

APS Funds SICAV p.l.c.

Annual Report and Financial Statements for the year ended 31 December 2017

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Notice of the Tenth Annual General Meeting

In terms of Article 22 of the Articles of Association

Notice to shareholders is hereby being given of the Tenth Annual General Meeting of the APS Funds SICAV p.l.c. to be held at the Grand Ballroom, Corinthia Palace Hotel & Spa, De Paule Avenue, San Anton, Attard BZN 9020 on 25 April 2018 at 5.30 p.m., for the purpose of considering the following Agenda.

AGENDA

Approval of Accounts

That the Statements of Comprehensive Income and Statements of Financial Position as at 31 December 2017 and the Directors' and the Independent Auditors' Reports thereon be approved.

Auditors - Appointment and Remuneration

That the appointment of 'Deloitte Audit Limited' as Auditors be approved, and the Board of Directors be authorised to fix their remuneration.

Appointment of Directors

That the Directors be appointed.

Directors' Honoraria

That the maximum Directors' honoraria shall be established in aggregate at €30,000 per annum, with effect from 1 January 2018.

By order of the Board.



Ms Simone Braddick
For and on behalf of
BOV Fund Services Limited
Company Secretary

14 March 2018

NOTES:

1. This Notice has been mailed to all shareholders registered as at the 28 February 2018 which shareholders are entitled to attend and vote at the Annual General Meeting. Please note that if you have sold or transferred **ALL** your shares in the APS Funds SICAV p.l.c., you are kindly requested to disregard this Notice.
2. A shareholder entitled to vote may appoint a proxy to attend and vote instead of him/her using the enclosed **Form of Proxy**; such proxy need not also be a shareholder. To be valid this **Form of Proxy** must reach the Office of the Company Secretary at BOV Fund Services Limited, TG Complex, Suite 2, Level 3, Brewery Street, Mriehel, BKR 3000, Malta, not less than **48 hours** before the appointed date and time of the Meeting.
3. In the case of joint holders of a share the vote of the first-named of joint holders who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.
4. The Board of Directors currently consists of Dr. Mario Felice, Mr Etienne Borg Cardona and Mr Joseph Portelli. Mr Etienne Borg Cardona is subject to re-election pursuant to Article 26.4 of the Company's Articles of Association. The Company will receive nominations for Directors at the registered office indicated above pursuant to Article 26.6 of the Articles of Association at least ten days before the appointed date and time of the Meeting.
5. Any body corporate which is a Member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorized shall be entitled to exercise the same powers on behalf of the body corporate which s/he represents as that body corporate could exercise if it were an individual Member and such body corporate shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.

Avviż tal-Għaxar Laqgħa Ġenerali Annwali

Skont l-Artiklu 22 tal-Istatut t'Assocjazzjoni

Bil-preżenti, l-azzjonisti huma avżati li l-għaxar Laqgħa Ġenerali Annwali tal-APS Funds SICAV p.l.c. se ssir fil-Grand Ballroom, Corinthia Palace Hotel & Spa, De Paule Avenue, San Anton, Attard BZN 9020 nhar l-Erbgħa 25 ta' April 2018 fil-5.30 ta' filgħaxija, bil-għan li tikkunsidra s-segwenti Agenda.

AĠENDA

Approvazzjoni tal-Kontijiet

Illi l-Rapporti tad-Dhul Kumplessiv u r-Rapporti tal-Pożizzjoni Finanzjarja għas-sena li għalqet fit-31 ta' Diċembru 2017, kif ukoll ir-Rapporti tad-Diretturi u tal-Awdituri Indipendenti għall-istess sena jiġu approvati.

Awdituri - Hatra u Remunerazzjoni

Illi l-hatra ta' Deloitte Audit Limited bhala Awdituri tiġi approvata, u l-Bord tad-Diretturi jiġi awtorizzat jistabilixxi l-hlas tagħhom.

Hatra ta' Diretturi

Illi d-Diretturi jiġu appuntati.

Onorarja tad-Diretturi

Illi l-onorarja li jingħataw lid-Diretturi kollha flimkien ma jkunux oġġla minn €30,000 fis-sena, b'effett mill-1 ta' Jannar 2018.

B'ordni tal-Bord.



Ms Simone Braddick

għan-nom ta'

BOV Fund Services Limited

Segretarja tal-Kumpanija

14 ta' Marzu 2018

NOTI:

1. Dan l-Avviż intbagħat lill-azzjonisti kollha li kienu rreġistrati fit-28 ta' Frar 2018 liema azzjonisti għandhom id-dritt li jattendu u jivvutaw fil-Laqqgħa Ġenerali Annwali. Dawk l-azzjonisti li bieghu jew ittrasferew l-ishma **KOLLHA** li kellhom fl-APS Funds SICAV p.l.c. għandhom jinjoraw din iċ-ċirkolari.
2. Kull azzjonist intitolat li jivvota jista' jahtar prokuratur biex jattendi u jivvota minflok, billi jimla l-**Formola tal-Prokura** hawn annessa. Il-prokuratur mhux bilfors ikun azzjonist. Biex tkun valida, il-**Formola tal-Prokura** trid tasal għand il-BOV Fund Services Limited bhala Segretarja tal-Kumpanija, fl-Uffiċċju tagħha li jinsab TG Complex, Suite 2, Level 3, Triq il-Birrierija, l-Imrieħel, Birkirkara BKR 3000, Malta, mhux aktar tard minn **48 siegħa** qabel il-jum u l-hin appuntati għal-Laqqgħa.
3. Fil-każ ta' azzjonisti koġunti, il-vot mitfugh minn min hu msemmi l-ewwel fosthom, kemm jekk il-vot ikun mitfugh personalment jew permezz ta' prokuratur, ikun aċċettat b'eskluzjoni tal-voti tal-azzjonisti koġunti l-oħra.
4. Fil-preżent il-Bord tad-Diretturi jikkonsisti minn Dr. Mario Felice, is-Sur Etienne Borg Cardona u s-Sur Joseph Portelli. Is-Sur Etienne Borg Cardona huwa eliġibbli li jerga' jiġi elett skont l-Artiklu 26.4 tal-Artikli t'Assocjazzjoni tal-Kumpanija. Il-Kumpanija tircievi nominazzjonijiet għall-hatra ta' Diretturi fl-indirizz irreġistrat tal-Kumpanija skont l-Artiklu 26.6 tal-Istatut t'Assocjazzjoni sa mhux anqas minn għaxart ijiem qabel il-jum u l-hin appuntati għal-Laqqgħa.
5. Kull entità (kumpanija jew korp ġuridiku) li hija Membru tista' tawtorizza, permezz ta' riżoluzzjoni tad-Diretturi jew tal-korp ta' governanza tagħha, lil dik il-persuna li fil-fehma tagħha hija adatta li taġixxi bhala r-rappreżentant tagħha fil-Laqqgħa u dik il-persuna hekk awtorizzata tkun intitolata li teżercita l-istess poteri f'isem l-entità li hija tirrappreżenta li l-entità kienet tista' teżercita kieku kienet Membru individwali, u dik l-entità għandha għall-finijiet ta' dawn il-preżenti titqies li hi preżenti in persona f'kull laqqgħa bħal din jekk il-persuna hekk awtorizzata tkun hemm preżenti.

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

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Management and Administration

DIRECTORS

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

Mr. Etienne Borg Cardona
'Mistral', Triq Esprit Barthelet, Madliena, Swieqi, Malta
(Mr. Etienne Borg Cardona was appointed on 1 September 2017)

Mr. George Cassola
96, St. Francis Street, Balzan BZN 1424, Malta
(Mr. George Cassola resigned from his position effective on 1 November 2017)

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

REGISTERED OFFICE

APS Centre, Tower Street, Birkirkara BKR 4012, Malta

COMPANY REGISTRATION NUMBER

SV78

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

ADMINISTRATOR AND COMPANY SECRETARY

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

CUSTODIAN

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

BANKERS

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

Bank of Valletta p.l.c.
BOV Centre, Cannon Road, Santa Venera SVR 9030, Malta

AUDITORS

Deloitte Malta
Deloitte Place, Mrieħel Bypass, Mrieħel, BKR 3000, Malta

LEGAL ADVISORS

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

Description

APS Funds SICAV p.l.c. (the “Company”) is a company organised as a multi-fund investment company with variable share capital pursuant to the Companies Act [Cap. 386 of the Laws of Malta] registered on the 24 January 2008. The Company consists of three funds: the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund (launched 23 October 2017). The Company is licensed by the Malta Financial Services Authority as a UCITS Collective Investment Scheme under the Investment Services Act [Cap. 370 of the Laws of Malta]. The APS Income Fund is listed on the Malta Stock Exchange. The Company has no employees.

Changes made during the reporting period

During January and February 2017, the Company held two Extraordinary General Meetings whereby shareholders approved the resolutions brought forward. The ordinary resolutions presented to the shareholders and approved during the meeting held on 25 January 2017 were the following:

- Conversion of the Company from a Retail Non-UCITS Scheme into a Retail UCITS Scheme.
- Change of Investment Manager from APS Bank Ltd to ReAPS Asset Management Ltd and entry into a new Investment Management Agreement with the new Investment Manager in connection with the Company’s proposed conversion into a UCITS scheme.
- Amendment and Restatement of the Custody Agreement between the Company and Bank of Valletta plc in connection with the Company’s proposed conversion into a UCITS scheme.

The following two extraordinary resolutions were re-presented and approved during the second Extraordinary General Meeting held on the 22 February 2017:

- Substitution of the Memorandum & Articles of Association of the Company in connection with its proposed conversion into a UCITS scheme.
- Alignment of voting rights of Investor Shares.

On the same dates, the Company held Class Meetings for APS Income Fund and APS Regular Income Ethical Fund and proposed to align all voting shares for both funds, by virtue of an extraordinary resolution. Both Class Meetings approved this resolution during the meeting held in February.

On the 23 October 2017, the APS Diversified Bond Fund was launched to the general public. The Investment objective of the Fund is to maximise total return (income and capital), primarily through Investment in International debt instruments rated Baa2 or lower by Moody’s Investor Services (Moody’s), or rated BBB or lower by Standard and Poor’s (S&P) or Fitch Ratings, or if unrated, deemed by the Investment Manager to be of equivalent credit quality.

Changes made after the reporting period

None.

Investment Manager's Report

The International Economy and Financial Market

The global economic recovery continued to forge ahead during 2017. Latest indicators show that during the third quarter of 2017, the economy of the United States of America (US) registered a quarter-on-quarter seasonally adjusted annual growth rate of 3.2 percent. The economy experienced a year-on-year growth of 2.3 percent. On a similar note, the Eurozone's economy accelerated to register a year-on-year growth of 2.6 percent. This is the fastest growth rate that was registered since the first quarter of 2011. This development is also reflected in the European Commission's economic sentiment indicator for the Eurozone, which in November 2017 stood at a level which was not seen since the year 2000. It is also worth noting that the economy of the United Kingdom (UK) has performed at a somewhat slower pace when compared to both the US and the Eurozone as it registered a year-on-year growth of just 1.7 percent during the third quarter of the year. Meanwhile, economic activity in emerging economies accelerated to an annual growth rate of 5.4 percent in the third quarter of 2017, further extending the rebound from the 2015 lows.

The labour markets in Western economies have also registered notable improvements. The US unemployment rate reached a post-crisis low of 4.3 percent, while official figures show that the UK is currently experiencing the lowest level of unemployment in over 40 years. The unemployment rate in the euro bloc continued to decline from the highs registered in 2013, albeit remaining elevated at 8.9 percent.

Inflation in the developed world has remained somewhat benign. The latest statistics show that the HICP (Harmonised Index of Consumer Prices) inflation rate in the euro area stood at 1.5 percent as at November 2017. While this metric has increased drastically since mid-2016, it still remains below the European Central Bank (ECB)'s desired level. Conversely, core personal consumption expenditures inflation (excluding food and energy) in the US has moved back to 1.4 percent in September, well below the 1.9 percent registered at the end of 2016.

In terms of monetary policy, the ECB continued with its supportive stance. Specifically, the Central Bank kept interest rates unchanged throughout the year. Furthermore, it continued to inject liquidity via asset purchases, albeit announcing a reduced rate of purchases of €30 billion per month starting January 2018. Conversely, the US Federal Reserve has raised policy interest rates three times during the year and started to normalise its balance sheet by not reinvesting some of the maturity proceeds of securities which it had bought during its three rounds of quantitative easing.

On the political front, 2017 was characterised by a number of important elections. On 7 May 2017, France elected Emmanuel Macron as President. Mr Macron's win gained a further stronghold when later on in June his party and its allies secured a decisive majority during the French legislative elections. This result has given the President ample power to implement the promised economic reforms. Across the English Channel and almost one year after the Brexit vote, the UK held snap general elections on 8 June 2017. Theresa May's conservative party won most votes and parliamentary seats. Following this election result, Prime Minister May formed a minority government after obtaining backing from Northern Ireland's Democratic Unionist Party. September saw federal elections being held in Germany, where the Christian Democrats led by Angela Merkel obtained the largest share of votes. By the end of December, Merkel had not yet succeeded in forming a government. Meanwhile in October, Japanese Prime Minister Shinzo Abe won a strong mandate after calling snap elections in the midst of escalating military tensions in the region. By the end of the year, the Italian parliament had been dissolved and a general election is due to be held in March 2018.

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

Yields on developed market government debt instruments remained low by historical standards. Specifically, both the yield on the 10-year US Treasury Note and the yield on 10-year UK government debt ended the year at an almost unchanged level from twelve months earlier. Having said this, yields on UK and US government debt securities with shorter tenors registered an increase during 2017. In contrast, yields on German government debt increased across the entire yield curve, with the benchmark 10-year yield increasing by 22 basis and closing the year at 0.43 percent.

The riskier segments of the international bond market performed better than high-quality government bonds. More specifically, global corporate bonds and bonds issued by emerging market sovereigns provided a generally superior total return than government bonds issued by the US, Japan, and Eurozone sovereigns. It is also noteworthy that during 2017, the performance of sub-investment grade corporate bonds was superior to that of their investment grade counterparts.

Investment Manager's Report *(continued)*

Within the same period, global equity markets experienced a solid rally, with the S&P 500 delivering a double-digit performance of 19.4 percent, and the German DAX rallying by 12.51 percent. Meanwhile, emerging market equities, as measured by the MSCI Emerging Markets Index (USD), delivered a prodigious return of 34.35 percent.

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

The Maltese Economy and Financial Market

Malta has been experiencing one of the strongest economic expansions in the Eurozone. The most recent economic data shows that after returning a growth of 5.52 percent during 2016, the Maltese economy expanded at robust rates during the first three quarters of 2017. Growth in the first quarter was of 6.51 percent, while growth rates of 7.87 percent and 7.21 percent were registered for the second and third quarters respectively. The Central Bank of Malta (CBM) expects the economy to have expanded by 6 percent during 2017, whilst projecting a slower expansion of 5.6 percent for 2018.

At the time of writing, the unemployment rate in Malta stood at a multi-year low of 3.6 percent, while the rate of inflation as measured by the HICP stood at 1.5 percent. At the same time, the current account balance remained positive and the stock of government debt as a percentage of Gross Domestic Product (GDP) continued its downward trajectory and reached a level of 56.8 percent as at the end of June 2017. This metric is projected by the CBM to improve further to 55 percent at the end of 2017, before reaching 51 percent in 2018. The CBM also expects the general government balance to remain in surplus in the next three years.

During the first ten months of 2017, the performance of Maltese equities was somewhat subdued. In November, the Malta Stock Exchange Equity Price Index (MALTEX) lost more than 5 percent, before partly recovering in December. Over the course of the entire year, the MALTEX lost 2.63 percent. On a total return basis (i.e. including reinvested dividends), the Maltese stock market lost 1.47 percent. Yields on Malta government bonds edged moderately higher across most tenors, with the benchmark 10-year yield trading at 1.28 percent as at the end of the year. At the same time, the spread to the 10-year German Bund stood at 85 basis points, down from 90 basis points a year earlier. The tighter yield spread that materialised during the past years could be partly explained by the improved credit metrics of the country. This was evident in the reports that were issued during the year by multiple credit rating agencies. Most notably, S&P Global Ratings affirmed at its rating on Malta at A- and revised its outlook to positive.

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 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 Class of Shares

During the period from 31 December 2016 to 31 December 2017, the quoted share price of the APS Income Fund Accumulator class of shares increased by 2.07 percent from €172.3487 to €175.9104.

