

BOV INVESTMENT FUNDS

Annual Report and Audited Financial Statements 2023



BOV INVESTMENT FUNDS

Annual Report and Audited Financial Statements

For the year ended 30 April 2023

Premium Banking Centre, 475, Triq il-Kbira San Guzepp, Santa Venera, SVR 1011, Malta.
Telephone: (00356) 21 227311 Fax: (00356) 2275 5661
www.bovassetmanagement.com infoassetmanagement@bov.com

Contents

Management and Administration	4
Description	5
Investment Manager's Report	6-9
Independent Auditor's Report	10-12
Report of the Custodian	13
Financial Statements	
Statements of Financial Position	14
Statements of Changes in Net Assets Attributable to Unitholders	15
Statements of Comprehensive Income	16
Statements of Cash Flows	17
Accounting Policies	18-21
Notes to the Financial Statements	22-39
Portfolio Statements	40-43
Statement of Changes in the Composition of the Portfolios	44
Information about the Funds	45-53

Management and Administration

INVESTMENT MANAGER	BOV Asset Management Limited 58, Zachary Street, Valletta, VLT 1130, Malta <i>Licensed to conduct investment services business in Malta by the Malta Financial Services Authority</i>
FUND ADMINISTRATOR	BOV Fund Services Limited 58, Zachary Street, Valletta, VLT 1130, Malta <i>Recognised to provide fund administration services by the Malta Financial Services Authority</i>
CUSTODIAN AND BANKER	Bank of Valletta p.l.c. 58, Zachary Street, Valletta, VLT 1130, Malta <i>Licensed to conduct investment services business by the Malta Financial Services Authority</i>
AUDITORS	PricewaterhouseCoopers 78, Mill Street, Central Business District, Qormi CBD 5090, Malta
LEGAL ADVISORS	Camilleri Preziosi Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta

Description

The BOV Investment Funds is an open-ended UCITS umbrella contractual fund licensed by the Malta Financial Services Authority as a collective investment scheme pursuant to the Investment Services Act (Cap. 370, Laws of Malta and the UCITS Directive) as amended from time to time. The BOV Investment Funds were established by way of a Deed of Constitution under the Laws of Malta entered into by and between BOV Asset Management Limited and Bank of Valletta p.l.c. on 6 December 2016.

As at 30 April 2023, the BOV Investment Funds consists of three separate Funds, the BOV Balanced Portfolio Fund, the BOV Conservative Portfolio Fund and the BOV Growth Portfolio Fund (collectively the "Funds"). The BOV Investment Funds has no employees.

Investment Manager's Report

In Quarter two 2022, US equities declined as investors closely monitored inflation and the policy response from the Federal Reserve (Fed). The Fed continued to raise interest rates, acknowledging the challenge of achieving a "soft landing" for the economy by taming inflation without causing unemployment to rise or triggering a recession. Declines were observed across all sectors particularly in media & entertainment and auto, although consumer staples and utilities showed relative resilience. Eurozone shares faced significant declines due to ongoing concerns about the war in Ukraine and potential gas shortages. Consumer confidence was further diminished by higher inflation, driven by the energy sector. The ECB's (European Central Bank) plan to continue raising interest rates added to the uncertainties. Economically sensitive sectors including information technology and real estate sectors faced challenges amid rising recessionary risks. However, large-cap companies performed relatively well, supported by defensive sectors like telecommunications, healthcare, and consumer staples.

Energy was the top-performing sector due to supply constraints caused by the conflict in Ukraine. In Quarter three, the Fed raised rates by 75 basis points to 3.25%, marking the third consecutive increase. Market volatility continued as shares turned lower as hopes of interest rate cuts were dashed at the Jackson Hole summit, where the Fed reaffirmed its commitment to fighting inflation amid slowing growth.

US equities experienced declines during the quarter, with the communication services and real estate sectors being among the weakest performers. However, the consumer discretionary and energy sectors showed more resilience. Emerging markets underperformed developed markets, and commodities generally declined offsetting gains in natural gas prices.

US equities improved in October despite the Fed confirming the need for tighter monetary policy to control inflation and mixed economic data. US Treasuries underperformed as positive labour market data and higher inflation reinforced a hawkish response from the Federal Reserve. Earnings season in the US saw an overall surprise of 2.95% in Quarter three, with positive surprises in energy and healthcare and disappointing results in communications, industrials, and materials sectors.

