increased the allocation to corporate bonds to take advantage of widening credit spreads in this market segment.

Investment Manager's Report (Continued)

At the end of June 2018, the Fund's asset allocation was made up as follows: government and supranational bonds - 11 percent, corporate bonds - 49 percent, equities - 26 percent, cash - 2 percent, term deposits - 12 percent.

APS Diversified Bond Fund

Investment Objective

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

Fund Performance

Class A - Accumulator Class of Shares

The Class A accumulator class of shares started to be offered to investors on 23 October 2017 at an initial offering price of €1. Since inception, there were no investors in this class of shares. Thus, no performance data is available.

Class B - Distributor Class of Shares

During the period from 31 December 2017 to 30 June 2018, the price of the APS Diversified Bond Fund Class B distributor class of shares decreased by 3.37 percent from €0.9985 to €0.9649. A dividend of €0.0114 per share was paid during the period.

Class C - Accumulator Class of Shares

During the period from 31 December 2017 to 30 June 2018, the price of the APS Diversified Bond Fund Class C accumulator class of shares decreased by 2.23 percent from €0.9985 to €0.9762.

Class D - Distributor Class of Shares

During the period from 31 December 2017 to 30 June 2018, the price of the APS Diversified Bond Fund Class D distributor class of shares decreased by 3.38 percent from €0.9985 to €0.9648. A dividend of €0.01146 per share was paid during the period.

Overview of the Fund

The Fund's Net Asset Value decreased from €41.04 million to €40.24 million during the six-month period under review.

The period under review proved to be challenging, with low interest rates persisting in Europe, widening credit spreads, and increased volatility emanating from emerging market risks. In this environment, the Fund Manager sought to protect the value of the portfolio while enhancing return via tactical positioning. Amongst other things, the strategy entailed increasing the allocation to term deposits whilst decreasing the allocation to emerging market sovereign risk. Collectively, these actions resulted in a notable decrease in the Fund's overall interest rate risk. In terms of currency allocation, the Fund's exposure to the euro increased at the expense of emerging market currencies. The overall reduction in risk, enabled the Fund to take advantage of widening spreads in the corporate bond market.

On 30 June 2018, the Fund's asset allocation was made up as follows: government and supranational bonds - 25 percent, corporate bonds - 33 percent, collective investment schemes - 28 percent, term deposits - 11 percent, and cash - 3 percent.

Some of the opinions expressed herein might be of a forward-looking nature and should not be interpreted as investment advice. The Funds' performance figures listed above have been truncated to two decimal places.

Sources: Bloomberg, Central Bank of Malta, European Commission, World Bank Group

UNAUDITED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	APS Funds SICAV plc Combined Statement		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	€	€	€	€	€	€	€	€
ASSETS								
Financial assets at fair value through profit or loss	143,744,861	133,945,209	75,481,984	69,750,572	31,004,096	28,092,100	37,258,781	36,102,537
Other investments-term deposits	2,000,000	14,718,567	2,000,000	10,671,355	-	2,620,712	-	1,426,500
Accrued income	1,457,011	1,538,241	791,582	746,804	309,001	360,655	356,428	430,782
Other debtors and prepayments	1,579,876	-	13,370	-	4,846	-	1,561,660	-
Cash and cash equivalents	2,340,524	5,192,756	251,868	401,889	884,819	1,655,095	1,202,637	3,134,572
Total assets	151,122,272	155,394,773	78,538,804	81,570,620	32,202,762	32,728,562	40,379,506	41,094,391
LIABILITIES								
Accrued expenses	711,402	381,649	354,025	207,059	217,498	121,315	139,879	53,275
Other creditors	2,059	53,144	-	-	-	53,144	2,059	-
	713,461	434,793	354,025	207,059	217,498	174,459	141,938	53,275
	150,408,811	154,959,980	78,184,779	81,363,561	31,985,264	32,554,103	40,237,568	41,041,116
Represented by:								
Net assets attributable to holders of redeemable shares	150,408,811	154,959,980	78,184,779	81,363,561	31,985,264	32,554,103	40,237,568	41,041,116