Distributor Class of Shares

During the period from 31 December 2016 to 31 December 2017, the quoted share price of the APS Income Fund Distributor class of shares decreased by 0.46 percent from €127.9522 to €127.3622. The same class of shares distributed an average dividend yield of 2.45 percent on the basis of the average of the dividends distributed during the year.

Investment Manager's Report *(continued)*

Overview of the Fund

The Net Asset Value of the Fund decreased from €83.82 million to €81.36 million during the twelve-month period under review.

The duration of the Fund as at the end of the year 2017 was approximately 4.5. The latter part of the year 2016 had been characterised by the prices of long dated Malta Government Stocks (MGSs) reaching unprecedented levels, and the Manager saw little value in retaining same. Thus, during the beginning of the year 2017, the Fund Manager continued to divest from long dated MGSs, effectively crystallising double digit price gains that had accumulated during the years. During the course of the year, the said proceeds were redeployed across a selection of local corporate bonds having short to medium tenors. This increased the Fund's exposure to Maltese corporate debt and at the same time increased the yield to maturity of the Funds. These purchases were acquired both on the primary and secondary markets.

During the year, it was interesting to see a number of Maltese companies coming to the market for the first time. The proliferation of new names on the Malta Stock Exchange has potential to attract new investors. This is deemed to be healthy for the market.

The Fund Manager maintained a selection of local equities which either gave regular and constant dividend or offered potential for earnings growth. Following a thorough analysis, the Manager also participated in an Initial Public Offer by PG plc, the owner of the PAMA & PAVI supermarkets and also the operator of the Zara and Zara Home franchises in Malta. In November, Bank of Valletta announced a rights issue amounting to €150 million. The Manager saw value in acquiring the said shares and applied for the full rights granted to the Fund and also for lapsed rights not taken-up by existing shareholders.

At the end of December 2017, the Fund's asset allocation was made up as follows: local government bonds - 14 percent, international government bonds - 3 percent, local corporate bonds - 33 percent, international corporate bonds - 11 percent, Maltese equities - 24 percent, term deposits - 13 percent, and cash - 1 percent.

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 year from 31 December 2016 to 31 December 2017, the quoted share price of the APS Regular Income Ethical Fund Class A accumulator class of shares increased by 3.26 percent from €1.3297 to €1.3731.

Class B - Distributor Class of Shares

During the year from 31 December 2016 to 31 December 2017, the price of the APS Regular Income Ethical Fund Class B distributor class of shares increased by 0.45 percent from €1.1521 to €1.1573. The same class of shares distributed an average dividend yield of 2.82 percent on the basis of the average of the dividends distributed during the year.

Class C - Accumulator Class of Shares

During the year from 31 December 2016 to 31 December 2017, the price of the APS Regular Income Ethical Fund Class C accumulator class of shares increased by 3.19 percent from €1.3279 to €1.3703.

Class D - Distributor Class of Shares

During the year from 31 December 2016 to 31 December 2017, the price of the APS Regular Income Ethical Fund Class D distributor class of shares increased by 0.4 percent from €1.1517 to €1.1563. The same class of shares distributed an average dividend yield of 2.8 percent on the basis of the average of the dividends distributed during the year.

Investment Manager's Report *(continued)*

Overview of the Fund

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

The Fund's Net Asset Value increased from €26.30 million to €32.55 million during the twelve-month period under review.

During 2017, the Fund Manager deployed available cash in dividend-paying equities, thereby increasing the allocation to direct equities within the Fund. This action was intended to provide potential for investment growth, as well as safeguarding the Fund's income generation capacity in a low interest rate environment. In fixed income space, the Fund Manager increased the allocation to corporate bonds and continued to prefer taking credit risk as opposed to interest rate risk. This strategy was based on the perceived lack of adequate compensation for taking duration risk. Careful bond selection enabled the Fund Manager to control interest rate risk without unnecessarily giving up yield. At the end of the year, the Fund's duration stood defensively at just above 3 percent. In terms of currency allocation, the Fund's exposure to the US dollar was radically reduced in anticipation of a stronger euro. To achieve this, the Fund Manager sold US dollar-denominated bonds and purchased euro-denominated bonds.

At the end of December 2017, the Fund's asset allocation was made up as follows: government and supranational bonds - 14 percent, corporate bonds - 44 percent, equities - 26 percent, collective investment schemes - 2 percent, term deposits - 8 percent, and cash - 5 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

The Class B distributor class of shares started to be offered to investors on 23 October 2017 at an initial offering price of €1. By 31 December 2017, the shares were priced at €0.9985, representing a decline of 0.15 percent from the initial offering price. No dividend was paid since inception. As per the Dividend Policy outlined in the Offering Supplement dated 05 December 2017, it is envisaged that the share class will distribute its first dividend on 31 March 2018.

Class C - Accumulator Class of Shares

The Class C accumulator class of shares started to be offered to investors on 23 October 2017 at an initial offering price of €1. By 31 December 2017, the shares were priced at €0.9985, representing a decline of 0.15 percent from the initial offering price.

Class D - Distributor Class of Shares

The Class D distributor class of shares started to be offered to investors on 23 October 2017 at an initial offering price of €1. By 31 December 2017, the shares were priced at €0.9985, representing a decline of 0.15 percent from the initial offering price. No dividend was paid since inception. As per the Dividend Policy outlined in the Offering Supplement dated 05 December 2017, it is envisaged that the share class will distribute its first dividend on 31 March 2018.

Investment Manager's Report *(continued)*

Overview of the Fund

The Fund was launched on 23 October 2017, with the initial offering period running until 6 November 2017. The first investment activity took place two days later on 8 November 2017. By the end of the year, the Fund's Net Asset Value stood at €41.04 million.

The strategy adopted by the Fund Manager since inception of the Fund has involved keeping the exposure of the portfolio vis-à-vis developed market sovereign bonds to a minimum. This strategy was supported by the fact that the perceived expected returns from the said market segment are low. Consequently, the Fund Manager tilted the allocation towards bonds issued by emerging market sovereigns and by international corporations. This strategy was implemented whilst being cognisant that in the current market environment, returns from these market segments are likely to be largely driven by interest income. In view of this, a delicate balance was struck between ensuring that the portfolio generates a decent level of interest income, and ensuring that the Fund is not unnecessarily exposed to interest rate risk and credit risk. At the end of the period under review, the duration of the investment portfolio stood at circa 4.5.

In terms of currency allocation, the Fund Manager maintained a substantial allocation to non-euro currencies. This also included an exposure to emerging market currencies amounting to just over one fifth of the total value of the Fund. This was done to enhance the expected return of the investment portfolio, as well as to ensure a diversified profile.

The Fund Manager also invested a portion of the investment portfolio in Exchange Traded Funds (ETFs). This was done to (i) enable ample diversification within the riskier segments of the global bond market; (ii) attain a potential reduction in trading and settlement costs in relation to certain segments of the bond market; and (iii) partially hedge risks emanating from specific foreign currency exposures.

On 31 December 2017, the Fund's asset allocation was made up as follows: government and supranational bonds - 30 percent, corporate bonds - 24 percent, collective investment schemes - 35 percent, term deposits - 4 percent, and cash - 8 percent.

Remuneration Note

Remuneration Policy of the Company

For the purposes of SLC 1.9 of Appendix II to Part B of the Standard Licence Conditions, the total, fixed remuneration paid to the Company's four Directors is disclosed on page 31.

Other identified staff consist of the Compliance Officer and the Money Laundering Reporting Officer. None of the identified staff are employed with APS Funds SICAV plc. During the financial year ended 31 December 2017, the total, fixed, contribution paid by the Company towards the remuneration of these identified staff, totalling 2 beneficiaries, amounted to €4,930.

Details of the management fees paid by the Company to the Investment Manager, and a description of how they are calculated, are disclosed in the statement of comprehensive income and in note 9a to the financial statements.

Remuneration Policy of the Investment Manager

The staff members of APS Bank and its subsidiary ReAPS Asset Management Limited are governed by the Bank's Remuneration Committee. The said Committee is composed of Non-Executive Directors. APS Bank reviews the appropriateness of the Group Remuneration Policy annually and during implementation, ensuring also that it is in accordance with applicable laws and regulations.

The APS Bank Group's Remuneration Policy is designed, structured and implemented on the basis of the Group's business strategy, risk tolerance levels, objectives, values and long-term interests of its stakeholders. The Policy aims to ensure that the Group's remuneration packages reflect the relevant duties and responsibilities of its staff members, are fair and equitable, and incorporate rewards that are clearly and measurably linked to performance, both on an individual basis as well as on a unit, divisional and corporate perspective. Furthermore, in designing remuneration packages, consideration is also given to qualitative aspects such as compliance, culture, ethics, conduct towards customers, and measures to mitigate conflicts of interest.

Investment Manager's Report *(continued)*

Following the conversion of the Company to a Retail UCITS Scheme, ReAPS Asset Management Limited (the "Investment Manager") was appointed as the new Investment Manager, taking over this function from APS Bank Ltd.

ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive requires that the Investment Manager considers the additional disclosures, in accordance with the principle of proportionality, and at least on an annual basis, presents certain information regarding its Remuneration Policy and practices for 'identified staff'.

Following due consideration of the Investment Manager's size, internal organisation as well as the nature, scope and complexity of its activities, its Board of Directors has determined that the Investment Manager is not required to appoint a Remuneration Committee, on the basis of the principle of proportionality.

The remuneration of the Directors of the Investment Manager is a fixed pay based on level of competencies, responsibilities and contribution.

The above-mentioned Remuneration Policy permits that a variable component may be added to fixed remuneration. The relation between fixed and variable remuneration shall not exceed twenty-five (25) per cent of the fixed component. The APS Bank Remuneration Policy does not provide for pension benefits nor any deferral or equity measure.

'Identified Staff' of the Investment Manager consist of Investment Committee Members, its Directors, Portfolio Managers, Compliance Officer, Risk Officer and Money Laundering Reporting Officer. These last three staff members are employed and paid through APS Bank and seconded to the Investment Manager, but their responsibilities are not totally dedicated to the Investment Manager. ReAPS Asset Management Limited pays APS Bank a fixed amount for these services. This fee is based on the time allocated by these staff members to perform their duties in relation to their activities. Furthermore, ReAPS Asset Management Limited subcontracted the portfolio management function of the sub-funds to APS Bank.

Total remuneration paid to Identified Staff, totalling 11 beneficiaries, amounted to €169,971 fixed and €9,952 variable during the financial year ended 31 December 2017.

The management fee paid by APS Funds SICAV plc and disclosed on page 31 covers the remuneration of these services.

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, Malta Stock Exchange

Report of the Directors

The Directors are hereby laying before and for approval by the Company at this Annual General Meeting, the Annual Report and Financial Statements of the Company for the year ended 31 December 2017.

Principal Activities

The Company is organised as a multi-fund investment company with variable share capital (SICAV) pursuant to the Companies Act [Cap. 386 of the Laws of Malta]. The Company was registered on the 24 January 2008 and is licensed by the Malta Financial Services Authority as a UCITS Collective Investment Scheme under the Investment Services Act [Cap. 370 of the Laws of Malta]. The Company consists of three funds, the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund (launched on 23 October 2017). The Company has no employees.

Review of Business

The net assets attributable to Shareholders as at 31 December 2017 stood at €154,959,980 (2016: €110,121,314).

During January and February 2017, the Company held two Extraordinary General Meetings whereby shareholders approved the resolutions brought forward.

At the Extraordinary General Meeting held on 25 January 2017, shareholders approved ordinary resolutions authorising:

- A conversion of the Company from a Retail Non-UCITS Scheme to a Retail UCITS Scheme.
- The appointment of ReAPS Asset Management Limited as the new Investment Manager, taking over this function from APS Bank Limited, and a consequential adoption of a new UCITS-compliant Investment Management Agreement.
- Amendments to and restatement of the Custody Agreement between the Company and Bank of Valletta plc, in connection with the Company's proposed conversion into a UCITS Scheme.

The following two extraordinary resolutions were presented again and approved during the second Extraordinary General Meeting held on 22 February 2017:

- Substitution of the Memorandum & Articles of Association of the Company, in connection with its proposed conversion into a UCITS Scheme.
- Alignment of voting rights of Investor Shares.

On the same dates, the Company held Class Meetings for APS Income Fund and APS Regular Income Ethical Fund and proposed to align all voting rights for both sub-funds, by virtue of extraordinary resolutions. Both Class Meetings approved these resolutions during meetings held on 22 February 2017.

The conversion of APS Funds Sicav to a UCITS scheme was implemented on the 7 April 2017 following approval by the MFSA on the same day. Also on the same day, the Board of Directors signed the UCITS-compliant agreements with the three service providers, namely; the Investment Manager, the Custodian and the Administrator.

On the 23 October 2017, the APS Diversified Bond Fund was launched to the general public. The investment objective of the Fund is to maximise total return (income and capital), primarily through investment in international debt instruments rated Baa2 or lower by Moody's Investor Services (Moody's), or rated BBB or lower by Standard and Poor's (S&P) or Fitch Ratings, or if unrated, deemed by the Investment Manager to be of equivalent credit quality.

Principal risks and uncertainties

The successful management of risk is essential to enable the Company to achieve its objectives. The ultimate responsibility for risk management rests with the company's directors, who evaluate the company's risk appetite and formulate policies for identifying and managing such risks. The principal risks and uncertainties facing the company are included below.

The company defines risk as the probability of a permanent loss of capital. The risk management effort targets the minimisation of the probability of a permanent loss of invested capital within its investment objective. At the same time it is also understood that the risk cannot be completely eliminated. Risk is considered acceptable by the Board of Directors if its sources are understood and within appetite and tolerance levels set by the Board of Directors after consulting with the Investment Manager. Risks are taken only after an understanding of the nature of the risk, and only if that risk carries an adequate compensation in the form of return.

Report of the Directors *(continued)*

Market risk - Permanent Loss of Capital

Market risk appears when the market price of an asset does not reflect its true value. It is either higher or lower. The higher the price over the real value of the asset, the higher the risk of paying more to buy an asset. If the assets are bought at a value greater than its true value this may result in a 'Permanent loss of capital' since the value of the asset will decrease in value over time. The investment process effort is focused on the identification of assets that are likely to grow in value over time, on estimates of their value and on buying these assets at prices that are significantly lower than their value (the "Margin of safety" principle).

Legal risk/Regulatory standing

This is the risk of losses due to non-compliance with legal requirements towards the Maltese regulator and other regulators in whose jurisdiction the Company may conduct its business. The Compliance function of the Company is carried out by experienced person who is a lawyer. Professional external advice and experience is sought for other matters, where appropriate.

Liquidity risk

Liquidity risk comes from potential inability to cover liabilities or redemptions. The Company invests predominantly in highly liquid assets traded on developed markets and monitors the liquidity of each Sub-Fund on a regular basis. In particular for the APS Income Fund, most investments are listed on the Malta Stock Exchange. Given that a number of local bond and equity issues are relatively small, despite the fact that such securities are listed, the market in these securities may be illiquid.

Leverage

The UCITS regulations permit the Company to borrow, for the account of a Sub-Fund, up to 10% of the value of assets of that Sub-Fund provided that such borrowing is on a temporary basis. The assets of such Sub-Fund may be charged as security for any such borrowings. To date, the approved borrowing limits were much less than those permitted under UCITS.

Reputation

The Company is subject to numerous laws and regulations covering a wide range of matters. Failure to comply could have financial or reputational implications and could materially affect the company's ability to operate. The Company has embedded operating policies and procedures to ensure compliance with existing legislation.

Currency risk

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

The Company, through internal limits set by the Investment Committee of the Investment Manager, has systems in place to control the exposure of each Sub-Fund towards foreign currencies.

Credit risk/Counterparty risk

Credit risk is defined as the changes in portfolio value due to the failure of the counterparties to meet their obligations or due to changes in the market's perception of their ability to do so. All counterparties and limits for these counterparties are approved by a dedicated Investment Committee that reports to the Investment Manager.

Financial Risk Management

Financial Risk is the possibility that shareholders could lose money when they invest their money in an asset. There are a number of financial risks that could potentially impact the activities of the funds and include, but not solely, the following: credit risk, liquidity risk, currency risk, equity risk, counterparty risk etc. The Company's objective in managing such risks is the creation and protection of shareholders' value. In order to manage and mitigate such risks, the Company employs a number of risk management tools in its day to day operation. Further detail can be found under note 14 on pages 49 to 56.

Report of the Directors *(continued)*

Results and Dividends

The results for the year 2017 can be found on the Statements of Comprehensive Income on page 31. The dividends declared for the year ended 31 December 2017 with respect to the APS Income Fund and APS Regular Income Ethical Fund distributor class of shares can be found under note 10 on page 46.