Equity markets rallied in November due to signs of a slower rate of central bank tightening, a robust jobs market, cooler inflation, decent earnings, and a lower US dollar. The dovish tone of the Fed Minutes in early November, along with Chairman Powell's comments, boosted investor optimism for a smaller rate hike in December surpassing its 200-day moving average for the first time since early April. This led to a market rally with the S&P 500 surging over 3% on the last day of the month and ending the month up around 5.7%. US equities traded at around 17.4 times next year's earnings estimates, higher than the 10-year average of 16.39 times. Economic indicators, particularly in housing and consumer sentiment and the inverted yield curve, suggest a weaker backdrop.

In December, the global equity market turned negative as hopes for a monetary policy pivot were not met. US CPI (Consumer Price Index) fell to 7.1%, lower than expected, and the US GDP (Gross Domestic Product) grew at a slower pace of 1.1% in Quarter one. Despite a slowdown in inflation data, the hawkish comments by central banks prevailed. China swiftly shifted away from its zero COVID-19 tolerance policy, signalling a full reopening of its economy in early 2023. This development has positive implications globally, especially for the European Union. The global equity market closed the year with a decline of -18.1%, experiencing only four months of positive returns. European equity markets performed relatively better with a decline of -9.9%.

The global equity market closed 2022 with only four months of positive returns, with US equities declining by 18.1%, underperforming the EU market. The energy sector was the top performer, while communications, consumer discretionary, and technology sectors struggled. The first quarter ('Q1') of the year defied expectations with robust global growth, a mild winter, sustained consumer resilience, leading to a newly buoyant business sentiment boosted by China's reopening. Despite the collapse of Silicon Valley Bank and the financial turmoil.

April saw positive earnings surprises, but US EPS (Earning Per Shares) is on a downward trend. The US market had a total return of +1.56% in April, slightly lower than the global equity markets return of +1.75%. The strongest performances in US were across the industries of Communications (+5.93%), Real Estate (+4.46%) and Travel & Leisure (+4.38%).

Investment Manager's Report (continued)

Bond markets faced significant challenges in the second quarter of 2022 as yields rose due to elevated inflation, hawkish central banks, and increasing interest rates. Despite a late-quarter rally driven by growth concerns, negative returns persisted. Inflation rates remained high in major economies, prompting central banks to raise rates or indicate their intention to do so. Concerns over future economic growth and the potential for a recession later in the year added to market unease. Corporate bonds underperformed government bonds, with widening spreads and high-yield credit experiencing significant pressure in the broader bond market sell-off.

The Federal Reserve increased interest rates by 1.75% in June, 2.5% in July, and 0.75% in September, bringing the rate to a range of 3.0% to 3.25%. Chair Jerome Powell affirmed that the Fed's outlook remained consistent since the Jackson Hole meeting. During this period, the US yield curve inverted, with the 2-year yield at 4.23% and the 10-year yield at 3.83%.

In November, bond markets underwent significant repricing, with the FED increasing an additional 75 basis points bringing the Fed's rate to 4%. Despite positive market reactions, ongoing inflationary pressures in Europe indicate the need for further tightening. US ten-year rates declined to 3.63% in November after peaking at 4.25% in late October maintaining the inversion of the yield curve. The European corporate bond market performed well during this month, with a positive return of 3.18%, driven by falling yields and narrowing spreads. European investment grade bonds outperformed high-yield bonds during the month. The German 10-year Bund yield decreased from 2.14% to 1.89%. Inflation is expected to decline from its peak of 10.6% in October, but further interest rate hikes are deemed necessary by the ECB to achieve the 2% target. The aggressive pace of monetary tightening and persistently high inflation have led to a contraction in bond markets.

In December, monetary policy decisions remained in focus as the Fed implemented a further 50 basis points hikes, raising the Fed's rate to 4.5%. The Fed presented a hawkish Summary of Economic Projections, increasing the projected federal funds rate from 4.6% to 5.1% in 2023. Despite indications of slowing inflation, the Fed emphasized the need for more evidence to have confidence in sustained downward inflation. Chair Powell emphasized the importance of financial conditions reflecting the policy restraint necessary to effectively lower inflation. The ECB implemented a 50-basis points rate hike, bringing the key rate to 2%, and provided a more hawkish outlook in terms of guidance and economic expectations. President Lagarde expressed concerns about inflation, projecting average rates of 6.3% in 2023, 3.4% in 2024, and 2.3% in 2025, along with expectations of a modest and short-lived recession. The ECB signalled further rate hikes and the initiation of quantitative tightening in early March. Yields reacted by rising, with the German 10-year Bund yield surging from 1.9% to 2.6%. The European corporate bond market experienced a decline of 1.7% in December posting a negative return of -14% for the year, exceeding the -11% decline in European High Yield Bond markets.