Dr Mario Felice
Chairman



Mr Etienne Borg Cardona
Director

	APS Funds SICAV plc Combined	APS Income Fund	APS Regular Income Ethical Fund	APS Diversified Bond Fund
Salient Statistics				
Shares in issue as at 30 June 2018 (note 7)				
Founder Shares	1,200.000	-	-	-
Accumulator	92,936.290	92,936.291	-	-
Distributor	496,722.760	496,722.758	-	-
Accumulator – Class A	3,388,724.727	-	3,388,724.727	-
Distributor – Class B	48,889,477.020	-	8,889,477.015	40,000,000.000
Accumulator – Class C	4,514,525.945	-	4,062,617.658	451,908.287
Distributor – Class D	11,806,491.170	-	10,562,988.094	1,243,503.076
		€	€	€
Net asset value as at 30 June 2018		78,184,779	31,985,264	40,237,568
Net asset value as at 31 December 2017		81,363,561	32,554,103	41,041,116
Net asset value as at 31 December 2016		83,822,499	26,297,615	-
Net asset value per Accumulator share as at 30 June 2018		174.4408	-	-
Net asset value per Distributor share as at 30 June 2018		122.9376	-	-
Net asset value per Accumulator Class A share as at 30 June 2018		-	1.3534	-
Net asset value per Distributor Class B share as at 30 June 2018		-	1.1272	0.9649
Net asset value per Accumulator Class C share as at 30 June 2018		-	1.3501	0.9762
Net asset value per Distributor Class D share as at 30 June 2018		-	1.1259	0.9648
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		-	1.3731	-
Net asset value per Distributor Class B share as at 31 December 2017		-	1.1573	0.9985
Net asset value per Accumulator Class C share as at 31 December 2017		-	1.3703	0.9985
Net asset value per Distributor Class D share as at 31 December 2017		-	1.1563	0.9985

	APS Funds SICAV plc Combined	APS Income Fund	APS Regular Income Ethical Fund	APS Diversified Bond Fund
Net asset value per Accumulator share as at 31 December 2016		172.3487	-	-
Net asset value per Distributor share as at 31 December 2016		127.9522	-	-
Net asset value per Accumulator Class A share as at 31 December 2016 (note 8)		-	1.3297	-
Net asset value per Distributor Class B share as at 31 December 2016 (note 8)		-	1.1521	-
Net asset value per Accumulator Class C share as at 31 December 2016 (note 8)		-	1.3279	-
Net asset value per Distributor Class D share as at 31 December 2016 (note 8)		-	1.1517	-

UNAUDITED STATEMENT OF CHANGES IN NETASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES*For the six month period ended 30 June 2018*

	APS Funds SICAV plc Combined Statement		APS Income Fund	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	€	€	€	€
Net assets at beginning of period	154,959,980	110,121,314	81,363,561	83,822,499
Creation of shares	2,307,610	6,873,151	939,526	2,161,537
Redemption of shares	(3,264,613)	(3,715,149)	(2,645,071)	(2,598,600)
Net equalisation	(9,363)	20,084	(14,529)	(5,079)
Net (decrease)/increase in net assets during the period	(3,584,803)	(895,521)	(1,458,708)	(1,037,916)
Net assets at end of period	150,408,811	112,403,879	78,184,779	82,342,441

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES*For the six month period ended 30 June 2018*

	APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	€	€	€	€
Net assets at beginning of period	32,554,103	26,297,615	41,041,116	-
Creation of shares	763,001	4,711,614	605,083	-
Redemption of shares	(599,690)	(1,116,549)	(19,852)	-
Net equalisation	2,255	25,163	2,911	-
Net (decrease)/increase in net assets during the period	(734,405)	142,395	(1,391,690)	-
Net assets at end of period	31,985,264	30,060,238	40,237,568	-

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 30 June 2018

	APS Funds SICAV plc Combined Statement		APS Income Fund	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	€	€	€	€
Income				
Interest from loans and receivables	155,385	199,180	131,582	158,836
Dividend income and accrued interest	745,201	544,943	460,610	357,806
Net gain/loss on financial assets at fair value through profit or loss	(1,926,575)	420,562	(638,808)	(1,887)
	(1,025,989)	1,164,685	(46,616)	514,755
Expenses	(765,615)	(680,568)	(392,063)	(468,409)
Net Income	(1,791,604)	484,117	(438,679)	46,346
Finance costs-distributions to shareholders (note 6)	(1,515,795)	(1,122,325)	(786,741)	(861,862)
Tax expense on income	(277,404)	(257,313)	(233,288)	(222,400)
Net increase/(decrease) in net assets during the period	(3,584,803)	(895,521)	(1,458,708)	(1,037,916)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 30 June 2018

	APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	€	€	€	€
Income				
Interest from loans and receivables	16,242	40,344	7,561	-
Dividend income and accrued interest	244,326	187,137	40,265	-
Net gain/loss on financial assets at fair value through profit or loss	(473,885)	422,449	(813,882)	-
	(213,317)	649,930	(766,056)	-
Expenses	(217,646)	(212,159)	(155,906)	-
Net Income	(430,963)	437,771	(921,962)	-
Finance costs-distributions to shareholders (note 6)	(259,326)	(260,463)	(469,728)	-
Tax expense on income	(44,116)	(34,913)	-	-
Net increase/(decrease) in net assets during the period	(734,405)	142,395	(1,391,690)	-