Directors

The Directors of the Company who held office during the year under review are listed on page 6. Following a communication made by Mr George Cassola of his intention to resign, the Board appointed Mr Etienne Borg Cardona as Director with effect from 1 September 2017. Subsequently, Mr Cassola resigned on 1 November 2017.

Auditors

Deloitte Audit Limited have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Standard licence conditions and regulatory sanctions

During the year under review there were no breaches of standard conditions or other regulatory requirements or administrative penalty which were subject to regulatory sanctions.

On behalf of the Board



Mario Felice
Chairman

28 February 2018



Etienne Borg Cardona
Director



Joseph Portelli
Director

Rapport tad-Diretturi

Id-Diretturi qegħdin hawn iqiegħdu quddiem il-Kumpanija għall-approvazzjoni tagħha, f' din il-Laqqgħa Ġenerali Annwali, ir-Rapport Annwali u r-Rapporti Finanzjarji tal-Kumpanija għas-sena li għalqet fil-31 ta' Diċembru 2017.

Attivitajiet Prinċipali

Il-Kumpanija hija mwaqqfa bħala kumpanija ta' investiment b'kapital azzjonarju varjabbli (SICAV) u b'fondi multipli taħt l-Att dwar il-Kumpaniji [Kap. 386 tal-Liġijiet ta' Malta]. Il-Kumpanija giet irregistrata fl-24 ta' Jannar 2008 u hija liċenzjata mill-Awtorità Maltija għas-Servizzi Finanzjarji bħala UCITS Skema ta' Investiment Kollektiv taħt l-Att dwar Servizzi ta' Investiment [Kap. 370 tal-Liġijiet ta' Malta]. Il-Kumpanija tikkonsisti minn tliet fondi, l-APS Income Fund, l-APS Regular Income Ethical Fund u l-APS Diversified Bond Fund (li tnedia fit-23 ta' Ottubru 2017). Il-Kumpanija m'għandhiex impjegati.

Rendikont tal-Attività tal-Kumpanija

L-assi netti attribwibbli lill-azzjonisti fil-31 ta' Diċembru 2017 kellhom il-valur ta' €154,959,980 (2016: €110,121,314).

F'Jannar u Frar 2017, il-Kumpanija sejthet żewġ Laqgħet Ġenerali Straordinarji li fihom l-azzjonisti approvaw ir-riżoluzzjonijiet li tressqu.

Waqt il-Laqqgħa Ġenerali Straordinarja li saret fil-25 ta' Jannar 2017, l-azzjonisti approvaw riżoluzzjonijiet ordinarji li bihom awtorizzaw:

- Li l-Kumpanija tinqaleb minn Skema Retail Non-UCITS għal Skema Retail UCITS.
- Li Reaps Asset Management Limited tinħatar bħala l-Investment Manager il-ġdid billi tiegħu f'idejha din il-funzjoni mingħand APS Bank Limited, u li in segwitu jiġi adottat ftehim ġdid ta' Investment Management li jkun konformi mar-reġim tal-UCITS.
- Li l-ftehim ta' Kustodja bejn il-Kumpanija u l-Bank of Valletta plc jiġi emendat u fformulat mill-ġdid b'rabta mal-qlib propost tal-Kumpanija għal Skema UCITS.

Iż-żewġ riżoluzzjonijiet straordinarji li ġejjin ġew ipprezentati mill-ġdid u approvati fit-tieni Laqqgħa Ġenerali Straordinarja li saret fit-22 ta' Frar 2017:

- Li l-Istatut t'Assoċjazzjoni tal-Kumpanija jiġi sostitwit b'rabta mal-qlib propost tal-Kumpanija għal Skema UCITS.
- Li d-drittijiet tal-vot marbuta mal-ishma tal-Investituri jiġu allineati flimkien.

Fl-istess dati, il-Kumpanija għamlet Laqgħat tal-Klassi għall-azzjonisti tal-APS Income Fund u dawk tal-APS Regular Income Ethical Fund u pproponiet li jsir allineament tad-drittijiet kollha tal-vot tal-ishma fiż-żewġ fondi, permezz ta' riżoluzzjoni straordinarja. Ir-riżoluzzjoni giet approvata miż-żewġ klassijiet ta' azzjonisti waqt il-laqqgħat li saru fit-22 ta' Frar 2017.

L-APS Funds SICAV inqalbet għal skema UCITS fis-7 ta' April 2017, wara li l-MFSA tat l-approvazzjoni tagħha fl-istess jum. Fl-istess jum ukoll il-Bord tad-Diretturi ffirma ftehim konformi mar-reġim tal-UCITS separatament ma' kull wieħed mit-tliet fornituri ta' servizzi, jiġifieri l-Investment Manager, il-Kustodju, u l-Amministratur.

Fit-23 ta' Ottubru 2017 l-APS Diversified Bond Fund kien inawgurat għall-pubbliku ġenerali. L-għan tal-investiment tal-Fond huwa li jimmassimizza r-rendita totali (introjtu u kapital), primarjament billi jinvesti fi strumenti internazzjonali ta' self fil-kategorija Baa2 jew taħtha skont il-klassifikazzjoni ta' Moody's Investor Services (Moody's), jew fil-kategorija BBB jew taħtha skont il-klassifikazzjonijiet ta' Standard and Poor's (S&P) u ta' Fitch Ratings, jew, jekk mhumiex ikkategorizzati, li jitqiesu mill-Investment Manager li huma ta' kwalità ta' kreditu ekwivalenti.

Ir-riskji u l-inċertezzi ewlenin

Il-kontroll effettiv tar-riskju huwa essenzjali biex il-kumpanija tilhaq l-għanijiet tagħha. Ir-responsabbiltà aħħarja għall-kontroll tar-riskju taq' fuq id-diretturi tal-kumpanija. Dawn jevalwaw id-dispożizzjoni tal-kumpanija għar-riskju u jfasslu l-politika biex jidentifikaw u jikkontrollaw ir-riskji. Ir-riskji u l-inċertezzi ewlenin li tiffacċa l-kumpanija huma mnizzla hawn taħt.

Rapport tad-Diretturi *(ikompli)*

Il-kumpanija tiddefinixxi r-riskju bħala l-probabbiltà ta' telf permanenti għall-kumpanija. L-isforz li jsir biex jiġi kkontrollat ir-riskju huwa mmirat biex inaqqas kemm jista' jkun il-probabbiltà ta' telf permanenti ta' kapital investit fl-ambitu tal-objettiv tal-kumpanija għall-investment. Fl-istess ħin huwa rikonoxxut li r-riskju ma jistax jinqata' għal kollox. Ir-riskju jitqies aċċettabbli għall-Bord tad-Diretturi jekk ikun magħruf minn fejn hu ġej u jkun fil-parametri tad-dispożizzjoni u t-tolleranza li l-Bord tad-Diretturi jkunu f'fissaw wara li kkonsultaw mal-Investment Manager u ma' daww appuntati fil-Kumitat tal-Investment. Huwa importanti li s-sorsi tar-riskju jkunu magħrufa sew u li r-riskju jingarr biss jekk ikun hemm rendita sodisfacenti li tpatti għalih.

Ir-riskju tas-suq - telf permanenti tal-kapital

Ir-riskju tas-suq jiffaċċa meta l-prezz tas-suq ta' xi assi ma jirriflettix il-valur reali tiegħu. Jew ikun oġġla jew aktar baxx. Aktar ma l-prezz tal-assi jkun oġġla mill-valur reali tiegħu, aktar ikun ir-riskju li trid tħallas iżjed biex tixtrih. Jekk assi jinxtrata bi prezz oġġla mill-valur reali tiegħu, dan jista' jgħib 'telf permanenti tal-kapital' għax il-valur tal-assi biż-żmien jerga' jinzel. Ix-xogħol fil-proċess tal-investment ikun iffokat biex jiġu identifikati assi li x'aktarx biż-żmien jikbru fil-valur, u fuq il-kalkolu ta' stimi tal-valur tagħhom u x-xiri ta' daww l-assi bi prezzijiet li jkunu sostanzjalment aktar baxxi mill-valur reali tagħhom (il-prinċipju tal-"marġni tas-sigurtà").

Ir-riskju legali/il-pożizzjoni regolatorja

Dan hu r-riskju ta' telf ikkawżat minn nuqqas ta' osservanza tar-rekwiżiti legali tar-regolatur Malti jew regolaturi oħra f'għurisidizzjonijiet fejn topera l-Kumpanija. Il-funzjoni tal-Osservanza li għandha l-Kumpanija hija fdata f'idejn persuna ta' esperjenza, li hi avukat. Għar-rigward ta' kull materja oħra, il-Kumpanija tirrikorri għall-pariri u l-esperjenza legali ta' professjonisti esterni.

Ir-riskju tal-likwidità

Ir-riskju tal-likwidità jiġi mill-possibbiltà li ma jkunux jistgħu jiġu koperti jew mifdija l-obbligazzjonijiet tal-Kumpanija. Il-Kumpanija tinvesti l-aktar f'assi ta' likwidità għolja li jkunu negozjati fi swieq żviluppati u ssegwi l-istat tal-likwidità ta' kull Fond fuq bażi regolari. L-APS Income Fund in partikolari huwa elenkat fil-Borża ta' Malta. Minħabba l-fatt li għadd ta' bonds u ishma lokali jinħarġu f'ammonti relativament żgħar, għalkemm dawn ikunu kkwotati fil-Borża, xorta waħda s-suq tagħhom jista' jkun nieqes mill-likwidità.

Ingranaġġ

Ir-regolamenti tal-UCITS jippermettu li l-Kumpanija tissellef, akkont ta' xi Fond, sa 10% tal-valur tal-assi ta' dak il-Fond, sakemm is-self ikun fuq bażi temporanja. L-assi ta' dak il-Fond jistgħu jintużaw biex joffru sigurtà kontra dak is-self. Sal-lum il-limiti approvati għas-self kienu dejjem ħafna inqas minn daww li tippermetti l-UCITS.

Reputazzjoni

Il-Kumpanija hija soġġetta għal diversi liġijiet u regolamenti li jkopru firxa wiesgħa ta' materji. Jekk il-Kumpanija tonqos milli tkun konformi magħhom, jista' jkun hemm implikazzjonijiet għall-finanzi u r-reputazzjoni tagħha u tista' tintlaqat materjalment il-kapaċità tal-kumpanija li tkompli topera. Il-Kumpanija għandha mdaħħlin fis-sistemi tagħha politika u proċeduri li jassiguraw li tkun konformi mal-leġislazzjoni eżistenti.

Ir-riskju tal-valuta

Ir-riskju tal-valuta huwa r-riskju li l-valur tal-istrument finanzjarju jvarja minħabba ċaqliq fil-kambju. Waqt li l-Kumpanija tuża l-ewro bħala l-munita bażi tagħha, hija tinvesti f'titoli li huma denominati f'muniti oħra barra l-ewro. Għaldaqstant, il-valur tal-assi tal-Kumpanija jista' jintlaqat tajjeb jew ħażin miċ-ċaqliq fir-rati tal-kambju. Għalhekk il-Kumpanija hija bilfors soġġetta għar-riskju tal-kambju.

Il-Kumpanija tħaddem sistemi li jadottaw limiti interni f'fissati mill-Kumitat tal-Investment biex iżzomm kontroll fuq kemm kull Fond ikun espost għall-valuta barranija.

Ir-riskju tal-kreditu/ Ir-riskju tal-kontropartita

Ir-riskju tal-kreditu huwa definit bħala l-bidliet fil-valur tal-portafoll li jirrizultaw min-nuqqas tal-kontropartiti li jonoraw l-obbligazzjonijiet tagħhom jew minn tibdil fil-perċezzjoni tas-suq dwar kemm ikunu kapaċi li jagħmlu dan. Il-kontropartiti kollha, u l-limiti għal daww il-kontropartiti, huma approvati minn Kumitat dedikat tal-Investment li jirrapporta lill-Investment Manager.

Rapport tad-Diretturi *(ikompli)*

L-Immaniġġjar tar-Riskju Finanzjarju

Ir-riskju finanzjarju hu l-possibbiltà li azzjonist jista' jitlef flusu meta jinvestihom f'xi assi. Ir-riskji finanzjarji li jistgħu jolqtu l-attivitajiet tal-fondi huma varji. Dawn li ġejjin huma wħud minnhom, imma mhux kollha: ir-riskju tal-kreditu, ir-riskju tal-likwidità, ir-riskju tal-valuta, ir-riskju tal-ekwità, ir-riskju tal-kontropartita, eċċ. Il-mira tal-Kumpanija fl-immaniġġjar ta' dawn ir-riskji hija li tohloq u tipproteġi l-valur għall-azzjonist. Bil-għan li tikkontrolla u ttaffi dawn ir-riskji, il-Kumpanija, fl-operat tagħha ta' kuljum, tħaddem numru ta' għodod żviluppanti għall-immaniġġjar tar-riskju. Aktar dettalji jidhru fin-nota 14 fuq paġni 49 sa 56.

Riżultati u Dividendi

Ir-riżultati għas-sena 2017 jinsabu fir-Rapporti tad-Dhul Komplessiv fuq paġna 31. Id-dividendi dikjarati għas-sena li għalqet fil-31 ta' Diċembru 2017 għar-rigward tal-klassijiet distributorji tal-APS Income Fund u tal-APS Regular Income Ethical Fund jinsabu taħt Nota 10 f'paġna 46.

Diretturi

Id-Diretturi tal-Kumpanija li servew matul is-sena li tagħha qed jingħata rendikont huma elenkati f'paġna 6. Wara li s-Sur George Cassola ħabbar li kien bi ħsiebu jirriżenja, il-Bord appunta lis-Sur Etienne Borg Cardona bħala Direttur b'effett mill-1 ta' Settembru 2017. Sussegwentement is-Sur Cassola irriżenja mill-1 ta' Novembru 2017.

Awdituri

Deloitte Audit Limited indikaw li huma lesti jibqgħu l-awdituri tal-Kumpanija. Għaldaqstant se titressaq riżoluzzjoni f' din il-Laqgħa Ġenerali Annwali biex jerġgħu jinhatru.

Il-kondizzjonijiet standard tal-liċenzja (SLC) u s-sanzjonijiet regolatorji

Matul is-sena 2017 ma kien hemm ebda ksur tal-kondizzjonijiet standard jew ta' rekwiżiti oħra regolatorji jew penali amministrattiva li kienu soġġetti għal sanzjonijiet regolatorji.

F'isem il-Bord



Mario Felice
Chairman



Etienne Borg Cardona
Direttur



Joseph Portelli
Direttur

28 ta' Frar 2018

Statement of Directors' Responsibilities

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

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

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

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

Independent Auditor's Report

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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of APS Funds SICAV plc ("the Company"), constituting each of the sub-funds of the Company, set out on pages 28 to 56, which comprise each of the statements of financial position as at 31 December 2017, and the statements of profit or loss or other comprehensive income, statements of changes in net assets attributable to holders of redeemable shares and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Other Matter

The financial statements of the Company for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 10 March 2017.

Information Other than the Financial Statements and the Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the Notice of the Tenth Annual General meeting on pages 2 to 3, Management and Administration on page 6, Description on page 7, Investment Manager's Report on pages 8 to 13, Report of the Directors on pages 14 to 19 Statement of Directors' Responsibilities on page 20, Report of the Custodian on page 27, Portfolio Statements on pages 57 to 61, Statement of Changes in the Composition of the Portfolio on page 62 and Information about the Scheme on pages 63 to 64 but does not include the separate and consolidated financial statements and our auditor's report thereon.

Except for our opinion on the Directors' report in accordance with the Companies Act (Cap. 386), our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386), and the statement required by Listing Rule 5.62 on the Company's ability to continue as a going concern.

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the Report of the Directors on pages 14 to 19, in our opinion, based on the work undertaken in the course of the audit:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Independent Auditor's Report *(continued)* to the Shareholders of APS Funds SICAV p.l.c.

Responsibility of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' responsibilities on page 20, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Companies Act (Cap.386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report *(continued)* to the Shareholders of APS Funds SICAV p.l.c.

Report on Other Legal and Regulatory Requirements

Matters on which we are required to report by exception under the Companies Act

Under the Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- Proper accounting records have not been kept;
- Proper returns adequate for our audit have not been received from branches not visited by us;
- The financial statements are not in agreement with the accounting records and returns; or
- We have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

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

Consistency of the audit report with the additional report to the Board of Directors

Our audit opinion is consistent with the additional report to the Board of Directors in accordance with the provisions of Article 11 of the EU Audit Regulation No. 537/2014.