The first quarter of 2023 saw continued volatility in the 2-year yield curve, as evidenced by the MOVE Index, which made it challenging to anchor policy and value fixed income. Long-dated government bonds outperformed corporate bonds, providing higher returns in the US (6.2% vs. 5.5%).

Despite some easing due to lower energy prices and falling goods prices, headline inflation remains well above the central banks' target of 2%, with the US inflation rate at 6% and core inflation at 5.5%. The fight against inflation is ongoing, and central banks have continued to raise rates, bringing the Federal funds rate to a range of 4.75% to 5%. Despite persistent inflation, the US bond market has priced in multiple rate cuts in 2023.

The near-term forward spread in Treasury yields, which is the Fed's preferred recession indicator, suggests an 86% probability of a recession within the next 12 months. However, retail sales and employment figures remain resilient, and the reopening of China may have a positive impact on the global economy. With hiking cycles expected to conclude soon, the next focus will be on central bank meetings in May particularly given the persistent financial turmoil. Looking ahead, the timing of inflation returning to the 2% target remains uncertain. However, it is expected that interest rates will reach their peak in the coming months and remain elevated for a longer period. The bond market is fully pricing in a 25-basis points rate hike ahead of the ECB meeting on 4th May, which ECB President Lagarde has indicated as a possibility depending on the economic data in the previous meeting.

The BOV Investment Funds started off the period with an overall underweight positioning in equities and fixed income to protect against market downside emanating from global geopolitical tensions, high inflation prints being recorded and a shift in global central bank policy from accommodative to tightening.

Investment Manager's Report (continued)

Across the three sub-funds of the scheme, namely BOV Conservative, BOV Balanced and BOV Growth Portfolio Funds, changes to exposure towards the different equity sectors were actively managed to reflect changes in fundamental and momentum views. The existing exposures of US Treasury Inflation-Protected Securities ('TIPS'), European Inflation-Linked Bonds and Short Duration bond ETFs were increased within the fixed income segments to hedge against increasing inflation across the biggest economies. All exposures to the previously invested sustainable convertible bond fund have been removed from the sub funds in line with the risk-off strategy within the fixed income segment. On the fixed income front, the funds retain exposure to low duration investment grade bonds albeit being overall underweight from a portfolio standpoint. Exposure to a third-party managed commodity fund was also introduced over the period to diversify exposure away from the traditional asset classes, benefiting from lower correlations and upside on the newly introduced asset class emanating from tight supply dynamics. During the first quarter of 2023, Japanese exposure was shifted to China. Chinese equities were expected to benefit from China's reopening with a better economic growth forecast than expected for the region and the "whatever it takes" approach to the property sector. All exposure to commodities was reduced in January, specifically the exposure to Schroders Commodity Fund due to expectations of less upside protection given peaking inflation. Exposure to European inflation linked bonds and US TIPS were sold off in February as the acknowledgement of the disinflationary trend came forward by the major central banks: "The disinflationary process, the process of getting inflation down, has begun..." – FED Chair Powell; "But while energy inflation has recently been coming down, underlying inflation continues to rise." – ECB President Lagarde. Less upside was expected from inflation protected securities and short duration fixed income exposures. Proceeds were deployed towards the re-introduction of exposures to European High Yield, trading at very attractive yields (6.6%) with a short duration (3 years). Also, the improved market sentiment with an outlook for a milder recession than previously expected helped sustain the case for introducing exposures to high yield. In February, equity exposures were shifted towards a preference towards cyclical sectors in line with the overall shift in market sentiment. Following the collapse of SVB (Silicon Valley Bank) in March and the associated negative market sentiment, resulting in the growth/inflation/financial stability trilemma the investment manager deemed it prudent to take a more conservative approach by lowering equity exposures for the three sub-funds. Profits from previous overweight within financials were realised whilst reducing exposure to financials. Proceeds were partially retained in cash, re-invested in the broad equity market, and allocated towards the consolidation of a fixed income barbell strategy. Within the equity portion of the funds, an equity barbell strategy was also initiated whereby striking off a balanced view of the market by taking overweight positions in cyclical sectors, specifically Information Technology and Consumer Discretionary and defensive sectors, Consumer Staples and Health Care.