UNAUDITED STATEMENT OF CASHFLOWS

for the six month period ended 30 June 2018

	APS Funds SICAV plc Combined Statement		APS Income Fund	
	30.06.2018 €	30.06.2017 €	30.06.2018 €	30.06.2017 €
Net cash used in operating activities	(396,531)	(1,004,863)	2,356,794	3,529,585
Net cash generated from/(used) financing activities	(2,455,701)	2,037,683	(2,506,815)	(1,304,004)
Movements in cash and cash equivalents	(2,852,232)	1,032,820	(150,021)	2,225,581
Cash and cash equivalents at beginning of period	5,192,756	3,728,911	401,889	2,171,318
Cash and cash equivalents at end of period	2,340,524	4,761,731	251,868	4,396,899

UNAUDITED STATEMENT OF CASHFLOWS

for the six month period ended 30 June 2018

	APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	30.06.2018 €	30.06.2017 €	30.06.2018 €	30.06.2017 €
Net cash used in operating activities	(700,917)	(4,534,448)	(2,052,408)	-
Net cash generated from/(used) financing activities	(69,359)	3,341,687	120,473	-
Movements in cash and cash equivalents	(770,276)	(1,192,761)	(1,931,935)	-
Cash and cash equivalents at beginning of period	1,655,095	1,556,393	3,134,572	-
Cash and cash equivalents at end of period	884,819	363,632	1,202,637	-

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**1. CORPORATE INFORMATION**

APS Funds SICAV plc ("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 2017 audited financial statements. They have also been prepared in accordance with the requirements of the Malta Financial Services Authority's Investment Services Rules for Retail Collective Investment Schemes. These unaudited financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit and loss.

In line with International Financial Reporting Standards, the Company presented assets and liabilities in order of their liquidity, since this presentation is reliable and more relevant to this Company. This presentation is also in line with the terms of Section 3(3) of the Third Schedule of the Companies Act, (Cap. 386 of the Laws of Malta).

Financial assets at fair value through profit and loss are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in accordance to the Investment 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**Income recognition**

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

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

Expenses

Expenses are accounted for on an accrual basis.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**Foreign exchange translation**

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

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

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

Distribution policy

In the absence of unforeseen circumstances, subject to the availability of distributable profits and in the absence of exceptional market conditions, the Directors expect to distribute to shareholders, on a bi-annual basis and after the deduction of expenses, part or all of the net income available for distribution by the APS Income Fund Distributable Class, the APS Regular Income Ethical Fund Distributable Classes 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 period in which they are paid.

Equalisation

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

Financial Assets**Classification**

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The standard includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

Based on the Company's assessment, this standard will not have a material impact on the classification of financial assets and financial liabilities of the Company because:

the financial instruments classified as held-for-trading under IAS 39 are classified as such under IFRS 9;

financial instruments measured at FVTPL under IAS 39 are designated into this category because they are managed on a fair value basis in accordance with a documented investment strategy. Accordingly, these financial instruments are mandatorily measured at FVTPL under IFRS 9; and

financial instruments measured at amortised cost were financial assets held to maturity, other investments – term deposits, accrued income, other receivables, cash and cash equivalents, other payables and overdrawn bank balances. These instruments meet the solely payments of principal and interest (SPPI) criterion and are held in a held-to-collect business model. Accordingly, they are measured at amortised cost under IFRS 9.

Impairment of assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

The new impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

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.

Based on the Company's assessment, changes to the impairment model do not have a material impact on the financial assets of the Company because:

the majority of the financial assets are measured at FVTPL and the impairment requirements do not apply to such instruments; and

the financial assets at amortised cost are of a relatively short-term nature and of high credit quality. Accordingly, the ECLs on such assets are small.

Valuation of investments in collective investment schemes

Investments in collective investment schemes (private investment funds) are designated at fair value through profit or loss, in accordance with IFRS 9 Financial Instruments: and are valued at fair value as determined by the administrator of the private investment fund. In determining fair value the administrator utilises the valuations of the underlying private investment funds to determine the fair value of its interest. The underlying private investment funds value securities and other financial instruments on a mark-to-market fair value basis of accounting.