Auditor tenure

We were first appointed to act as statutory auditor of the Company by the members of the Company on 13 October 2017 for the financial year ended 31 December 2017. The period of total uninterrupted engagement as statutory auditor of the firm is one financial year.



Sarah Curmi as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Mriehel, Malta.

28 February 2018

Rapport tal-Awditur Indipendenti

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

Rapport dwar il-Verifika tar-Rapporti Finanzjarji

Opinjoni

Ivverifikajna r-rapporti finanzjarji tal-APS Funds SICAV plc (il-“Kumpanija”), kostitwita minn kull waħda mill-fondi tal-Kumpanija, li jidhru ma’ dan ir-rapport f’paġni 28 sa 56, u li jikkonsistu f’kull wieħed mir-rapporti tal-pożizzjoni finanzjarja fil-31 ta’ Diċembru 2017 u r-rapporti tad-dhul jew telf jew dhul ieħor kumplessiv, ir-rapporti tat-tibdil fl-assi netti attribwibbli lill-azzjonisti tal-ishma li jinfedew, u r-rapporti tal-flussi tal-flus għas-sena li għalqet f’ dik id-data, u n-noti għar-rapporti finanzjarji, inklużi n-noti tal-politika sinifikanti tal-kontabilità.

Fl-opinjoni tagħna, ir-rapporti finanzjarji li hawn ma’ dan ir-rapport jagħtu stampa reali u korretta tal-pożizzjoni finanzjarja tal-Kumpanija fil-31 ta’ Diċembru 2017, u tar-riżultati finanzjarji u l-flussi tal-flus tagħha għas-sena li għalqet f’ dik id-data, skont l-Istandards Internazzjonali tar-Rappurtar Finanzjarju (IFRSs) kif adottati mill-Unjoni Ewropea (UE), u kienu ppreparati kif meħtieġ skont ir-rekwiżiti tal-Att dwar il-Kumpaniji (Kap. 386 tal-Liġijiet ta’ Malta).

Bażi għall-opinjoni

Wettaqna l-verifika tagħna skont l-Istandards Internazzjonali tal-Verifika (ISAs). Ir-responsabbiltajiet tagħna skont dawk l-istandards huma spjegati aktar fil-parti ta’ dan ir-rapport intitolata Ir-responsabbiltajiet tal-Awditur għall-Verifika tar-Rapporti Finanzjarji. Aħna indipendenti mill-Kumpanija, skont ma jitleb il-Code of Ethics for Professional Accountants tal-International Ethics Standards Board for Accountants (il-Kodiċi tal-IESBA) flimkien mal-Accountancy Profession (Code of Ethics for Warrant Holders) Directive (il-Kodiċi ta’ Malta) li huma rilevanti għall-verifika tagħna tar-rapporti finanzjarji f’Malta, u aħna onorajna r-responsabbiltajiet etici l-oħra tagħna skont dawn ir-rekwiżiti u skont il-kodiċi tal-IESBA u l-Kodiċi ta’ Malta. Jidhrilna li l-evidenza li għarna għall-iskop tal-verifika tagħna hija adattata u biżżejjed biex tipprovdi bażi għall-opinjoni tagħna.

Materji Kruċjali għall-Verifika

Ma ddeterminajna li hemm ebda materja kruċjali għall-verifika x’nikkomunikaw f’ dan ir-rapport.

Materja Oħra

Ir-rapporti finanzjarji tal-Kumpanija għas-sena li għalqet fil-31 ta’ Diċembru 2016 kienu vverifikati minn awditur ieħor li ta opinjoni bla modifika għal dawk ir-rapporti fl-10 ta’ Marzu 2017.

Informazzjoni Oħra Barra r-Rapporti Finanzjarji u r-Rapport tal-Awditur Fuqhom

Id-diretturi huma responsabbli għall-informazzjoni l-oħra. L-informazzjoni l-oħra tikkonsisti fin-*Notice of the Tenth Annual General Meeting* f’paġni 2 sa 3, *Management and Administration* f’paġna 6, *Description* f’paġna 7, *Investment Manager’s Report* f’paġni 8 sa 13, *Report of the Directors* f’paġni 14 sa 19, *Statement of Directors’ Responsibilities* f’paġna 20, *Report of the Custodian* f’paġna 27, *Portfolio Statements* f’paġni 57 sa 61, *Statement of Changes in the Composition of the Portfolio* f’paġna 62 u *Information about the Scheme* f’paġni 63 sa 64, imma ma tinkludix ir-rapporti finanzjarji separati u konsolidati u r-rapport tal-verifika tagħna fuqhom.

Hlief għall-opinjoni tagħna fuq ir-Rapport tad-diretturi mogħti b’konformità mal-Att dwar il-Kumpaniji (Kap. 386), l-opinjoni tagħna fuq ir-rapporti finanzjarji ma tkoprix l-informazzjoni l-oħra, u aħna m’aħna nesprimu ebda forma ta’ konklużjoni assigurativa dwarha.

Għar-rigward tal-verifika tagħna tar-rapporti finanzjarji, ir-responsabbiltà tagħna hi li naqraw l-informazzjoni l-oħra u fil-process inqisu jekk dik l-informazzjoni l-oħra hijiex materjalment inkonsistenti mar-rapporti finanzjarji jew mat-tagħrif li nkunu ksibna fil-verifika jew jekk tidhix b’xi mod ieħor li hi materjalment żbaljata. Jekk nikkonkludu, abbażi tax-xogħol li nkunu għamilna, li dik l-informazzjoni oħra tinkludi xi informazzjoni materjalment żbaljata, aħna obbligati li nirrapportaw dak il-fatt. M’għandna xejn x’nirrapportaw f’ dan ir-rigward.

Għar-rigward tar-Rapport tad-diretturi aħna qisna wkoll jekk ir-Rapport tad-Diretturi jkoprix l-iżvelar ta’ informazzjoni kif rekwiżit mill-Artiklu 177 tal-Att dwar il-Kumpaniji (Kap. 386), kif ukoll id-dikjarazzjoni rekwiżita mir-Regola tal-Elenku 5.62 dwar il-kapaċità tal-Kumpanija li tibqa’ topera bħala negozju avvjat.

B’konformità mar-rekwiżiti tas-subartiklu 179(3) tal-Att dwar il-Kumpaniji (Kap. 386) għar-rigward tar-Rapport tad-Diretturi f’paġni 14 sa 19, fl-opinjoni tagħna, abbażi tax-xogħol li għamilna fil-kors tal-verifika:

- L-informazzjoni mogħtija fir-Rapport tad-Diretturi għas-sena finanzjarja li għaliha ġew ippreparati r-rapporti finanzjarji hija konsistenti mar-rapporti finanzjarji; u
- Ir-Rapport tad-Diretturi ġie ppreparat b’konformità mar-rekwiżiti legali li japplikaw.

Fid-dawl tat-tagħrif u tal-fehma li ksibna dwar il-kumpanija u l-ambjent tagħha matul il-kors tal-verifika, ma identifikajna ebda żball materjali fir-Rapport tad-Diretturi.

Rapport tal-Awditur Indipendenti *(ikompli)*

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

Responsabbiltà tad-diretturi għar-rapporti finanzjarji

Kif hemm spjegat aktar ampjament fid-Dikjarazzjoni tar-responsabbiltajiet tad-diretturi f'paġna 20, id-diretturi huma responsabbli għall-preparazzjoni ta' rapporti finanzjarji li jagħtu stampa reali u korretta skont ma jitolbu l-IFRSs kif adottati mill-UE u skont ir-rekwiżiti tal-Att dwar il-Kumpaniji (Kap. 386), u għall-kontroll intern skont ma d-diretturi jidhrilhom neċessarju biex ir-rapporti finanzjarji jkunu jistgħu jiġu ppreparati ħielsa minn kull żball materjali, sew jekk ikun kawża ta' frodi jew ta' żbalji.

Fil-preparazzjoni tar-rapporti finanzjarji, id-diretturi għandhom ir-responsabbiltà li jevalwaw jekk il-Kumpanija għandhiex il-kapaċità li tibqa' topera bħala negozju avvjat, u li tiżvela, skont il-każ, materji relatati man-negozju avvjat, u li tikkontabilizza fuq il-baži ta' negozju avvjat sakemm id-diretturi ma jkollhomx ħsieb li jillikwidaw il-Kumpanija jew li ttemm l-operat tagħha jew ma jkollhom ebda alternattiva realistika ħlief li jagħmlu hekk.

Ir-responsabbiltajiet tal-Awditur għall-Verifika tar-Rapporti Finanzjarji

Il-mira tagħna hi li jkollna assigurazzjoni raġonevoli dwar jekk ir-rapporti finanzjarji, fit-totalità tagħhom, humiex ħielsa minn kwalunkwe dikjarazzjoni li hi materjalment żbaljata, sew jekk kawża ta' frodi jew ta' żbalji, u li noħroġu rapport tal-awditur li jkun jagħti l-opinjoni tagħna. L-assigurazzjoni raġonevoli hija assigurazzjoni ta' livell għoli, imma mhijiex garanzija li verifika li tkun saret skont l-ISAs se tiskopri kull dikjarazzjoni materjalment żbaljata li jista' jkun hemm. Dikjarazzjonijiet żbaljati jistgħu jkunu kkawżati minn frodi jew minn żbalji ġenwini u jkunu meġjusa materjali jekk, kull waħda waħedha jew kollha flimkien, wieħed jista' raġonevolment jobsor li jistgħu jinfluwenzaw id-deċiżjonijiet ekonomiċi li l-utenti jiehdu abbaži ta' dawn ir-rapporti finanzjarji.

Meta nagħmlu verifika skont l-ISAs, aħna neżerċitaw ġudizzju professjonali u nżommu xetticiżmu professjonali matul ix-xogħol kollu tal-verifika. Barra minn hekk:

- Nidentifikaw u nevalwaw ir-riskji li jkun hemm xi dikjarazzjonijiet materjalment żbaljati fir-rapporti finanzjarji, sew jekk kawża ta' frodi jew ta' żbalji; infasslu u nħaddmu proċeduri ta' verifika li jwieġbu għal dawk ir-riskji; u niġbru evidenza għall-iskop tal-verifika li tkun adattata u biżżejjed biex tipprovi bażi għall-opinjoni tagħna. Ir-riskju li dikjarazzjoni materjalment żbaljata ma tinqabax huwa akbar meta din issir bi frodi milli bi żball, għaliex il-frodi jista' jinvolvi kollużjoni, falsifikazzjoni, omissjonijiet intenzjonati, rappreżentazzjonijiet foloz, jew it-twarrib ta' kontrolli interni.
- Nakkwistaw idea ċara tas-sistema ta' kontroll intern, sa fejn ikun rilevanti għall-verifika, biex inkunu nistgħu nfaslu proċeduri ta' verifika li huma adattati għaċ-ċirkostanzi, imma mhux għall-iskop li nesprimu xi opinjoni dwar l-effettività tal-kontroll intern tal-Kumpanija.
- Nevalwaw jekk il-politika użata fil-kontabilità hijiex adattata u jekk l-estimi tal-kontabilità u l-informazzjoni relatata żvelata mid-diretturi humiex raġonevoli.
- Naslu għal konklużjonijiet dwar jekk huwiex xieraq li d-diretturi jużaw il-baži tan-negozju avvjat fil-kontabilità u, abbaži tal-evidenza miksuba waqt il-verifika, jekk teżistix xi incertezza materjali marbuta ma' avvenimenti u kondizzjonijiet li jistgħu joħloqu dubju serju jekk il-Kumpanija tkunx kapaċi tibqa' topera bħala negozju avvjat. Jekk nikkonkludu li teżisti xi incertezza materjali, aħna obbligati li niġbdu l-attenzjoni fir-rapport tal-verifika tagħna għall-informazzjoni relatata żvelata fir-rapporti finanzjarji jew, jekk ma jkunx hemm biżżejjed informazzjoni żvelata, li nimmodifikaw l-opinjoni tagħna. Il-konklużjonijiet tagħna huma bbażati fuq l-evidenza miksuba waqt il-verifika sad-data tar-rapport tal-verifika. Madankollu jistgħu jkun hemm avvenimenti jew kondizzjonijiet li seħħew wara dik id-data li b'riżultat tagħhom il-Kumpanija ikollha tiegaf topera bħala negozju avvjat.
- Nevalwaw il-preżentazzjoni, l-istruttura u l-kontenut generali tar-rapporti finanzjarji, inkluża l-informazzjoni żvelata, u jekk ir-rapporti finanzjarji jirrapprezentawx it-transazzjonijiet u l-avvenimenti li fuqhom huma msejsa b'tali mod li l-preżentazzjoni tagħhom hija ġusta.

Nikkomunikaw mad-Diretturi dwar materji varji, fosthom il-pjan dwar il-firxa u ż-żmien tal-verifika u dwar is-sejbiet l-aktar importanti tal-verifika, inklużi xi nuqqasijiet serji fil-kontroll intern li nkunu sibna waqt il-verifika.

Nipprovdnu wkoll dikjarazzjoni lid-Diretturi li nkunu żammejna konformi mar-rekwiżiti etiċi rilevanti dwar l-indipendenza, u nikkomunikawilhom kwalunkwe relazzjoni jew materja oħra li tista' raġonevolment tidher li jista' jkollha impatt fuq l-indipendenza tagħna, flimkien mas-salvagwardji relatati li nkunu adottajna, fejn ikun il-każ.

Mill-materji li nkunu kkomunikajna mad-Diretturi, niddeterminaw dawk il-materji li l-aktar huma ta' sinjifikat fil-verifika tar-rapporti finanzjarji tal-perijodu attwali u li għaldaqstant huma l-materji kruċjali tal-verifika.

Rapport tal-Awditur Indipendenti *(ikompli)*

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

Dawn il-materji niktbu dwarhom fir-rapport tal-awditur, sakemm ma jkunx hemm liġi jew regolament li jipprekludu li xi materja tiġi żvelata fil-pubbliku, jew ma niddeċidux, kif jista' jigi f'ċirkostanzi estremament rari, li xi materja m'għandhiex tissewma fir-rapport tagħna minħabba li dan jista' jgħib konsegwenzi negattivi li jkunu raġonevolment mistennija li jgħalbu l-benefiċċji għall-interess pubbliku ta' tali komunikazzjoni.

Rapport dwar Rekwiżiti Ohra Legali u Regulatorji

Materji li aħna mistennija nirrapportaw dwarhom b'eċċezzjoni taħt l-Att dwar il-Kumpaniji

Taħt l-Att dwar il-Kumpaniji (Kap. 386), għandna r-responsabbiltajiet li nirrapportawkom jekk fl-opinjoni tagħna:

- il-kotba tal-kontijiet ma nżammux kif suppost;
- ma rċevjoniex denunzji ta' informazzjoni, kif suppost u kemm meħtieġ għall-verifika tagħna, mill-fergħat li ma żorniex;
- ir-rapporti finanzjarji ma jaqblux mal-kotba tal-kontijiet u mad-denunzji; jew
- ma stajniex niksbu l-informazzjoni u l-ispejgazzjonijiet kollha li, skont l-aħjar tagħrif u twemmin tagħna, kellna bżonn għall-verifika tagħna.

M'għandna xejn x' nirrapportawkom għar-rigward ta' dawn ir-responsabbiltajiet.

Konsistenza bejn ir-rapport tal-awditur u r-rapport addizzjonali lill-Bord tad-Diretturi

L-opinjoni tal-verifika tagħna hija konsistenti mar-rapport addizzjonali lill-Bord tad-Diretturi skont id-dispożizzjonijiet tal-Artiklu 11 tar-Regolament tal-Verifika Nru. 537/2014 tal-UE.

Il-kariga tagħna bħala awditur

Aħna ġejna appuntati għall-ewwel darba biex naġixxu bħala awditur statutorju tal-Kumpanija mill-membri tal-Kumpanija fit-13 ta' Ottubru 2017 għas-sena finanzjarja li għalqet fil-31 ta' Dicembru 2017. Il-perjodu sħiħ tal-inkarigu tagħna mingħajr interruzzjoni bħala awditur statutorju tal-kumpanija hu ta' sena finanzjarja waħda.



Sarah Curmi bħala Direttur
F'isem u għan-nom ta'
Deloitte Audit Limited
Awditur reġistrat
L-Imrieħel, Malta.

28 ta' Frar 2018

Report of the Custodian

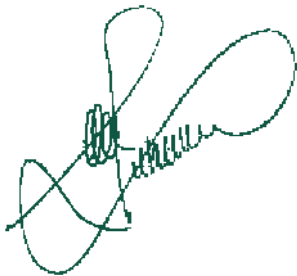
28 February 2018

APS Funds SICAV p.l.c.