Objectives, Performance and Distribution

BOV Conservative Portfolio Fund

Investment Objective

The BOV Conservative Portfolio Fund aims to provide a combination of income and long-term capital growth by investing in a diversified portfolio with a low to medium risk investment strategy.

Fund Performance - Accumulator Class of Units

During the period from 1 May 2022 to 30 April 2023, the unit price of the BOV Conservative Portfolio Fund accumulator class of units decreased by 4.83% from €0.952 to €0.906

Fund Performance - Distributor Class of Shares

During the period from 1 May 2022 to 30 April 2023, the unit price of the BOV Conservative Portfolio Fund distributor class of units decreased by 7.39% from €0.852 to €0.789.

Income Distribution

The dividend declared during the period ended 30 April 2023 in respect of the distributor class of units is listed under note 10 of the financial statements.

BOV Balanced Portfolio Fund

Investment Objective

The BOV Balanced Portfolio Fund aims to provide long-term capital growth by investing in a diversified portfolio with a medium risk investment strategy.

Investment Manager's Report (continued)

Fund Performance - Accumulator Class of Units

During the period from 1 May 2022 to 30 April 2023, the share price of the BOV Balanced Portfolio Fund accumulator class of shares decreased by 5.32% from €1.127 to €1.067.

Fund Performance - Distributor Class of Units

During the period from 1 May 2022 to 30 April 2023, the share price of the BOV Balanced Portfolio Fund distributor class of shares decreased by 6.73% from €1.055 to €0.984.

Income Distribution

The dividend declared during the period ended 30 April 2023 in respect of the distributor class of units is listed under note 10 of the financial statements.

BOV Growth Portfolio Fund

Investment Objective

The BOV Growth Portfolio Fund aims to provide long-term capital growth by investing in a diversified portfolio with a medium to high-risk investment strategy

Fund Performance

During the period from 1 May 2022 to 30 April 2023, the unit price of the BOV Growth Portfolio Fund accumulator class of units decreased by 5.41% from €1.201 to €1.136.

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

(Sources: BOV Asset Management Limited, Bloomberg)



Independent auditor's report

To the Directors of BOV Asset Management Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of BOV Investment Funds (the Funds) as at 30 April 2023, and of the Funds' financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU.

What we have audited

The financial statements of BOV Investment Funds, set out on pages 14 to 39, comprise:

- the statements of financial position as at 30 April 2023;
- the statements of changes in net assets attributable to unitholders;
- the statements of comprehensive income for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Funds in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.



Independent auditor's report - continued

To the Directors of BOV Asset Management Limited

Other information

Management is responsible for the other information. The other information comprises the management and administration, description, investment manager's report, portfolio statements, statement of changes in the composition of the portfolios, and the information about the Funds (but does not include the financial statements and our auditor's report thereon).

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 identified above 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.

Responsibilities of the management for the financial statements

The management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU, and for such internal control as management 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, management is responsible for assessing the Funds' 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 management either intends to liquidate the Funds 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 judgement and maintain professional scepticism 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.



Independent auditor's report - continued

To the Directors of BOV Asset Management Limited

- 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 Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's 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 Funds' 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 Funds 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 management 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.

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Directors of BOV Asset Management Limited as Manager of the BOV Investment Funds in accordance with Subsidiary Legislation 370.16 of the Investment Services Act and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Lucienne Pace Ross
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

28 August 2023

BOV

Bank of Valletta

Custody Services
BOV Centre, Cannon Road,
Zone 4, Central Business District
T: (356) 2275 3344
E: custody@services@bov.com


10th August 2023

BOV Investment Funds

Report of the Custodian

We, Bank of Valletta p.l.c., as Custodian to the BOV Investment Funds ("the Fund"), hereby confirm that having enquired into the conduct of the Manager during the year ended 30th April 2023, it is our opinion that during this period, the Funds have 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 Parrelli