Investments in private investment funds are valued based on the independently audited net asset values of the private investments funds. Where the audited financial statements of the private investment funds are not readily available or their year-end is not co-terminous with that of the Company, the board of directors bases its valuation on the private investment funds' net asset values as calculated by the independent administrator of such private investment funds as at the reporting date.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

It is possible that the underlying private investment funds' results may subsequently be adjusted when such results are subjected to an audit, and the adjustments may be material.

Share capital

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

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

Cash and cash equivalents

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

Significant accounting judgements, estimates and assumptions

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

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

Going Concern

The Fund's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company 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 Company'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 Sub-Funds is to generate returns in euro, its capital-raising currency. The liquidity of the Sub-Funds is managed on a day-to-day basis in euros in order to handle the issue, acquisition and resale of the Sub-Funds redeemable shares. The Sub-Fund's performance is evaluated in euro. Therefore, the management considers the euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

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

4. INITIAL APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS, AND INTERNATIONAL FINANCIAL REPORTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

Initial application of International Financial Reporting Standards

The IASB issued the final version of IFRS 9: Financial Instruments. This brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39: Financial Instruments: Recognition and Measurement. This Standard supersedes all previous versions of IFRS 9. The standard is effective for annual reporting periods beginning on or after 1 January 2018.

On 12 April 2016, the IASB published final clarifications to IFRS 15: Revenue from Contracts with Customers. These relate to identifying performance obligations, principal versus agent considerations, licensing and transition relief changes. The amendments are effective for annual reporting periods beginning on or after 1 January 2018.

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following standards, revisions and interpretations were in issue but not yet effective as these are still subject to EU endorsement: International Financial Reporting Standards in issue but not yet effective (continued)

On 12 October 2017, the IASB published Prepayment Features with Negative Compensation (Amendments to IFRS 9) to address the concerns about how IFRS 9: Financial Instruments classifies particular repayable financial assets. In addition, the IASB clarifies an aspect of the accounting for financial liabilities following a modification. The amendments are to be applied retrospectively for fiscal financial years beginning on or after 1 January 2019, with early application being permitted.

On 12 December 2017, the IASB issued Annual Improvements to IFRS Standards 2015-2017 Cycle. The pronouncement contains amendments to four International Financial Reporting Standards as result of the IASB's annual improvements project. The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.

Only the amendments that are relevant to the Company have been disclosed above. The Company, however, expects no impact from the adoption of the amendments on its financial position or performance.

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 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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

Distributions reflected in the relative Statement of Comprehensive Income for the year ended 31 December 2017:

	Ex-dividend date	Rate per Share	Distribution paid
APS Income Fund Distributor Shares	29 December 2016	€1.6498	€861,862
APS Income Fund Distributor Shares	28 June 2017	€1.5063	€782,258
APS Regular Income Ethical Fund Distributor Shares Class EUR B	28 March 2017	€0.01527	€124,834
APS Regular Income Ethical Fund Distributor Shares Class EUR D	28 March 2017	€0.01517	€135,630
APS Regular Income Ethical Fund Distributor Shares Class EUR B	28 September 2017	€0.01675	€138,012
APS Regular Income Ethical Fund Distributor Shares Class EUR D	28 September 2017	€0.01664	€170,436

During the period ended 28 June 2018 a final dividend of €1.82592 per share which amounted to a distribution of €906,979 was declared by the Directors on 28 June 2018 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 2018.

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:

	30.06.18	% of net assets	30.06.17	% of net assets
	€		€	
APS Funds SICAV plc	2,340,524	1.56	4,761,731	4.24
APS Income Fund	251,868	0.32	4,396,899	5.34
APS Regular Income Ethical Fund	884,819	2.77	363,632	1.21
APS Diversified Bond Fund	1,202,637	2.99	-	-

The APS Income Fund has an overdraft facility with APS Bank Limited of €2,500,000 (2017: €2,500,000). As at 30 June 2018, the overdraft balance was of €137 (2017: nil). This facility is secured by the pledge with the total value of €2,500,000 (2017: €2,500,000).

The APS Regular Income Ethical Fund has an overdraft facility with APS Bank Limited of €1,000,000 (2017: €1,000,000). As at 30 June 2018 and 2017, the facility was not overdrawn. This facility is secured by a pledge with a total value of €1,000,000 (2017: €1,000,000).