Report of the Custodian to the Board of Directors

We, Bank of Valletta plc, as Custodian to the APS Funds SICAV plc (“the Scheme”) hereby confirm that having enquired into the conduct of the Manager during the year ended 31st December 2017, it is our opinion that during this period, the Scheme has been managed:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Fund by the constitutional documents and by the Malta Financial Services Authority; and
- (ii) otherwise in accordance with the provisions of the constitutional documents and the Fund’s license conditions.



Kevin Portelli
Head
Finance - Custody Services
Bank of Valletta p.l.c.

Statements of Financial Position

as at 31 December 2017

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2017 €	2016 €	2017 €	2016 €	2017 €	2016 €	2017 €	2016 €
Assets								
Financial assets at fair value through profit or loss (note 5a)	133,945,209	80,864,160	69,750,572	61,477,934	28,092,100	19,386,226	36,102,537	-
Other investments								
- term deposits (note 5b)	14,718,567	24,690,516	10,671,355	19,501,157	2,620,712	5,189,359	1,426,500	-
Accrued income	1,538,241	1,162,894	746,804	880,970	360,655	281,924	430,782	-
Other receivables	-	122,069	-	104,304	-	17,765	-	-
Cash and cash equivalents (note 13)	5,192,756	3,728,911	401,889	2,171,318	1,655,095	1,556,393	3,134,572	-
Total assets	155,394,773	110,568,550	81,570,620	84,135,683	32,728,562	26,431,667	41,094,391	-
Liabilities								
Accrued expenses (note 6)	381,649	405,315	207,059	313,184	121,315	92,131	53,275	-
Other creditors (note 6)	53,144	41,921	-	-	53,144	41,921	-	-
Total Liabilities	434,793	447,236	207,059	313,184	174,459	134,052	53,275	-
	154,959,980	110,121,314	81,363,561	83,822,499	32,554,103	26,297,615	41,041,116	-
Represented by:								
Net assets attributable to shareholders	154,959,980	110,121,314	81,363,561	83,822,499	32,554,103	26,297,615	41,041,116	-

These financial statements on pages 28 to 56 were authorised for issue by the Board of Directors on the 28 February 2018 and were signed on its behalf by:



Mario Felice
Chairman

28 February 2018



Etienne Borg Cardona
Director



Joseph Portelli
Director

Statements of Financial Position *(continued)*

as at 31 December 2017

Salient Statistics	APS Funds SICAV p.l.c. Combined	APS Income Fund	APS Regular Income Ethical Fund	APS Diversified Bond Fund
Shares in issue as at 31 December 2017				
Founder Shares	1,200.000	-	-	-
Accumulator	94,926.341	94,926.341	-	-
Distributor	507,725.236	507,725.236	-	-
Accumulator - Class A	3,388,724.727	-	3,388,724.727	-
Distributor - Class B	48,803,186.835	-	8,803,186.835	40,000,000.000
Accumulator - Class C	4,381,242.650	-	4,112,246.814	268,995.836
Distributor - Class D	11,277,081.672	-	10,444,268.376	832,813.296
		€	€	€
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 as at 31 December 2015		70,367,980	22,689,030	-
Net asset value per Accumulator share as at 31 December 2017 (note 8)		175.9104	-	-
Net asset value per Distributor share as at 31 December 2017 (note 8)		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
Net asset value per Accumulator share as at 31 December 2016 (note 8)		172.3487	-	-
Net asset value per Distributor share as at 31 December 2016 (note 8)		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	-
Net asset value per Accumulator share as at 31 December 2015 (note 8)		163.8076	-	-
Net asset value per Distributor share as at 31 December 2015 (note 8)		125.1530	-	-
Net asset value per Accumulator Class A share as at 31 December 2015 (note 8)		-	1.2738	-
Net asset value per Distributor Class B share as at 31 December 2015 (note 8)		-	1.1324	-
Net asset value per Accumulator Class C share as at 31 December 2015 (note 8)		-	1.2729	-
Net asset value per Distributor Class D share as at 31 December 2015 (note 8)		-	1.1325	-

Statements of Changes in Net Assets Attributable to Shareholders

for the year ended 31 December 2017

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2017 €	2016 €	2017 €	2016 €	2017 €	2016 €	2017 €	2016 €
As at 1 January	110,121,314	93,058,210	83,822,499	70,367,980	26,297,615	22,689,030	-	-
Issue of shares	51,701,546	17,037,100	3,244,897	13,415,767	7,304,939	3,621,333	41,151,710	-
Redemption of shares	(7,168,615)	(2,842,245)	(5,685,213)	(2,175,870)	(1,433,378)	(666,375)	(50,024)	-
Net equalisation	25,729	82,272	(10,780)	67,137	36,260	15,135	249	-
Net increase in net assets during the year	280,006	2,785,977	(7,842)	2,147,485	348,667	638,492	(60,819)	-
As at 31 December	154,959,980	110,121,314	81,363,561	83,822,499	32,554,103	26,297,615	41,041,116	-

Statements of Comprehensive Income

for the year ended 31 December 2017

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2017 €	2016 €	2017 €	2016 €	2017 €	2016 €	2017 €	2016 €
Income								
Net gain on financial assets at fair value through profit or loss (note 5a)	2,829,315	5,458,161	1,795,442	4,235,872	1,049,167	1,222,289	(15,294)	-
Interest income	638,873	402,908	568,990	339,891	69,883	63,017	-	-
Dividend income	808,556	751,431	521,834	595,472	256,237	155,959	30,485	-
	4,276,744	6,612,500	2,886,266	5,171,235	1,375,287	1,441,265	15,191	-
Expenses								
Management fee (note 9a)	928,467	820,441	611,791	586,139	290,318	234,302	26,358	-
Administration fee (note 9b)	81,875	73,736	42,000	42,115	37,389	31,621	2,486	-
Custodian fee (note 9c)	54,521	38,866	33,110	24,755	19,089	14,111	2,322	-
Transaction costs	54,818	25,702	20,682	20,205	12,773	5,497	21,363	-
Legal and professional fees	30,335	28,604	21,874	20,790	7,338	7,814	1,123	-
Directors' remuneration	21,002	19,491	14,565	14,849	5,639	4,642	798	-
Audit fee (note 9d)	12,000	9,440	4,000	7,185	4,000	2,255	4,000	-
Publicity, printing and publishing costs	115,414	62,289	66,537	42,561	33,877	19,728	15,000	-
Compliance fees	478	1,972	-	1,509	165	463	313	-
General administrative costs	19,979	113,664	14,671	104,875	3,061	8,789	2,247	-
	1,318,889	1,194,205	829,230	864,983	413,649	329,222	76,010	-
Net income	2,957,855	5,418,295	2,057,036	4,306,252	961,638	1,112,043	(60,819)	-
Finance costs - distributions to shareholders (note 10)	(2,213,031)	(2,180,984)	(1,644,120)	(1,732,392)	(568,912)	(448,592)	-	-
Tax expense on income (note 11)	(464,818)	(451,334)	(420,758)	(426,375)	(44,060)	(24,959)	-	-
Net increase in net assets during the year	280,006	2,785,977	(7,842)	2,147,485	348,667	638,492	(60,819)	-

Statements of Cash Flows

for the year ended 31 December 2017

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2017 €	2016 €	2017 €	2016 €	2017 €	2016 €	2017 €	2016 €
Cash flows used in operating activities								
Interest received / paid	2,824,883	2,813,547	2,432,212	2,247,823	691,239	565,724	(298,568)	-
Dividend income received	788,842	769,951	521,834	626,423	257,089	143,528	9,919	-
Operating expenses paid	(1,234,593)	(1,085,592)	(914,673)	(784,804)	(318,548)	(300,788)	(1,372)	-
Tax paid	(464,818)	(555,679)	(420,758)	(531,466)	(44,060)	(24,213)	-	-
Payments for purchase of financial investments	(115,553,235)	(52,909,031)	(54,056,088)	(36,359,747)	(23,404,003)	(16,549,284)	(38,093,144)	-
Proceeds from sale of financial investments	72,799,058	38,410,919	54,763,260	24,809,749	17,619,996	13,601,170	415,802	-
Net cash used in operating activities	(40,839,863)	(12,555,885)	2,325,787	(9,992,022)	(5,198,287)	(2,563,863)	(37,967,363)	-
Cash flows from financing activities								
Amounts received on creation shares	51,727,275	17,119,372	3,234,117	13,482,904	7,341,199	3,636,468	41,151,959	-
Amounts paid on redemption of shares	(7,168,615)	(2,842,245)	(5,685,213)	(2,175,870)	(1,433,378)	(666,375)	(50,024)	-
Distributions paid	(2,254,952)	(2,181,171)	(1,644,120)	(1,732,392)	(610,832)	(448,779)	-	-
Net cash generated from financing activities	42,303,708	12,095,956	4,095,216	9,574,642	5,296,989	2,521,314	41,101,935	-
Movements in cash and cash equivalents	1,463,845	(459,929)	(1,769,429)	(417,380)	98,702	(42,549)	3,134,572	-
Cash and cash equivalents at beginning of year	3,728,911	4,188,840	2,171,318	2,588,698	1,556,393	1,598,942	-	-
Cash and cash equivalents at end of year (note 13)	5,192,756	3,728,911	401,889	2,171,318	1,655,095	1,556,393	3,134,572	-

Notes to the Financial Statements

1. CORPORATE INFORMATION

APS Funds SICAV p.l.c. ("the Company") is an open-ended investment company and was incorporated as a public company with limited liability in Malta on 24 January 2008 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") 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 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted for use in the European Union, and comply with the Companies Act, [Cap. 386 of the Laws of Malta]. They have also been prepared in accordance with the requirements of the Malta Financial Services Authority's Investment Services Rules for Retail Collective Investment Schemes. These financial statements have been prepared under the historical cost convention, except for financial assets held at fair value through profit or loss, which are stated at their fair values.

In line with International Financial Reporting Standards, the Company presents its statement of financial position in liquidity order rather than split between current and non-current, since this presentation is reliable and more relevant to this Company.

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

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 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.

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.

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

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

Notes to the Financial Statements *(continued)*

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.

Financial Assets

Classification

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

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

Initial measurement

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

Notes to the Financial Statements *(continued)*

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

Subsequent measurement

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

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

Derecognition

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

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

Fair Value Measurement

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

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

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

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

Impairment

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

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

Notes to the Financial Statements *(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).

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

Standards, interpretations and amendments to published standards which are effective in the current year

In the current year, the company has applied the following:

Amendments to IAS 7, Disclosure Initiative - The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

Notes to the Financial Statements *(continued)*

The Company's liabilities arising from financing activities consist of those included in the section entitled 'Cash flows from financing activities' in the Statement of Cash Flows. As disclosed in note 7, the relevant monetary movements are shown in the Statement of Changes in Net Assets and the Statement of Cash Flows. The application of these amendments has had no further impact on the Company's financial statements.

Standards, interpretations and amendments to published standards which are not yet effective

Up to the date of the approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published which are either not yet endorsed by the EU or which are not yet applicable to the Company. The new and amended standards follow:

IFRS 9 - Financial Instruments

The final version of IFRS 9 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. The Standard supersedes all previous versions of IFRS 9. IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule based requirements that are generally considered to be overly complex and difficult to apply.

The new model also results in a single, forward-looking 'expected loss' impairment model that will require more timely recognition of expected credit losses. IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. This Standard has been endorsed by the European Union.

The financial assets which are currently designated at fair value through profit or loss and the term deposits will be classified in terms of IFRS 9 depending on their contractual cash flow characteristics and the Company's business model for such financial assets. The Company's cash and cash equivalents will continue to be measured at amortised cost using the effective interest method on the same basis as is currently adopted under IAS 39. Financial assets that are measured at amortised cost and financial assets with cash flows that are considered to be solely payments of principal and interest and that are measured at fair value through other comprehensive income will be subject to the impairment provisions of IFRS 9.

In relation to other IFRS that are not included above and that are in issue at the date of authorisation of these financial statements but not yet effective, the Board of Directors anticipate that their adoption will have no material impact on the financial statements of the Company and the sub-funds in the period of initial application.

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

APS Income Fund

	Fair value 31.12.17	% of net Assets	% of total Assets	Fair value 31.12.16	% of net Assets	% of total Assets
	€			€		
Quoted Local Equities	19,332,529	23.76	23.70	18,502,271	22.07	22.00
Quoted Local Corporate Bonds	27,133,352	33.35	33.26	19,179,410	22.88	22.80
Quoted Malta Government Stocks	11,621,960	14.28	14.25	16,754,927	19.99	19.91
Quoted Foreign Bonds	11,662,731	14.33	14.30	7,041,326	8.40	8.37
	<u>69,750,572</u>	<u>85.72</u>	<u>85.51</u>	<u>61,477,934</u>	<u>73.34</u>	<u>73.08</u>

Notes to the Financial Statements *(continued)*

APS Regular Income Ethical Fund

	Fair Value 31.12.17 €	% of Net Assets	% of total Assets	Fair Value 31.12.16 €	% of net assets	% of total Assets
Quoted Foreign Equities	8,448,076	25.95	25.81	5,737,410	21.82	21.71
Quoted Malta Government Stocks	373,680	1.15	1.14	381,810	1.45	1.44
Quoted Foreign Bonds	18,517,997	56.88	56.58	12,559,275	47.76	47.52
Quoted Collective Investment Scheme	752,347	2.31	2.30	707,731	2.69	2.68
	<u>28,092,100</u>	<u>86.29</u>	<u>85.83</u>	<u>19,386,226</u>	<u>73.72</u>	<u>73.35</u>

APS Diversified Bond Fund

	Fair value 31.12.17 €	% of net Assets	% of total Assets	Fair value 31.12.16 €	% of net Assets	% of total Assets
Quoted Collective Investment Schemes	14,430,287	35.16	35.11	-	-	-
Quoted Foreign Government Bonds	9,666,064	23.55	23.52	-	-	-
Quoted Foreign Bonds	12,006,186	29.25	29.22	-	-	-
	<u>36,102,537</u>	<u>87.96</u>	<u>87.85</u>	<u>-</u>	<u>-</u>	<u>-</u>

The reconciliation of fair value measurements of financial assets is disclosed below:

APS Income Fund

	Fair value 31.12.17 €	Fair value 31.12.16 €
Opening balance	61,477,954	60,058,200
Net acquisitions/ disposals	8,899,835	1,158,367
Movement recognised in profit or loss	(627,217)	261,390
Closing balance	<u>69,750,572</u>	<u>61,477,957</u>

APS Regular Income Ethical Fund

	Fair value 31.12.17 €	Fair value 31.12.16 €
Opening balance	19,386,226	17,524,798
Net acquisitions/ disposals	8,521,975	1,297,264
Movement recognised in profit or loss	183,899	564,164
Closing balance	<u>28,092,100</u>	<u>19,386,226</u>

Notes to the Financial Statements *(continued)*

APS Diversified Bond Fund

	Fair value 31.12.17	Fair value 31.12.16
	€	€
Opening balance	-	-
Net acquisitions/ disposals	36,131,342	-
Movement recognised in profit or loss	(28,805)	-
Closing balance	<u>36,102,537</u>	<u>-</u>

Fair Value hierarchy

IFRS 13 requires disclosures relating to fair value measurements using the three-level fair value hierarchy. The level within the fair value measurement is categorised in its entirety and is determined on the basis of the lowest level input that is significant to the fair value measurement.

When fair values of publicly traded financial assets are based on quoted market prices the instruments are included within Level 1 of the hierarchy. As at 31 December 2017 and 2016 all financial assets of the Company, which are classified as at fair value through profit or loss, are classified as Level 1, except as disclosed below.

During the year under review, the investment in 6PM Holdings p.l.c. with a carrying amount of €652,845 at 31 December 2017 was transferred from Level 1 to Level 2 since an unadjusted quoted price in active markets for that asset was no longer available. The investment is measured at year end by reference to the latest available price on the Malta Stock Exchange; based on stress tests made by management, it was determined that significant adjustments based on observable inputs are not required in this respect.

For assets that are recognised in the financial statements at fair value on a recurring basis, the Company and the sub-funds determine when transfers are deemed to have occurred between levels in the hierarchy at the end of each reporting period.