Head – Investment Operations & Custody

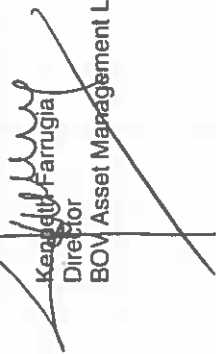
Financial Statements

STATEMENTS OF FINANCIAL POSITION as at 30 April 2023

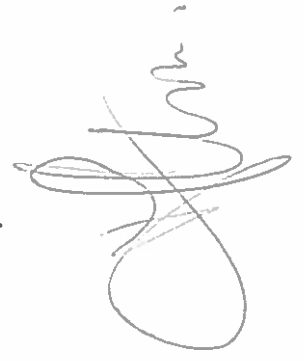
Notes	BOV Conservative Portfolio 30.04.2023	BOV Conservative Portfolio 30.04.2022	BOV Balanced Portfolio 30.04.2023	BOV Balanced Portfolio 30.04.2022	BOV Growth Portfolio 30.04.2023	BOV Growth Portfolio 30.04.2022
	€	€	€	€	€	€
Assets						
Financial assets at fair value through profit or loss	40,284,142	46,016,362	18,300,199	17,209,332	7,238,763	7,397,006
Accrued income	84,753	241,033	26,012	33,161	1,612	4,995
Other receivables and prepayments	-	75	-	190,282	-	75
Margin accounts	-	-	-	545,000	-	178,000
Cash and cash equivalents	386,023	912,274	571,947	12,510	115,469	89,655
Total assets	40,754,918	47,169,744	18,898,158	17,990,285	7,355,844	7,669,731
Liabilities						
Financial liabilities at fair value through profit or loss	18,886	1,259,745	5,576	493,360	1,959	282,604
Accrued expenses	51,105	60,833	27,717	24,365	14,425	11,997
Other payables	538,487	529,767	34,334	99,716	65	-
Total liabilities	608,478	1,850,345	67,627	617,441	16,449	294,601
Net assets attributable to unitholders	40,146,440	45,319,399	18,830,531	17,372,844	7,339,395	7,375,130
Net asset attributable to unitholders						
as at 30 April 2023	40,146,440		18,830,531		7,339,395	
as at 30 April 2022	45,319,399		17,372,844		7,375,130	
as at 30 April 2021	48,935,906		14,777,861		7,282,749	
Net asset value per unit - Accumulator/Distributor						
as at 30 April 2023	0.906/0.789		1.067/0.984		1.136	
as at 30 April 2022	0.952/0.852		1.127/1.055		1.201	
as at 30 April 2021	1.010/0.921		1.190/1.124		1.256	

The accounting policies and notes on pages 18 to 39 are an integral part of the financial statements

The financial statements on pages 14 to 39 were authorised for issue by BOV Asset Management Limited on 28 August 2022 and were signed on its behalf by:


Kenneth Farrugia
Director
BOV Asset Management Limited

Mario Grima
Director
BOV Asset Management Limited



Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 30 April 2023

	BOV Conservative Portfolio	BOV Conservative Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Growth Portfolio	BOV Growth Portfolio
	01.05.2022 - 30.04.2023	01.05.2021 - 30.04.2022	01.05.2022 - 30.04.2023	01.05.2021 - 30.04.2022	01.05.2022 - 30.04.2023	01.05.2021 - 30.04.2022
	€	€	€	€	€	€
Net assets at the beginning of the year	45,319,399	48,935,906	17,372,844	14,777,861	7,375,130	7,282,749
Issue of units during the year	1,760,571	4,597,851	4,262,576	5,171,870	1,061,073	1,579,659
Redemption of units during the year	(4,164,353)	(4,972,461)	(1,884,610)	(1,531,754)	(706,389)	(1,128,674)
Net equalisation	(20,313)	(9,129)	17,564	16,099	20	4
Net decrease in net assets attributable to unitholders during the year	(2,748,864)	(3,232,768)	(937,843)	(1,061,232)	(390,439)	(358,608)
Net assets at the end of the year	40,146,440	45,319,399	18,830,531	17,372,844	7,339,395	7,375,130

The accounting policies and notes on pages 18 to 39 are an integral part of the financial statements.