The APS Diversified Bond Fund requested APS Bank Limited for an overdraft facility of a maximum of €1,000,000. As at 30 June 2018 the facility was not overdrawn. This facility will be 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
	30.06.2018	
	€	
Quoted Local Equities		
Bank Of Valletta plc	1,452,798.64	1.86%
GO plc	501,000.00	0.64%
HSBC Bank Malta plc	1,561,486.56	2.00%
Malita Investments plc Ordinary B Shares	1,206,026.25	1.54%
Malta International Airport Ord.'A' Shares	4,165,535.94	5.33%
Mapfre Middlesea plc Ordinary Shares	267,541.52	0.34%
Medserv plc Ordinary Shares	1,075,000.00	1.37%
PG plc Ordinary Shares	1,125,579.00	1.44%
Plaza Centre plc Ordinary Shares	1,364,589.20	1.75%
RS2 Software plc Ordinary Shares	1,466,683.16	1.88%
Simonds Farsons Cisk	1,837,194.00	2.35%
Tigné Mall plc Ordinary Shares	1,751,979.55	2.24%
Trident Estates plc Ordinary Shares	338,150.20	0.43%
Quoted Local Corporate Bonds		
3.5% Bank of Valletta plc Subordinated Notes 2030 Series1 Tranche1	2,470,864.00	3.16%
3.5% Bank Of Valletta plc Subordinated Notes 2030 Series 2 Tranche 1	123,625.00	0.16%
3.5% Simonds Farsons Cisk plc Unsecured € Bond 2027	644,866.41	0.82%
3.75% Premier Capital plc Unsecured Bonds 2026	2,020,282.88	2.58%
3.75% Tumas Investments plc Unsecured € Bonds 2027	565,054.80	0.72%
3.9% Plaza Centres plc Unsecured Bonds 2026	100,550.00	0.13%
4% Eden Finance plc Unsecured € Bonds 2027	1,972,401.80	2.52%
4% International Hotel Investments plc Secured Bonds 2026	424,216.00	0.54%
4% International Hotel Investments plc Unsecured Bonds 2026	267,617.73	0.34%
4% MIDI plc EUR Secured Bonds 2026	1,204,287.60	1.54%
4% Stivala Group Finance plc Secured € Bonds 2027	558,258.75	0.71%
4.25% Bank of Valletta plc € Notes 2019 Series 2 Tranche 1	701,771.00	0.90%
4.25% Corinthia Finance plc Unsecured Bonds 2026	88,302.50	0.11%
4.35% SD Finance plc Unsecured € Bonds 2027	2,088,000.00	2.67%
4.5% Hili Properties plc Unsecured Bonds 2025	194,167.73	0.25%
4.5% Izola Bank plc Unsecured Bonds 2025	1,253,612.00	1.60%
4.5% Medserv plc Unsecured Euro Bonds 2026	543,143.25	0.69%
4.8% Bank of Valletta plc Notes 2018	880,500.00	1.13%
4.8% Bank of Valletta plc Subordinated Bonds 2020	815,852.75	1.04%
4.9% Gasan Finance Company plc Bonds 2019 - 2021	1,006,143.67	1.29%

5% Dizz Finance plc Unsecured Bonds 2026	211,120.00	0.27%
5% Hal Mann Vella Group plc Secured Bonds 2024	957,758.76	1.22%
5% Mediterranean Bank plc Subordinated Unsecured € Bonds 2022 -2027	517,500.00	0.66%
5% Mediterranean Investments Holding plc Unsecured Bonds 2022	291,029.17	0.37%
5% Tumas Investments plc Unsecured Bonds 2024	237,842.00	0.30%
5.1% 6PM Holdings plc Unsecured Bonds 2025	609,935.00	0.78%
5.3% United Finance plc Unsecured Bonds 2023	91,641.90	0.12%
5.35% Bank of Valletta plc Sub Bonds 2019	377,200.00	0.48%
5.5% Mediterranean Investments Holding plc Unsecured Bonds 2020	624,933.00	0.80%
5.5% Pendergardens Developments plc Series I Secured Bonds 2020	628,403.00	0.80%
5.75% International Hotel Investments plc Unsecured Bonds 2025	111,454.50	0.14%
5.8% International Hotel Investments plc Bonds 2021	183,268.40	0.23%
5.8% International Hotel Investments plc Bonds 2023	340,367.00	0.44%
5.9% HSBC Subordinated Bonds 2018	467,224.50	0.60%
6% AX Investments plc € Bonds 2024	997,033.00	1.28%
6% Island Hotels Group Holdings plc Bonds 2024	994,847.92	1.27%
6% Mediterranean Investments Holdings plc Unsecured Bonds 2021	367,681.20	0.47%
6% Medserv plc Secured and Guaranteed Notes 2023 Series 1 Tranche 1	328,120.25	0.42%
6% Pendergardens Developments plc Series II Secured Bonds 2022	1,027,652.00	1.31%