Valuation techniques

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

	APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	31.12.17	31.12.16	31.12.17	31.12.16	31.12.17	31.12.16
	€	€	€	€	€	€
Realised gain/ (loss)	3,031,170	1,853,702	276,123	(27,681)	-	-
Unrealised gain/ (loss)	(2,784,312)	377,606	167,838	580,937	(7,442)	-
Interest income	1,624,752	2,000,147	683,174	566,761	111,648	-
Foreign exchange gain/ (loss)	(76,168)	4,417	(77,968)	102,272	(119,500)	-
	<u>1,795,442</u>	<u>4,235,872</u>	<u>1,049,167</u>	<u>1,222,289</u>	<u>(15,294)</u>	<u>-</u>

Notes to the Financial Statements *(continued)*

The following industry concentrations in connection with financial assets at fair value through profit or loss are considered significant:

APS Income Fund

	2017 % of net assets	2016 % of net assets
Oil and Gas Services	2.80	2.95
Lodging	2.85	2.66
Beverages	3.57	0.45
Insurance	4.55	0.37
Engineering and Construction	4.88	4.13
Investment Companies	6.51	4.14
Financial Services	7.51	2.82
Real Estate	8.79	8.51
Banks	15.10	14.39
Sovereign	18.88	22.61
Other	11.14	11.03
	<hr/> 86.58	<hr/> 74.06

APS Regular Income Ethical Fund

	2017 % of net assets	2016 % of net assets
Equity Fund	2.31	2.69
Pharmaceuticals	2.63	2.47
Telecommunications	4.23	4.72
Commercial Services	4.27	3.52
Electric	4.61	2.54
Sovereign	5.74	4.46
Multi-National	6.17	5.41
Auto Manufacturers	6.39	4.53
Insurance	15.69	6.36
Banks	15.94	23.56
Other	18.34	13.45
	<hr/> 86.32	<hr/> 73.71

APS Diversified Bond Fund

	2017 % of net assets	2016 % of net assets
Leisure Time	1.32	-
Computers	1.75	-
Telecommunications	2.08	-
Electric	2.22	-
Banks	2.36	-
Insurance	2.81	-
Oil and Gas	3.21	-
Multi-National	5.95	-
Sovereign	23.55	-
Debt Fund	35.16	-
Other	7.58	-
	<hr/> 87.99	<hr/> -

Notes to the Financial Statements *(continued)*

5 (b). OTHER INVESTMENTS - TERM DEPOSITS

APS Income Fund

	Carrying amount 31.12.17 €	% of net Assets	% of total Assets	Carrying amount 31.12.16 €	% of net Assets	% of total Assets
Term Deposits maturing within 1 year	10,671,355	13.12	13.08	17,495,303	20.87	20.79
Term Deposits maturing in more than 1 year	-	-	-	2,005,854	2.40	2.38
	<u>10,671,355</u>	<u>13.12</u>	<u>13.08</u>	<u>19,501,157</u>	<u>23.27</u>	<u>23.17</u>

APS Regular Income Ethical Fund

	Carrying amount 31.12.17 €	% of net Assets	% of total Assets	Carrying amount 31.12.16 €	% of net Assets	% of total Assets
Term Deposits maturing within 1 year	2,620,712	8.05	8.01	5,189,359	19.73	19.63
	<u>2,620,712</u>	<u>8.05</u>	<u>8.01</u>	<u>5,189,359</u>	<u>19.73</u>	<u>19.63</u>

APS Diversified Bond Fund

	Carrying amount 31.12.17 €	% of net Assets	% of total Assets	Carrying amount 31.12.16 €	% of net Assets	% of total Assets
Term Deposits maturing within 1 year	1,426,500	3.48	3.47	-	-	-
	<u>1,426,500</u>	<u>3.48</u>	<u>3.47</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 December 2017 and 2016, the carrying amount of these financial assets approximated their fair values due to their short term maturities or the fact that they carried an interest rate which at the year end is representative of an arm's length rate. These financial assets are classified as Level 2 within the fair value hierarchy. Their fair value has been determined using discounted cash flows using relevant interest rates applicable at year end.

The reconciliation of carrying amount of Term Deposits is disclosed below:

APS Income Fund

	Carrying amount 31.12.17 €	Carrying amount 31.12.16 €
Opening balance	19,501,157	7,099,144
Net acquisitions/ disposals	(6,652,005)	12,305,966
Movement recognised in profit or loss	(2,177,797)	96,047
	<u>10,671,355</u>	<u>19,501,157</u>

Notes to the Financial Statements *(continued)*

APS Regular Income Ethical Fund

	Carrying amount 31.12.17 €	Carrying amount 31.12.16 €
Opening balance	5,189,359	3,452,338
Net acquisitions/disposals	(2,539,813)	1,725,745
Movement recognised in profit or loss	(28,834)	11,276
Closing balance	<u>2,620,712</u>	<u>5,189,359</u>

APS Diversified Bond Fund

	Carrying amount 31.12.17 €	Carrying amount 31.12.16 €
Opening balance	-	-
Net acquisitions/disposals	1,426,500	-
Movement recognised in profit or loss	-	-
Closing balance	<u>1,426,500</u>	<u>-</u>

6. ACCRUED EXPENSES AND OTHER CREDITORS

	APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	31.12.17 €	31.12.16 €	31.12.17 €	31.12.16 €	31.12.17 €	31.12.16 €
Management fees payable	152,971	154,746	80,923	64,186	26,358	-
Administration fees payable	7,019	10,587	6,351	8,638	2,486	-
Custody fees payable	19,902	6,189	12,329	2,602	2,322	-
Other unpaid expenses	27,167	141,662	21,712	16,705	22,109	-
Accrued expenses	<u>207,059</u>	<u>313,184</u>	<u>121,315</u>	<u>92,131</u>	<u>53,275</u>	<u>-</u>
Withholding tax on distributions	-	-	53,144	41,921	-	-
Other creditors	<u>-</u>	<u>-</u>	<u>53,144</u>	<u>41,921</u>	<u>-</u>	<u>-</u>

7. SHARE CAPITAL

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

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

Notes to the Financial Statements *(continued)*

Distributor shareholders are entitled to distributions in accordance with the distribution policy. The determination of the net asset value per accumulator and distributor share is explained in note 8. Other differences in the fee structure related to the respective share classes is explained in note 9.

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

APS Income Fund	2017 Shares	2016 Shares
Shares in issue at the beginning of the year		
Accumulator shares	98,533.722	78,461.079
Distributor shares	522,384.961	459,560.808
	<hr/>	<hr/>
Creation of Accumulator shares	7,151.785	24,379.191
Creation of Distributor shares	16,112.544	74,393.331
Redemption of Accumulator shares	(10,759.166)	(4,306.548)
Redemption of Distributor shares	(30,772.269)	(11,569.178)
	<hr/>	<hr/>
Shares in issue at the end of the year		
Accumulator shares	94,926.341	98,533.722
Distributor shares	507,725.236	522,384.961
	<hr/>	<hr/>
APS Regular Income Ethical Fund		
	2017 Shares	2016 Shares
Shares in issue at the beginning of the year		
Class A Accumulator	3,029,467.145	2,453,919.279
Class B Distributor	7,576,230.378	6,820,388.315
Class C Accumulator	2,906,943.584	2,343,475.839
Class D Distributor	8,404,395.878	7,819,579.953
	<hr/>	<hr/>
Creation of Class A Accumulator shares	934,805.448	575,547.866
Creation of Class B Distributor shares	1,331,353.460	755,842.063
Creation of Class C Accumulator shares	1,346,677.632	735,099.877
Creation of Class D Distributor shares	2,344,799.519	992,099.866
Redemption of Class A Accumulator shares	(575,547.866)	-
Redemption of Class B Distributor shares	(104,397.003)	-
Redemption of Class C Accumulator shares	(141,374.402)	(171,632.132)
Redemption of Class D Distributor shares	(304,927.021)	(407,283.941)
	<hr/>	<hr/>
Shares in issue at the end of the year		
Class A Accumulator	3,388,724.727	3,029,467.145
Class B Distributor	8,803,186.835	7,576,230.378
Class C Accumulator	4,112,246.814	2,906,943.584
Class D Distributor	10,444,268.376	8,404,395.878

Notes to the Financial Statements *(continued)*

APS Diversified Bond Fund

	2017 Shares	2016 Shares
Shares in issue at the beginning of the year		
Class B Distributor	-	-
Class C Accumulator	-	-
Class D Distributor	-	-
	<hr/>	<hr/>
Creation of Class B Distributor shares	40,000,000	-
Creation of Class C Accumulator shares	318,975.843	-
Creation of Class D Distributor shares	832,813.296	-
Redemption of Class C Accumulator shares	(49,980.007)	-
	<hr/>	<hr/>
Shares in issue at the end of the year		
Class B Distributor	40,000,000	-
Class C Accumulator	268,995.836	-
Class D Distributor	832,813.296	-

For any restrictions of the Sub-Funds or specific capital requirements on the subscriptions and redemptions of shares, kindly refer to the Company's Offering Memorandum and the Sub-Funds' Offering Supplements.

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

8. 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 accumulation class or a distributor class.

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

9. FEES

a) Management fee

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.

On the 7th April 2017 ReAPS Asset Management Limited, an APS Bank fully-owned subsidiary was licensed by the MFSA as the fund manager of APS Funds SICAV plc. On the same day APS Funds SICAV plc entered into an Investment Management Agreement with ReAPS Asset Management Limited. In turn ReAPS Asset Management Limited appointed APS Bank Limited as the sub-investment manager of the said SICAV, by virtue of an Agreement signed on the same said date.

b) Administration fee

The Company appointed BOV Fund Services Limited (formerly Valletta Fund Services Limited) as Administrator to the Company to provide administration services, under an agreement concluded on 1 February 2008 and revised on 28 May 2012. Upon the conversion to UCITS, an agreement was signed on 7 April 2017 and revised on 23 October 2017.

Notes to the Financial Statements *(continued)*

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 (2016: €25,000) per annum and a maximum fee of €42,000 (2016: €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 (2016: €21,000) per annum and a maximum fee of €38,000 (2016: €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.

c) *Custodian fee*

The Company appointed Bank of Valletta p.l.c. as Custodian, to provide custody services. The first agreement was signed on 1 February 2008 and it was later revised on 28 May 2012. Upon the conversion to UCITS, an agreement was concluded on 7 April 2017 and it was 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 (2016: 0.03% per annum of the NAV with a minimum annual fee of €11,000).

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 (2016: 0.03% per annum of the NAV with a minimum annual fee of €10,000).

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.

d) *Auditor's remuneration*

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

	2017	2016
	€	€
Annual statutory fee	12,000	9,440
Tax compliance services	1,250	673
	<u>13,250</u>	<u>10,113</u>

10. DIVIDEND DISTRIBUTION

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

APS Income Fund - Distributor Shares

	Ex-dividend date	Rate per share	Distribution paid
	29 December 2016	€1.6498	€861,862
	28 June 2017	€1.5063	€782,258

Notes to the Financial Statements *(continued)*

APS Regular Income Ethical Fund Distributor Shares

	Ex-dividend date	Rate per share	Distribution paid
B Class	28 March 2017	€0.01527	€124,834
D Class	28 March 2017	€0.01517	€135,630
B Class	28 September 2017	€0.01675	€138,012
D Class	28 September 2017	€0.01664	€170,436

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

APS Income Fund - Distributor Shares

	Ex-dividend date	Rate per share	Distribution paid
	31 December 2015	€1.8382	€844,765
	28 June 2016	€1.7616	€887,627

APS Regular Income Ethical Fund Distributor Shares

	Ex-dividend date	Rate per share	Distribution paid
B Class	31 March 2016	€0.01366	€103,460
D Class	31 March 2016	€0.01355	€109,560
B Class	25 September 2016	€0.01493	€113,096
D Class	25 September 2016	€0.01483	€122,476

A final dividend of €1.54954 per share which amounted to a distribution of €786,741 was declared by the Directors on 31 December 2017 with respect to the distributor shares of the APS Income Fund (31 December 2016 €1.64986 per share which amounted to a distribution of €861,862). This distribution will be reflected in the Statement of Comprehensive Income for the year ending 31 December 2018.

11. TAX EXPENSE

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

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

The APS Regular Income Ethical Fund 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.

Notes to the Financial Statements *(continued)*

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

Distributions from the Company's Untaxed Account to a Maltese resident person (other than a person) or to a non-resident person who is owned and controlled by, directly or indirectly, or who acts on behalf of a person who is ordinarily resident and domiciled in Malta should, inter alia, be subject to a withholding tax of 15%. This withholding tax should be deducted by the Company and the dividend would be passed on to the Shareholders net of the tax. The Maltese resident individual investor may opt to declare such dividends paid from the Untaxed Account of the Company in his/her income tax return and in that case the 15% withholding tax would be available as a credit (or a refund, as the case may be) against the individual's tax liability.

Distributions from the Company's equalisation reserve are treated as dividends for income tax purposes and are likely to be subject to a withholding tax of 15% when paid to a Maltese resident person (other than a company).

In case of the Company's foreign investments, any capital gains, dividends, interest and other gains or profits may be subject to tax imposed by the country of origin concerned and such taxes may not be recoverable by the Company or by its shareholders.

12. RELATED PARTIES

(i) Shareholding

APS Bank Limited, whose ultimate parent is Arom Holdings Limited with registered address at Archbishop's Curia, St. Calcedonius Square, Floriana, Malta, has the following interest in APS Funds SICAV p.l.c. and its sub-funds.

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

	APS Funds SICAV p.l.c. Founder Shares 31.12.2017	APS Income Fund Distributor Shares 31.12.2017	APS Regular Income Ethical Fund Distributor Shares (Class B) 31.12.2017	APS Funds SICAV p.l.c. Founder Shares 31.12.2016	APS Income Fund Distributor Shares 31.12.2016	APS Regular Income Ethical Fund Distributor Shares (Class B) 31.12.2016
Number of Shares	1,199,000	98,853,140	5,000,000,000	1,199,000	98,853,140	5,000,000,000
Dividend Income	Nil	€311,990	€160,100	Nil	€355,852	€142,950

	APS Diversified Bond Fund Distributor Shares (Class B) 31.12.2017	APS Diversified Bond Fund Distributor Shares (Class B) 31.12.2016
Number of Shares	40,000,000.000	-
Dividend Income	Nil	-

Notes to the Financial Statements *(continued)*

The APS Income Fund and the APS Regular Income Ethical Fund are associates of APS Bank Limited, since the latter holds a 15.48% and 17.78% equity interest in the Funds respectively. (2016: 15.19% and 21.96% respectively). Judgment was applied in this respect.

The APS Diversified Bond Fund is a subsidiary of APS Bank Limited since the latter holds a 97.32% equity interest in the Fund (2016: Nil).

The Directors consider the ultimate controlling party to be The Archdiocese of Malta. Copies of the consolidated financial statements of APS Bank Limited may be obtained from the Registry of Companies.

As at 31 December 2017, the APS Funds Sicav ("The Company") held bank balances at APS Bank Limited amounting to €4,356 (2016: €3,728,911) and term deposits of €11,192,712 (2016: €21,695,525).

As at 31 December 2017, the APS Income Fund held bank balances at APS Bank Limited amounting to €121 (2016: €2,156,121) and term deposits of €8,845,500 (2016: €17,206,166).

As at 31 December 2017, the APS Regular Income Ethical Fund held bank balances at APS Bank Limited amounting to €3,600 (2016: €1,556,393) and term deposits of €1,920,712 (2016: €4,489,359).

As at 31 December 2017, the APS Diversified Bond Fund held term deposits at APS Bank Limited of €426,500 (2016: Nil).

The interest received on such bank and term deposits are equivalent to those that prevail in arm's length transactions.

(ii) *Management agreement*

During 2017 ReAPS Asset Management Limited, a subsidiary of APS Bank Limited, was appointed as the Investment Manager of APS Income Fund, APS Regular Income Ethical Fund and APS Diversified Bond Fund. Previously management services were provided by APS Bank Limited. Management fees due to ReAPS Asset Management Limited for the period are disclosed in the Statement of Comprehensive Income (note 9) and the outstanding management fee is detailed in note 6.

(iii) *Key management personnel*

The Directors are entitled to remuneration for their services at rates determined by the annual general meeting of the shareholders. For the years ended 31 December 2017 and 31 December 2016, the Company remunerated its Directors the amount of €21,002 and €19,491 respectively for each reporting year as disclosed separately in the Statement of Comprehensive Income. There were no other payments to key management personnel.

As at 31 December 2017 and 31 December 2016, the Directors held units in the Sub-Funds, as detailed below.

	Sub-Fund	Type of shares held	Number of shares	Income from Dividends
2017	APS Income Fund	Accumulator	60	Nil
2016	APS Income Fund	Accumulator	220	Nil
2017	APS Regular Income Ethical Fund	Class C Accumulator	-	Nil
2016	APS Regular Income Ethical Fund	Class C Accumulator	8,000	Nil

All related party transactions, including the management services provided by ReAPS Asset Management Limited to APS Funds SICAV p.l.c. were made at arm's length on normal commercial terms and conditions.