Financial Statements

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 April 2023

	BOV Conservative Portfolio	BOV Conservative Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Growth Portfolio	BOV Growth Portfolio
Notes	€	€	€	€	€	€
	01.05.2022 -	01.05.2021 -	01.05.2022 -	01.05.2021 -	01.05.2022 -	01.05.2021 -
	30.04.2023	30.04.2022	30.04.2023	30.04.2022	30.04.2023	30.04.2022
Income						
Interest income from investments	324,414	402,678	24,357	5,985	2,374	1,188
Dividend income	732,402	486,896	247,518	154,240	42,809	32,025
Other income	3,754	956	646	341	158	126
Net fair value movements on financial instruments at fair value through profit or loss	(2,936,327)	(3,345,116)	(987,641)	(1,053,817)	(332,291)	(311,556)
Total net loss	(1,875,757)	(2,454,586)	(715,120)	(893,251)	(286,950)	(278,217)
Expenses						
Service fees	145,420	171,535	86,126	58,670	45,702	26,973
Custodian fees	31,653	30,865	22,333	20,758	17,991	17,783
Administration fees	48,739	44,105	22,733	16,733	15,370	11,000
Transaction costs	66,714	46,846	26,011	21,334	10,533	10,915
Other operating expenses	44,792	58,293	27,955	25,619	13,258	13,720
Total operating expenses	337,318	351,644	185,158	143,114	102,854	80,391
Operating loss	(2,213,075)	(2,806,230)	(900,278)	(1,036,365)	(389,804)	(358,608)
Finance costs - distributions to unitholders	(535,789)	(426,538)	(34,294)	(22,092)	-	-
Withholding tax	-	-	(3,271)	(2,775)	(635)	-
Decrease in net assets attributable to unitholders	(2,748,864)	(3,232,768)	(937,843)	(1,061,232)	(390,439)	(358,608)

The accounting policies and notes on pages 18 to 39 are an integral part of the financial statements

Financial Statements

STATEMENTS OF CASH FLOWS for the year ended 30 April 2023

	BOV Conservative Portfolio	BOV Conservative Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Growth Portfolio	BOV Growth Portfolio
	01.05.2022 - 30.04.2023	01.05.2021 - 30.04.2022	01.05.2022 - 30.04.2023	01.05.2021 - 30.04.2022	01.05.2022 - 30.04.2023	01.05.2021 - 30.04.2022	01.05.2022 - 30.04.2023
	€	€	€	€	€	€	€
Cash flows from operating activities							
Net interest and other income received	380,153	389,815	29,995	57,084	1,467	1,275	
Dividend income received	839,294	380,004	249,612	77,462	47,322	27,512	
Operating expenses paid	(280,156)	(286,563)	(155,617)	(112,219)	(89,818)	(66,339)	
Taxation paid	-	-	(3,271)	(2,775)	(635)	-	
Collateral received/(posted)	-	-	467,376	(467,376)	178,000	(178,000)	
Net disposals/(purchases) of financial assets and settlement of financial liabilities	1,488,320	(2,550,689)	(2,402,096)	(3,466,242)	(465,226)	(188,317)	
Net cash flows generated from/(used in) operating activities	2,427,611	(2,067,433)	(1,814,001)	(3,914,066)	(328,890)	(403,869)	
Cash flows from financing activities							
Proceeds from creation of units	1,760,571	4,597,851	4,262,576	5,187,969	1,061,073	1,579,663	
Payment on redemptions of units	(4,287,894)	(4,878,361)	(1,867,046)	(1,531,754)	(706,369)	(1,139,027)	
Distributions paid	(426,539)	(463,400)	(22,092)	(25,103)	-	-	
Net cash flows (used in)/generated from financing activities	(2,953,862)	(743,910)	2,373,438	3,631,112	354,704	440,636	
Net (decrease)/increase in cash and cash equivalents	(526,251)	(2,811,343)	559,437	(282,954)	25,814	36,767	
Cash and cash equivalents at beginning of the year	912,274	3,723,617	12,510	295,464	89,655	52,888	
Cash and cash equivalents at end of the year	386,023	912,274	571,947	12,510	115,469	89,655	

13

The accounting policies and notes on pages 18 to 39 are an integral part of the financial statements

Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). They have also been prepared in accordance with the requirements of the Investment Services Rules for Collective Investment Schemes of the Malta Financial Services Authority ("MFSA"). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss.

As at 30 April 2023, there are three sub-funds, the BOV Conservative Portfolio Fund, the BOV Balanced Portfolio Fund and the BOV Growth Portfolio Fund. Each unit that the Fund issue is allocated to a class representing the sub-fund. The BOV Investment Funds maintain a separate account for the sub-funds to which the proceeds are credited, and against which expenses are charged. Upon redemption, unitholders are entitled only to their proportion of the net assets held in the account relating to the sub-fund in which their units are designated.

The Statements of Financial Position present assets and liabilities in increasing order of liquidity and do not distinguish between current and non-current items. Financial assets and liabilities 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.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain accounting estimates. It also requires the Investment Manager to exercise their judgement in the process of applying its accounting policies.