Quoted Foreign Bonds

1.875% Telefonaktiebolaget Lm E 2024	489,390.00	0.63%
2.5% Dufry One BV 2024	495,470.00	0.63%
2.75% Xerox Corporation 2020	209,694.76	0.27%
3.099% Allianz SE 2047	1,015,030.00	1.30%
3.375% Aviva plc 2045	1,020,531.00	1.31%
3.5% Hanesbrands Finance Lux 2024	836,912.00	1.07%
3.625% Royal Bk Scotlnd Grp plc 2024	253,205.00	0.32%
3.75% Petroleos Mexicanos 2024	505,855.00	0.65%
4% Coty Inc 2023	394,520.00	0.50%
4.25% Ziggo BV 2027	295,797.00	0.38%
4.5% Repsol Intl Finance 2075	574,692.25	0.74%
4.75% A2D Funding plc 2022	307,969.23	0.39%
4.75% Empresa Nacional De Petr 2021	215,829.19	0.28%
5.5% Arcelormittal 2021	267,859.44	0.34%
5.5% Perusahaan Listrik Negar 2021	222,922.86	0.29%
6% Cemex Finance LLC 2024	172,920.29	0.22%
6.25% Bank Of India London 2021	179,283.82	0.23%
10% Barclays Bank plc 2021	271,471.90	0.35%

Quoted MGS Bonds (5 to 15 years)

3.3% Malta Government Stock 2024 (I)	1,290,654.20	1.65%
1.5% Malta Government Stock 2027 (I)	4,140,000.00	5.30%
4.8% Malta Government Stock 2028 (I)	3,001,080.35	3.84%
4.5% Malta Government Stock 2028 (II)	1,969,673.76	2.52%
2.3% Malta Government Stock 2029 (II)	108,330.00	0.14%
5.1% Malta Government Stock 2029 (I)	1,017,764.44	1.30%

Foreign Government Bonds

0.35% Buoni Poliennali Del Tes 2020	494,645.00	0.63%
3% Croatia 2027	824,280.00	1.05%
5% Russian Federation 2020	525,184.35	0.67%
4.875% Russian Federation 2023	536,040.05	0.69%
3.375% United Mexican States 2031	549,955.00	0.70%

Term Deposits

APS Bank Limited	7,892,930.18	10.10%
Izola Bank plc	2,000,000.00	2.56%

APS REGULAR INCOME ETHICAL FUND

	Market Value	% of net assets
	30.06.2018	
	€	
Quoted Foreign Equity		
Adidas AG	495,417.50	1.55%
Allianz SE-REG	269,070.40	0.84%
Anheuser-Busch InBev SA/NV	346,000.00	1.08%
Ashtead Group plc	379,103.20	1.19%
Atlantia SpA	506,400.00	1.58%
AXA SA	346,747.50	1.08%
Bayerische Motoren Werke AG	426,965.00	1.33%
BNP Paribas	393,606.00	1.23%
Bolsas Y Mercados Espanoles	197,960.00	0.62%
Capgemini SE	576,000.00	1.80%
Credit Agricole SA	274,440.00	0.86%
EDF	471,200.00	1.47%
Endesa SA	188,950.00	0.59%
Experian plc	127,175.28	0.40%
Industria De Diseno Textil	292,600.00	0.91%
KBC Group NV	330,600.00	1.03%
Novartis AG-REG	97,394.36	0.30%
Orange	134,412.65	0.42%
Roche Holding AG-Genusschein	418,497.34	1.31%
Sanofi	274,600.00	0.86%
SAP SE	494,750.00	1.55%
SGS SA-REG	227,874.52	0.71%
Vodafone Group plc	374,137.52	1.17%
Quoted Foreign Bonds		
0.5% European Bk Recon & Dev 2023	423,127.74	1.32%
1.125% EDP Finance BV 2024	297,474.00	0.93%
1.25% Goldman Sachs Group Inc 2025	594,720.00	1.86%
1.25% Svenska Handelsbanken AB 2028	347,151.00	1.09%
1.375% Morgan Stanley 2026	393,044.00	1.23%
1.375% Societe Generale 2028	289,326.00	0.90%
1.625% Atlantia SpA 2025	197,486.00	0.62%
1.625% RCI Banque SA 2025	506,615.00	1.58%
1.875% Barclays plc 2023	306,847.50	0.96%
1.875% Telefonaktiebolaget Lm E 2024	244,695.00	0.77%
11.5% Morgan Stanley 2020	236,699.17	0.74%
2.125% Stora Enso Oyj 2023	336,758.40	1.05%