Notes to the Financial Statements *(continued)*

13. CASH AND CASH EQUIVALENTS

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

	2017	% of net assets	2016	% of net assets
	€		€	
APS Funds SICAV p.l.c.	5,192,756	3.35	3,728,911	3.39
APS Income Fund	401,889	0.49	2,171,318	2.59
APS Regular Income Ethical Fund	1,655,095	5.08	1,556,393	5.92
APS Diversified Bond Fund	3,134,572	7.64	-	-

The APS Income Fund has an overdraft facility with APS Bank Limited of €2,500,000 (2016: €2,500,000). As at 31 December 2017, the overdraft amount was of €35. (2016: €15,197). This facility is secured by the pledge with the total value of €2,500,000 (2016: €2,500,000).

The APS Regular Income Ethical Fund has an overdraft facility with APS Bank Limited of €1,000,000 (2016: €1,000,000). As at 31 December 2017 and 2016, the facility was not overdrawn. This facility is secured by a pledge with a total value of €1,000,000 (2016: €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 31 December 2017 the facility was not overdrawn. This facility will be secured by a pledge with a total value of €1,000,000.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Risk Management Structure

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

Market Price Risk

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

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

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

The APS Income Fund seeks to achieve long-term capital growth by investing principally in the equity and debt securities markets in Malta on a diversified basis. The equity securities are selected from the Malta Stock Exchange Share Index (the "MSE Index") traded on the Malta Stock Exchange. If the MSE Index at 31st December 2017 had increased by 15% (2016: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €2,899,879 (2016: €2,775,341). Conversely, if the MSE Index had decreased by 15% (2016: 15%), this would have had an equal but opposite effect.

Notes to the Financial Statements *(continued)*

For the purpose of this calculation, the Company assumed that the 15% (2016: 15%) change in the MSE Index is made up of an identical and equal change to all the securities listed on the MSE and therefore the 15% (2016: 15%) is not a composite of different percentage changes of the underlying listed securities. The Company has deemed a 15% (2016: 15%) change in the MSE Index to be a reasonable change.

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

The equity securities are selected from recognised stock exchanges across the world. If equities at 31st December 2017 had increased by 15% (2016: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €1,380,064 (2016: €966,771). Conversely, if equities had decreased by 15% (2016: 15%), this would have had an equal but opposite effect.

The Investment Objective of the APS Diversified Bond Fund is to maximise total return, primarily through investment in international debt instruments rated Baa2 or lower by Moody's, or rated BBB or lower by Standard and Poor's or Fitch Ratings, or if unrated deemed by the Investment Manager to be of equivalent credit quality. As at 31 December 2017, the Sub-Fund invested also in Exchange Traded Funds. If the prices of Exchange Traded Funds as at 31 December 2017 had increased by 15% with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €2,164,543. Conversely, if Exchange Traded Funds had decreased by 15%, this would have had an equal but opposite effect.

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

Interest Rate Risk

The Sub-Funds are exposed to interest rate risk through directly holding interest-bearing financial assets. Assets earning interest at variable rates expose the Sub-Funds to cash flow interest rate risk, whereas assets earning interest at fixed rates expose the Sub-Funds to fair value interest rate risk to the extent that these are measured at fair value.

The Sub-Funds' exposure to interest rate risk is summarised in the table below:

	Financial assets held at fixed rates (as a % of NAV)		Financial assets held at variable rates (as a % of NAV)	
	2017	2016	2017	2016
APS Income Fund	72.66	50.75	2.91	0.52
APS Regular Income Ethical Fund	55.52	34.50	15.65	14.71
APS Diversified Bond Fund	52.01	-	11.91	-

In the case of the APS Income Fund, at 31st December 2017, should interest rates have lowered/increased by 50 (2016: 50) basis points with all other variables remaining constant, the increase/decrease in net assets attributable to holders of redeemable shares (gross of expenses) would amount to approximately €1,847,298 (2016: €1,554,266), arising from the change in market values of these interest bearing assets.

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

The Investment Manager monitors such exposure against these limits on a regular basis. At 31st December 2017, should interest rates have lowered/increased by 50 (2016: 50) basis points with all other variables remaining constant, the increase/decrease in net assets attributable to holders of redeemable shares (gross of expenses) would amount to approximately €495,229 (2016: €204,129) in the case of the APS Regular Income Ethical Fund and €520,494 (2016: Nil) in the case of the APS Diversified Bond Fund, arising from the change in market values of these interest bearing assets.

Notes to the Financial Statements *(continued)*

Such movements in the NAV of the Funds would be dependent on the duration of the Funds. Duration, in turn, is dependent on the maturity date, coupon and 'yield to maturity' of every underlying bond held. Duration measures a bond's sensitivity to a change in interest rates. Usually, the higher the duration, the more is the volatility in the prices.

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

Maturity analysis of debt securities

The table below shows an analysis of assets according to when they are expected to be recovered:

APS Income Fund	Quoted Local Corporate Bonds	Quoted Malta Government Bonds	Quoted Foreign Bonds
	31.12.17	31.12.17	31.12.17
	€	€	€
Up to 1 year	1,362,108	-	210,479
1 to 5 years	6,428,280	-	2,219,820
5 to 15 years	19,342,964	11,621,960	5,202,538
Over 15 years	-	-	4,029,894
	27,133,352	11,621,960	11,662,731
	31.12.16	31.12.16	31.12.16
	€	€	€
Up to 1 year	510,336	-	-
1 to 5 years	6,574,575	-	3,868,023
5 to 15 years	12,094,499	16,754,927	3,173,303
Over 15 years	-	-	-
	19,179,410	16,754,927	7,041,326
APS Regular Income Ethical Fund	Quoted Malta Government Bonds	Quoted Malta Government Bonds	Quoted Foreign Bonds
	31.12.17	31.12.16	31.12.17
	€	€	€
Up to 1 year	-	-	127,635
1 to 5 years	-	-	3,234,733
5 to 15 years	373,680	381,810	9,745,391
Over 15 years	-	-	5,410,237
	373,680	381,810	18,517,997
	31.12.16	31.12.16	31.12.16
	€	€	€
Up to 1 year	-	-	1,087,658
1 to 5 years	-	-	5,719,189
5 to 15 years	373,680	381,810	4,573,960
Over 15 years	-	-	1,178,468
	373,680	381,810	12,559,275

Notes to the Financial Statements *(continued)*

APS Diversified Bond Fund

	Quoted Foreign Bonds 31.12.17 €	Quoted Foreign Bonds 31.12.16 €
Up to 1 year	1,473,898	-
1 to 5 years	3,786,602	-
5 to 15 years	13,500,050	-
Over 15 years	2,911,700	-
	<u>21,672,250</u>	<u>-</u>

Currency Risk

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

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

Although the majority of APS Income Fund's transactions, assets and liabilities are denominated in euro, as at 31 December 2017, the Fund had 5.73% (2016: 7.00%) of its underlying assets denominated in foreign currencies.

The APS Regular Income Ethical Fund is exposed to considerable foreign currency risk. As at 31 December 2017, the Fund had 18.43% (2016: 38.77%) of its underlying assets denominated in foreign currencies.

The APS Diversified Bond Fund is exposed to considerable foreign currency risk. As at 31 December 2017, the Fund had 29.40% (2016: Nil) of its underlying assets denominated in foreign currencies.

The following table indicates the currencies to which the Fund had significant exposure at 31 December on its monetary financial assets and liabilities. The analysis below calculates the effect of reasonably positive movement of the currency rate against the euro on the net assets attributable to shareholders with all other variables held constant:

APS Regular Income Fund

Currency	Change in currency rate %	2017 Effect on the net assets attributable to shareholders €	2016 Effect on the net assets attributable to shareholders €
Australian Dollar	+10	15	16
Canadian Dollar	+10	8	9
British Pound	+10	66,165	96,575
US Dollars	+10	400,464	490,729

Notes to the Financial Statements *(continued)*

APS Regular Income Ethical Fund

Currency	Change in currency rate %	2017 Effect on the net assets attributable to shareholders €	2016 Effect on the net assets attributable to shareholders €
Brazilian Real	+10	40,065	87,444
British Pound	+10	94,157	62,559
Polish Zloty	+10	10,296	9,476
US Dollars	+10	159,825	721,678
Turkish Lira	+10	6,242	7,738
Mexican Pesos	+10	75,560	31,147
Swiss Franc	+10	79,524	54,491
Argentine Peso	+10	-	45,101
Australian Dollar	+10	71,489	-
India Rupee	+10	31,485	-
Indonesian Rupiah	+10	31,305	-

APS Diversified Bond Fund

Currency	Change in currency rate %	2017 Effect on the net assets attributable to shareholders €	2016 Effect on the net assets attributable to shareholders €
Australian Dollar	+10	150,265	-
British Pound	+10	83,670	-
US Dollars	+10	728,586	-
Brazilian Real	+10	44,875	-
Mexican Pesos	+10	25,740	-
India Rupee	+10	76,369	-
Indonesian Rupiah	+10	20,348	-
Turkish Lira	+10	51,169	-
South African Rand	+10	25,605	-

An equivalent decrease in each of the aforementioned currencies against the euro would have resulted in the equivalent but opposite effect.

The following table indicates the currencies to which the Company has significant exposure as at 31 December 2017 and 31 December 2016 on its monetary financial assets.

APS Income Fund

	As at 31 December 2017 €	% of net assets	As at 31 December 2016 €	% of net assets
Australian Dollar	149	0.00	157	0.00
Canadian Dollar	81	0.00	87	0.00
British Pound	661,651	0.81	965,749	1.15
US Dollar	4,004,644	4.92	4,907,290	5.85
	<u>4,666,525</u>	<u>5.73</u>	<u>5,873,283</u>	<u>7.00</u>

Notes to the Financial Statements *(continued)*

APS Regular Income Ethical Fund

	As at 31 December 2017 €	% of net assets	As at 31 December 2016 €	% of net assets
Brazilian Real	400,649	1.23	874,440	3.33
British Pound	941,570	2.89	625,585	2.38
Polish Zloty	102,956	0.32	94,756	0.36
US Dollar	1,598,246	4.91	7,216,777	27.44
Turkish Lira	62,416	0.19	77,380	0.29
Mexican Peso	755,601	2.32	311,467	1.18
Swiss Francs	795,242	2.44	544,908	2.07
Argentine Peso	-	-	451,014	1.72
Australian Dollar	714,892	2.20	-	-
India Rupee	314,854	0.97	-	-
Indonesian Rupiah	313,050	0.96	-	-
	<u>5,999,476</u>	<u>18.43</u>	<u>10,196,327</u>	<u>38.77</u>

APS Diversified Fund

	As at 31 December 2017 €	% of net assets	As at 31 December 2016 €	% of net assets
Australian Dollar	1,502,654	3.66	-	-
British Pound	836,700	2.04	-	-
US Dollars	7,285,858	17.75	-	-
Brazilian Real	448,753	1.09	-	-
Mexican Pesos	257,403	0.63	-	-
India Rupee	763,690	1.86	-	-
Indonesian Rupiah	203,482	0.50	-	-
Turkish Lira	511,687	1.25	-	-
South African Rand	256,055	0.62	-	-
	<u>12,066,282</u>	<u>29.40</u>	<u>-</u>	<u>-</u>

Credit Risk

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

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

Notes to the Financial Statements *(continued)*

APS Income Fund

	AAA	AA	A	BBB	BB	Not Rated	Fair Value 31.12.2017 €
Debt securities classified as fair value through profit or loss	-	-	17.53%	11.78%	5.28%	26.73%	50,418,043

	AAA	AA	A	BBB	BB	Not Rated	Fair Value 31.12.2016 €
Debt securities classified as fair value through profit or loss	0.11%	1.07%	20.47%	2.56%	3.46%	18.35%	42,975,663

APS Regular Income Ethical Fund

	AAA	AA	A	BBB	BB	B	Not Rated	Fair Value 31.12.2017 €
Debt securities classified as fair value through profit or loss	5.77%	1.15%	7.16%	28.70%	12.90%	2.35%	-	18,891,677

	AAA	AA	A	BBB	BB	B	Not Rated	Fair Value 31.12.2016 €
Debt securities classified as fair value through profit or loss	3.69%	0.72%	9.40%	19.72%	9.58%	4.37%	1.72%	12,941,085

APS Diversified Bond Fund

	AAA	AA	A	BBB	BB	B	Not Rated	Fair Value 31.12.2017 €
Debt securities classified as fair value through profit or loss	5.95%	-	1.89%	22.14%	15.50%	7.32%	-	21,672,250

As at 31 December 2016 the APS Income Fund held Malta Government Stocks for the total value of €11,621,960 (2016: €16,754,927) with an A- (2016: A-) credit rating by S&P. This Sub-Fund also held Bank of Valletta Plc Bonds maturing between 2018 and 2030 for the value of €5,385,125 (2016: €4,742,293), which had a BBB credit rating by Fitch (2016: BBB).

As at 31 December 2017 the APS Regular Income Ethical Fund held Malta Government Stocks for the total value of €373,680 (2016: €381,810) with an A (2016: A) credit rating by S&P.

The carrying amounts disclosed above represent the exposure to credit risk with respect to debt securities. The percentages above are calculated as a percentage of the net assets.

Notes to the Financial Statements *(continued)*

All transactions in listed debt securities are settled for upon delivery through clearing houses. The risk of default is considered minimal, as delivery of securities sold is only made once the clearing house has received payment. Payment is made on a purchase once the securities have been received by the clearing house. The trade will fail if either party fails to meet its obligation.

The Company has policies that limit the amount of credit exposure to any single issuer. Accordingly, the Investment Manager monitors the Sub-Funds' credit position on a regular basis.

None of the Sub-Funds' financial assets were considered to be past due or impaired in both 2017 and 2016. Bank balances (note 13) are held and transacted with APS Bank Limited and term deposits (note 5b) are held with reputable banks, including APS Bank Limited, FIMBank p.l.c. and Izola Bank p.l.c. The carrying amounts of each financial asset represents the maximum exposure to credit risk.

FIMbank p.l.c. is rated BB by Fitch rating agency while APS Bank Limited and Izola Bank p.l.c. are not rated.

Liquidity Risk

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

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

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

It is the Company's policy that the Investment manager monitors Sub-Funds' liquidity position on a daily basis for APS Income Fund and on a weekly basis for APS Regular Income Ethical Fund and for the APS Diversified Bond Fund. The Investment Manager may limit the total number of Shares to be redeemed on any Dealing Day and may also temporarily suspend determination of the Fund's Net Asset Value together with the sale and repurchase of Shares.

Investor Shares can be redeemed at the prevailing Redemption Price, by submission to the Company at the office of the Administrator of the relevant and properly completed Redemption Notice before the Redemption Notice Deadline.

In terms of the Memorandum and Articles, redemption requests and/or exchange requests are, once made, irrevocable. A Redemption Notice if accepted by the Company will be effective as at the applicable Redemption Day. Investor Shares shall be cancelled on the relevant Redemption Day and redemption requests will generally be settled within fourteen (14) Business Days from the relevant Redemption Day.

Capital risk management

The capital of the Funds is represented by the net assets attributable to holders of redeemable shares as disclosed in the Statement of Financial Position. The amount of net assets attributable to holders of redeemable shares can change significantly on a daily basis in the case of the APS Income Fund and on a weekly basis in the case of the APS Regular Income Ethical Fund and APS Diversified Bond Fund, as the Funds are subject to subscriptions and redemptions at the discretion of the shareholders. The Funds' objective when managing capital is to safeguard the Funds' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Funds.

Portfolio Statements

APS INCOME FUND	Market value 31.12.2017 €	% of net assets
<i>Quoted Local Equities</i>		
Bank of Valletta p.l.c.	1,585,993	1.95
GO p.l.c.	319,410	0.39
HSBC Bank Malta p.l.c.	1,513,963	1.86
Malita Investments p.l.c.	1,230,000	1.51
Mapfre Middlesea p.l.c.	245,752	0.30
Medserv p.l.c.	1,353,425	1.66
Malta International Airport p.l.c.	3,931,329	4.83
PG p.l.c.	1,184,820	1.46
Plaza Centres p.l.c.	1,539,194	1.89
RS2 Software p.l.c.	1,821,526	2.24
Simonds Farsons Cisk p.l.c.	2,598,795	3.19
Tigne' Mall p.l.c.	2,008,322	2.47
<i>Quoted Local Corporate Bonds</i>		
4.80% Bank of Valletta p.l.c. 2018	889,305	1.09
5.90% HSBC Bank Malta p.l.c. 2018	472,803	0.58
4.25% Bank of Valletta p.l.c. 2019	717,328	0.88
5.35% Bank of Valletta p.l.c. 2019	378,304	0.46
4.80% Bank of Valletta p.l.c. 2020	822,635	1.01
5.50% Pendergardens Developments p.l.c. 2020	640,605	0.79
5.50% Mediterranean Investment Holding p.l.c. 2020	630,971	0.78
6.00% Mediterranean Investment Holding p.l.c. 2021	375,339	0.46
4.90% Gasan Finance Company 2021	995,270	1.22
5.80% International Hotel Investments 2021	185,745	0.23
5.00% Mediterranean Investment Holding p.l.c. Unsecured Bonds 2022	320,592	0.39
6.00% Pendergardens Developments p.l.c. 2022	1,018,130	1.25
6.00% Medserv p.l.c. 2023	343,363	0.42
5.30% United Finance 2023	91,295	0.11
5.80% International Hotel Investments 2023	341,798	0.42
6.00% AX Investments p.l.c. 2024	1,007,763	1.24
6.00% International Hotel Investments 2024	977,473	1.20
5.00% Tumas Investments p.l.c. 2024	234,982	0.29
5.00% Hal Mann Vella Group 2024	943,714	1.16
5.75% International Hotel Investments 2025	108,038	0.13
4.50% Izola Bank p.l.c. 2025	1,238,967	1.52
5.10% 6PM Holdings p.l.c. 2025	652,845	0.80
4.50% Hili Properties p.l.c. 2025	30,305	0.04
4.00% International Hotel Investments 2026	262,446	0.32
4.50% Medserv p.l.c. 2026	558,184	0.69
4.25% Corinthia Finance p.l.c. 2026	87,880	0.11
4.00% Midi Malta p.l.c. 2026	1,195,006	1.47
4.00% International Hotel Investments 2026	420,137	0.52
3.90% Plaza Centres p.l.c. 2026	101,150	0.12
5.00% Dizz Finance p.l.c. 2026	215,180	0.26
3.75% Premier Capital p.l.c 2026	2,036,250	2.50
4.00% Eden Finance 2027	1,968,616	2.42
5.00% MeDirect Bank Malta 2027	515,000	0.63
4.35% SD Finance 2027	2,090,000	2.57
3.50% Simonds Farsons Cisk 2027	611,156	0.75
4.00% Stivala Group Finance p.l.c. 2027	510,000	0.63
3.75% Tumas Investments p.l.c. 2027	567,226	0.70

Portfolio Statements *(continued)*

3.50% Bank of Valletta p.l.c. 2030 (Series 1)	2,467,554	3.03
3.50% Bank of Valletta p.l.c. 2030 (Series 2)	110,000	0.14
Quoted MGS Bonds (5 to 15 years)		
3.30% Malta Government Bond 2024 (I)	1,316,161	1.62
1.50% Malta Government Bond 2027(I)	4,106,400	5.05
4.80% Malta Government Bond 2028 (I)	3,044,646	3.74
4.50% Malta Government Bond 2028 (II)	2,002,714	2.46
5.10% Malta Government Bond 2029 (I)	1,042,639	1.28
2.30% Malta Government Bond 2029 (II)	109,400	0.13
Quoted Foreign Government Bonds		
4.875% Russian Federation 2023	543,057	0.67
2.875% Obrigacoes do Tesouro 2026	1,099,000	1.35
4.75% Russian Federation 2026	529,629	0.65
3.00% Croatia 2027	856,632	1.05
3.375% United Mexican States 2031	565,600	0.70
Quoted Foreign Bonds		
5.25% Yapi ve Kredi Bankasi AS 2018	210,479	0.26
4.50% Banque Centrale de Tunisie SA 2020	521,050	0.64
2.75% Xerox Corporation 2020	206,460	0.25
6.25% Bank Of India London 2021	179,832	0.22
10.00% Barclays Bank Plc 2021	283,170	0.35
4.875% Bulgarian Energy Holding 2021	273,673	0.34
5.50% Perusahaan Listrik Negara 2021	225,534	0.28
4.75% Empresa Nacional del Petroleo 2021	220,054	0.27
4.75% A2D Funding Plc 2022	310,048	0.38
6.00% Cemex Finance LLC 2024	175,377	0.22
3.50% Hanesbrands Finance Luxembourg 2024	863,824	1.06
3.625% Royal Bank of Scotland Group Plc 2024	258,225	0.32
4.25% Ziggo Secured Finance BV 2027	311,193	0.38
6.25% Munchener Reinsurance Co. 2042	1,235,023	1.52
3.375% Aviva p.l.c. 2045	1,086,043	1.33
3.099% Allianz SE 2047	1,097,000	1.35
4.50% Repsol International Finance BV 2075	611,828	0.75
Term Deposits		
APS Bank Limited	8,845,501	10.87
Izola Bank p.l.c.	1,825,854	2.24
APS REGULAR INCOME ETHICAL FUND	Market value	% of net
	31.12.2017	Assets
	€	
Quoted Foreign Equities		
Adidas AG	442,948	1.36
Allianz SE	291,080	0.89
Anheuser-Busch InBev SA/NV	372,520	1.14
Ashtead Group p.l.c.	330,986	1.02
AT&T Inc	32,377	0.10
Atlantia SpA	526,400	1.62
AXA SA	408,128	1.25

Portfolio Statements *(continued)*

Bayerische Motoren Werke AG	477,565	1.47
BNP Paribas SA	460,650	1.42
Bolsas y Mercados Espanoles SH	185,850	0.57
Capgemini SE	494,450	1.52
Electricite de France SA	416,800	1.28
Endesa SA	178,550	0.55
Experian p.l.c.	110,577	0.34
Industria de Diseno Textil SA	290,450	0.89
Intel Corp	180,667	0.55
JPMorgan Chase & Co	578,853	1.78
KBC Group NV	355,550	1.09
Novartis AG	105,626	0.32
Orange SA	135,631	0.42
Procter & Gamble Co/The	160,678	0.49
Roche Holding AG	463,437	1.42
Sanofi	287,400	0.88
SAP SE	467,250	1.44
SGS SA	217,148	0.67
Vodafone Group p.l.c.	476,507	1.46
Quoted Collective Investment Scheme		
Etica Azionario I	752,347	2.31
Quoted MGS Bonds (5 to 15 years)		
4.500% Malta Government Bond 2028 (II)	264,280	0.81
2.300% Malta Government Bond 2029 (II)	109,400	0.34
Quoted Foreign Government Bonds		
3.50% Hellenic Republic 2023	334,599	1.03
4.00% Poland Government Bond 2023	102,956	0.32
5.65% Obrigacoes do Tesouro 2024	254,300	0.78
4.25% Republic of Cyprus 2025	417,340	1.28
2.875% Obrigacoes do Tesouro 2026	384,650	1.18
Quoted Foreign Bonds		
10.00% European Investment Bank 2018	127,635	0.39
7.20% European Investment Bank 2019	313,050	0.96
8.50% European Investment Bank 2019	62,416	0.19
7.80% International Finance Corporation 2019	314,854	0.97
11.50% Morgan Stanley 2020	273,014	0.84
4.00% European Investment Bank 2020	590,308	1.81
7.75% Commerzbank AG 2021	364,892	1.12
5.00% BBVA Banco Continental 2022	268,937	0.83
7.125% Erste Group Bank AG 2022	389,857	1.20
4.75% Fiat Chrysler Finance Europe 2022	225,440	0.69
6.25% Thomas Cook Group p.l.c 2022	431,964	1.33
1.875% Barclays p.l.c. 2023	315,749	0.97
2.00% Royal Bank of Scotland Group plc 2023	210,110	0.65
3.311% Casino Guichard Perrachon SA 2023	563,945	1.73
2.375% Peugeot SA 2023	422,686	1.30
0.50% European Bank for Reconstruction & Development 2023	433,334	1.33
3.625% Royal Bank of Scotland Group plc 2024	303,099	0.93
1.125% EDP Finance BV 2024	309,870	0.95
3.750% Fiat Chrysler Automobile 2024	403,198	1.24
2.375% Cellnex Telecom SA 2024	437,344	1.34

Portfolio Statements *(continued)*

3.625% PVH Corporation 2024	385,844	1.19
7.50% Inter-American Development Bank 2024	359,776	1.11
2.625% Rexel SA 2024	165,293	0.51
1.25% Goldman Sachs Group Inc. 2025	600,744	1.85
1.826% Autonomous Community of Madrid 2025	631,923	1.94
1.625% RCI Banque SA 2025	518,730	1.59
2.25% Sky p.l.c. 2025	653,470	2.01
1.625% Atlantia S.p.A 2025	204,902	0.63
1.375% Morgan Stanley 2026	400,052	1.23
4.40% AusNet Services Holdings 2027	271,152	0.83
3.50% Banco Bilbao Vizcaya Argentaria SA 2027	450,084	1.38
2.25% BNP Paribas SA 2027	210,242	0.65
6.25% Munchener Reinsurance Co. 2042	988,018	3.04
4.25% Aquarius & Investments p.l.c. 2043	291,957	0.90
5.125% AXA SA 2043	841,952	2.59
4.625% NN Group NV 2044	580,700	1.78
3.375% Aviva p.l.c 2045	814,532	2.50
3.099% Allianz SE 2047	548,500	1.68
4.375% Mapfre SA 2047	342,336	1.05
4.50% Lanxess AG 2076	344,816	1.06
3.00% Telia CO AB 2078	327,348	1.01
6.25% Ostred A/S 3013	330,078	1.01
Term Deposits		
APS Bank Limited	1,920,712	5.90
Izola Bank p.l.c.	700,000	2.15
APS DIVERSIFIED BOND FUND	Market value	% of net
	31.12.2017	Assets
	€	
Quoted Foreign Collective Investment Schemes		
iShares EUR High Yield Corp Bond UCITS ETF	2,017,804	4.92
iShares USD Short Duration High Yield Corp Bond UCITS ETF	775,000	1.89
iShares USD High Yield Corp Bond UCITS ETF	795,832	1.94
iShares JP Morgan USD EM Bond EUR Hedged UCITS ETF	4,103,600	10.00
iShares JP Morgan USD EM Corp Bond UCITS ETF	594,230	1.45
iShares JP Morgan EM Local Govt Bond UCITS ETF	4,116,620	10.03
SPDR Bloomberg Barclays Emerging Markets Local Bond UCITS ETF	2,027,201	4.94
Quoted Foreign Government Bonds		
5.75% Arab Republic of Egypt 2020	391,395	0.95
3.875% Republic of Montenegro 2020	415,740	1.01
2.375% Saudi International Bond 2021	385,675	0.94
3.875% Republic of Argentina 2022	421,024	1.03
6.125% Kingdom of Bahrain 2023	259,194	0.63
3.50% Hellenic Republic 2023	429,485	1.05
5.375% Hungary 2023	379,702	0.93
5.625% Macedonia 2023	501,507	1.22
3.875% Republic of Kazakhstan 2024	391,132	0.95
3.50% Kingdom of Morocco 2024	481,665	1.17
4.20 % Republic of Philippines 2024	540,622	1.32
3.00% Croatia 2025	480,244	1.17
3.375% Republic of Indonesia 2025	413,133	1.01

Portfolio Statements *(continued)*

2.875% Obrigacoes do Tesouro 2025	622,687	1.52
3.875% Republic of Colombia 2026	482,940	1.18
3.179% Malaysia Sukuk Global 2026	390,284	0.95
4.75% Oman Government International Bond 2026	381,363	0.93
2.75% Republic of Peru 2026	608,018	1.48
4.75% Russian Federation 2026	529,629	1.29
2.625% Bulgaria 2027	624,152	1.52
4.375% Oriental Republic of Uruguay 2027	536,474	1.31
Quoted Foreign Bonds		
5.25% European Investment Bank 2018	511,687	1.25
9.00% European Investment Bank 2018	256,055	0.62
4.00% International Bank for Reconstruction & Development 2018	257,403	0.63
10.50% International Finance Corporation 2018	448,753	1.09
7.20% European Investment Bank 2019	203,482	0.50
7.80% International Finance Corporation 2019	763,690	1.86
2.65% EMC Corp 2020	329,723	0.80
4.75% FMG Resources 2022	335,919	0.82
6.25% Thomas Cook Group p.l.c 2022	539,955	1.32
5.25% Fiat Chrysler Automobile 2023	410,250	1.00
4.25% Petrobras Global Finance 2023	437,200	1.07
3.50% Verizon Communications Inc 2023	480,906	1.17
6.00% Cemex Finance LLC 2024	377,061	0.92
4.125% Adler Pelzer Holding GmbH	415,372	1.01
10.50% Western Digital Corporation 2024	386,949	0.94
4.75% Softbank Group Corporation 2024	371,927	0.91
5.05% Embraer Netherlands Finance BV 2025	401,854	0.98
5.50% Petroleos Mexicanos 2025	473,582	1.15
3.625% Netflix Inc. 2027	393,260	0.96
5.00% Societe Generale SA 2027	486,461	1.19
5.50% Ziggo Secured Finance BV 2027	330,186	0.80
5.00% BNP Paribas 2028	482,812	1.18
4.625% NN Group NV 2044	580,700	1.41
4.375% Mapfre SA 2047	570,560	1.39
4.50% Repsol International 2075	406,031	0.99
3.50% RWE AG 2075	420,480	1.02
4.50% Lanxess AG 2076	444,924	1.08
6.25% Orsted A/S 3013	489,005	1.19
Term Deposits		
APS Bank Limited	426,500	1.04
Izola Bank p.l.c.	1,000,000	2.44

Statement of Changes in the Composition of the Portfolio

The composition of the portfolios as at 31 December 2017, detailed in the Portfolio Statements on pages 57 to 61, in comparison with the Portfolio Statements as at 31 December 2016 stood as follows:

APS INCOME FUND	% of net assets 31.12.2017	% of net assets 31.12.2016
Quoted Local Equities	23.75	22.07
Quoted Local Corporate Bonds	33.35	22.88
Quoted Malta Government Bonds	14.28	19.99
Quoted Foreign Government Bonds	4.41	2.38
Quoted Foreign Bonds	9.92	6.02
Term Deposits	13.11	23.27
APS REGULAR INCOME ETHICAL FUND	% of net assets 31.12.2017	% of net assets 31.12.2016
Quoted Foreign Equities	25.95	21.82
Quoted Foreign Bonds	52.29	44.75
Quoted Malta Government Bonds	1.15	1.45
Quoted Foreign Government Bonds	4.59	3.01
Quoted Foreign Collective Investment Schemes	2.31	2.69
Term Deposits	8.05	19.73
APS DIVERSIFIED BOND FUND	% of net assets 31.12.2017	% of net assets 31.12.2016
Quoted Foreign Collective Investment Schemes	35.16	-
Quoted Foreign Government Bonds	23.55	-
Quoted Foreign Bonds	29.25	-
Term Deposits	3.48	-

Information about the Scheme

1. AUTHORISATION

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

2. INCOME

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

3. UP-FRONT CHARGE AND OTHER FEES

APS Income Fund

Initial Fee

An initial charge of up to 1.50% on the amount invested.

APS Regular Income Ethical Fund

Initial Fee

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

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

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.

Details on the Management, Custody and Administration fees can be found under note 9 on pages 44 to 45.

4. RISK WARNINGS

Market Fluctuations

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

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

Past performance is no guarantee of future performance.

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

Erosion of Capital

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

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

Information about the Scheme *(continued)*

Currency Fluctuations

Currency fluctuations between the base currency of the Fund, and

- (i) the investor's currency of reference, and,
 - (ii) the currency of the underlying investments of the Funds,
- may adversely affect the value of investments and the income (if any) derived therefrom.

Investment on the Malta Stock Exchange

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

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

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

Exposure to a single market

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

Investments in smaller companies

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

Investments in unquoted companies

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

5. SCHEME PARTICULARS

The above details are extracted from the APS Funds SICAV p.l.c. Prospectus, the APS Income Fund Supplement, the APS Regular Income Ethical Fund Supplement and the APS Diversified Bond Fund Supplement, 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 Annual Report and Financial Statements. Persons wishing to invest in the APS Income Fund, 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.

6. MANAGER'S STATEMENT

In the opinion of the Manager, this Annual Report and Financial Statements contains all the information necessary to enable the investors to make an informed judgment of the results and activities of the Company for the year ended 31 December 2017, and does not omit any matter or development of significance.