2.25% BNP Paribas 2027	199,476.00	0.62%
2.25% Sky plc 2025	642,091.20	2.01%
2.375% Cellnex Telecom SA 2024	400,688.40	1.25%
2.375% Peugeot SA 2023	419,460.00	1.31%
2.5% Bankinter SA 2027	300,783.00	0.94%
2.625% Rexel SA 2024	349,114.50	1.09%
3% Telia Co AB 2078	313,704.50	0.98%
3.099% Allianz SE 2047	507,515.00	1.59%
3.375% Aviva plc 2045	765,398.25	2.39%
3.5% Banco Bilbao Vizcaya ARG 2027	416,076.00	1.30%
3.625% PVH Corp 2024	381,955.00	1.19%
3.75% Fiat Chrysler Automobile 2024	423,356.00	1.32%
4% European Investment Bank 2020	616,293.75	1.93%
4.25% Aqua + Inv (Zurich Ins) 2043	277,797.75	0.87%
4.375% Mapfre SA 2047	314,517.00	0.98%
4.4% Ausnet Services Holdings 2027	262,302.88	0.82%
4.5% Lanxess AG 2076	332,788.10	1.04%
4.561% Casino Guichard Perracho 2023	407,056.00	1.27%
4.625% NN Group NV 2044	538,215.00	1.68%
4.75% Fiat Chrysler Finance Eu 2022	220,860.00	0.69%
5% BBVA Banco Continental 2022	261,718.58	0.82%
5.125% Arcelormittal 2020	308,087.17	0.96%
5.125% AXA SA 2043	799,358.00	2.50%
6.25% BHP Billiton Fin USA Ltd 2075	358,858.85	1.12%
6.25% Munich Re 2042	953,924.80	2.98%
6.25% Orsted A/S 3013	313,348.50	0.98%
6.25% Thomas Cook Group plc 2022	422,912.00	1.32%
7.125% Erste Group Bank AG 2022	371,652.60	1.16%
7.2% European Investment Bank 2019	294,765.16	0.92%
7.5% Inter-American Devel Bk 2024	172,556.24	0.54%
7.75% Commerzbank AG 2021	351,522.00	1.10%
7.8% Intl Finance Corp 2019	294,127.08	0.92%

Foreign Government Bonds

0.35% Buoni Poliennali Del Tes 2020	321,519.25	1.01%
2.875% Obrigacoes Do Tesouro 2026	389,375.00	1.22%
3.5% Hellenic Republic 2023	343,337.75	1.07%
4% Poland Government Bond 2023	97,634.85	0.31%
4.25% Republic Of Cyprus 2025	398,580.00	1.25%

Collective Investment Schemes

Etica Azionario-I	766,884.21	2.40%
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Term Deposits

APS Bank Limited	3,176,640.75	9.93%
Izola Bank plc	700,000.00	2.19%

APS DIVERSIFIED BOND FUND

	Market Value	% of net assets
	30.06.2018	
	€	
Quoted Foreign Bonds		
1.875% Telefonaktiebolaget Lm E 2024	293,634.00	0.73%
2.375% Cellnex Telecom SA 2024	400,688.40	1.00%
2.5% Bankinter SA 2027	401,044.00	1.00%
2.5% Dufry One BV 2024	445,923.00	1.11%
2.65% EMC Corp 2020	334,021.36	0.83%
3% Telia Co AB 2078	404,780.00	1.01%
3.5% Verizon Communications 2023	467,227.20	1.16%
3.622% State Bank India/London 2019	449,707.09	1.12%
3.625% Netflix Inc 2027	381,139.20	0.95%
3.875% Arcelik AS 2021	408,200.00	1.01%
4% Coty Inc 2023	394,520.00	0.98%
4% Intl Bk Recon & Develop 2018	268,650.89	0.67%
4.125% Adler Pelzer Hldg Gmbh 2024	402,668.00	1.00%
4.375% Mapfre SA 2047	524,195.00	1.30%
4.5% Lanxess AG 2076	429,404.00	1.07%
4.5% Repsol Intl Finance 2075	381,386.68	0.95%
4.625% NN Group NV 2044	538,215.00	1.34%
4.75% FMG Resources 2006 2022	330,167.27	0.82%
4.75% Softbank Group Corp 2024	366,138.80	0.91%
4.875% Orano SA 2024	366,030.00	0.91%
5% BNP Paribas 2028	464,395.17	1.15%
5% Societe Generale 2027	462,787.68	1.15%
5.05% Embraer Netherlands Fina 2025	394,412.81	0.98%
5.125% Arcelormittal 2020	396,112.08	0.98%
5.25% Fiat Chrysler Automobile 2023	406,070.84	1.01%
5.5% Cott Corp 2024	420,548.00	1.05%
5.5% Petroleos Mexicanos 2025	442,905.20	1.10%
5.5% Ziggo BV 2027	321,174.38	0.80%
6% Cemex Finance LLC 2024	371,778.62	0.92%
6.25% BHP Billiton Fin USA Ltd 2075	358,858.85	0.89%
6.25% Orsted A/S 3013	464,220.00	1.15%
6.25% Thomas Cook Group plc 2022	528,640.00	1.31%
6.375% America Movil SAB de CV 2073	404,197.50	1.00%
7.2% European Investment Bank 2019	191,597.35	0.48%
7.8% Intl Finance Corp 2019	713,414.61	1.77%
9% European Investment Bank 2018	235,388.61	0.58%

Foreign Government Bonds

0.35% Buoni Poliennali Del Tes 2020	405,608.90	1.01%
2.375% Saudi International Bond 2021	390,397.53	0.97%
2.875% Obrigacoes Do Tesouro 2025	628,393.00	1.56%
3% Croatia 2025	474,459.00	1.18%
3.179% Malaysia Sukuk Global 2026	379,048.34	0.94%
3.375% Republic Of Indonesia 2025	393,256.84	0.98%
3.5% Hellenic Republic 2023	440,702.19	1.10%
3.5% Kingdom Of Morocco 2024	470,261.33	1.17%
3.875% Republic Of Argentina 2022	383,936.00	0.95%
3.875% Republic Of Colombia 2026	470,091.25	1.17%
3.875% Republic Of Kazakhstan 2024	388,299.83	0.97%
3.875% Republic Of Montenegro 2020	414,984.00	1.03%
4.2% Republic Of Philippines 2024	520,302.50	1.29%
4.375% Republica Orient Uruguay 2027	520,045.56	1.29%
4.75% Oman Gov Interntl Bond 2026	369,570.65	0.92%
5% Russian Federation 2020	525,184.35	1.31%
5.375% Hungary 2023	371,675.42	0.92%
5.625% Macedonia 2023	494,007.75	1.23%
5.75% Arab Republic Of Egypt 2020	390,323.23	0.97%
6.125% Kingdom Of Bahrain 2023	250,600.81	0.62%

Collective Investment Schemes

iShares EUR High Yield Corp Bond UCITS ETF	416,120.00	1.03%
iShares JP Morgan EM Local Govt Bond UCITS ETF	3,845,040.00	9.56%
iShares JP Morgan USD EM Bond EUR Hedged UCITS ETF	2,120,830.00	5.27%
iShares JP Morgan USD EM Corp Bond UCITS ETF	576,170.00	1.43%
iShares USD High Yield Corp Bond UCITS ETF	797,797.30	1.98%
iShares USD Short Duration High Yield Corp Bond UCITS ETF	788,300.00	1.96%
SPDR Bloomberg Barclays Emerging Markets Local Bond UCITS ETF	1,142,634.37	2.84%

Term Deposits

Aps Bank Limited	3,326,500.00	8.27%
Izola Bank plc	1,000,000.00	2.49%

Statement of Changes in the Composition of the Portfolio

The composition of the portfolio, detailed in the Portfolio Statement on pages 23 to 30, in comparison with the Portfolio Statement as at 31 December 2017 stood as follows:

	% of net assets 30.06.2018	% of net assets 30.06.2017
APS Income Fund		
Quoted Local Equities	23.17	23.34
Quoted Local Corporate Bonds	34.90	30.49
Quoted Malta Government Bonds	14.74	9.83
Foreign Government Bonds	3.75	2.56
Quoted Foreign Bonds	9.89	11.58
Term Deposit	12.65	11.60
	% of net assets 30.06.2018	% of net assets 30.06.2017
APS Regular Income Ethical Fund		
Quoted Foreign Equity	23.90	26.77
Quoted Foreign Bonds	53.67	50.80
Quoted Malta Government Bonds	-	1.25
Foreign Government Bonds	4.85	3.63
Foreign Collective Investment Schemes	2.40	2.40
Term Deposit	12.12	9.22
	% of net assets 30.06.2018	% of net assets 30.06.2017
APS Diversified Bond Fund		
Quoted Foreign Bonds	36.20	-
Foreign Collective Investment Schemes	24.07	-
Foreign Government Bonds	21.57	-
Term Deposit	10.75	-

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 Limited 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 APS Funds SICAV plc Prospectus, the APS Income Fund Supplement, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund, all dated 5 December 2017. All these documents are available upon request from the Investment Manager, and were current at the date of publishing of this Interim Report and Unaudited Financial Statements. Persons wishing to invest in the APS Income Fund, 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 2018, and does not omit any matter or development of significance.