2. FOREIGN EXCHANGE TRANSLATION

a) Functional and presentation currency

The Funds' functional currency is the currency of denomination of the Funds as stipulated in the Prospectus. The Euro (€) is the functional currency of all the three Funds, which is the presentation currency used for the statements.

b) Transactions and balances

Transactions carried out in currencies other than the functional currency of each Fund, are translated at exchange rates ruling at the transaction dates. Assets and liabilities designated in currencies other than the functional currency are translated into the functional currency at exchange rates ruling at the Funds' year-end. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Translation differences on financial assets and liabilities held at fair value through profit or loss are presented in the statement of comprehensive income within 'net fair value movements on financial instruments at fair value through profit or loss'.

Accounting Policies *(continued)*

3. FINANCIAL ASSETS AND LIABILITIES

(a) Classification

(i) Assets

The Funds classify its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Funds' debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(ii) Liabilities

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss. As such, the Funds classify all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.

(b) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Funds commit to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

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

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial instruments at fair value through profit or loss in the period in which they arise.

(c) Fair value estimation

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 listed or dealt on a regulated market, is based on the latest available price, appearing to the Investment Manager. In the case of financial instruments which are quoted, listed or normally dealt in or under the rules of a regulated market but in respect of which, for any reason, prices on that regulated market may not be available at any relevant time, the value thereof is determined by reference to prices sought from dealers, brokers or pricing service providers. The fair values of unquoted investments are established by using valuation techniques. These include reference to recent financial statements and similar financial instruments as well as option pricing models.

(d) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

Accounting Policies (continued)

4. OTHER RECEIVABLES AND PAYABLES

Other receivables and payables represent amounts receivable and payable respectively, for transactions contracted for but not yet delivered by the end of the period. These amounts are initially recognised at fair value and subsequently measured at amortised cost less any provision for impairment (in the case of other receivables).

At each reporting date, the Funds shall measure the loss allowance on other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

5. REDEEMABLE UNITS

The Funds issue redeemable units, which are redeemable at the unitholder's option and are classified as a financial liability. Redeemable units can be put back to the respective Fund at any time for cash equal to a proportionate share of that Fund's net asset value ("NAV"). The redeemable units are carried at redemption amount that is payable at year-end if the unitholders exercise the right to put the shares back to the respective Fund.

The NAV per unit is calculated by dividing the net assets attributable to the holders of redeemable units with the total number of outstanding redeemable units. In accordance with the Prospectus, investment positions are valued based on the last traded market price for the purpose of determining the NAV per share for subscriptions and redemptions.

6. INCOME RECOGNITION

Dividend income from income financial assets at fair value through profit or loss is recognised in the Statements of Comprehensive Income within dividend income when the Funds' right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Fund, and the amount of the dividend can be measured reliably. Interest on debt securities at fair value through profit or loss is recognised in the Statements of Comprehensive Income.

7. EXPENSES

Expenses are accounted for on an accrual basis and are expensed as incurred.

Accounting Policies *(continued)*

8. DISTRIBUTION POLICY

In the absence of unforeseen circumstances, subject to the availability of distributable profits and in the absence of exceptional market conditions, the Investment Manager expects to distribute to unitholders, on a yearly basis, part or all of the net income available for distribution by the BOV Conservative Portfolio Fund's and by the BOV Balanced Portfolio Fund's distributor class of units. For the purpose of calculating profits available for distribution, expenses are capitalised in accordance with the MFSA Investment Services Rules for Retail Collective Investment Schemes. However, for the purpose of the Statements of Comprehensive Income, these expenses would still be deducted from income. Any undistributed income will be reflected in the net asset value per share of the respective Fund. Distributions are classified as finance costs in the Statements of Comprehensive Income and are recognised in the accounting period in which they become due.

9. EQUALISATION

In the case of distributor units, the Funds operate an equalisation account to ensure that the amount distributed in respect of each unit 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 Investment Manager to the equalisation account. Part of the first distribution to unitholders in respect of which equalisation payments are made, will be paid out of the equalisation account.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash, and which are subject to insignificant changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

11. COLLATERAL

Cash collateral provided by the Funds is identified in the Statements of Financial Position as margin accounts and is not included as a component of cash and cash equivalents.

12. TAXATION

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the Statements of Comprehensive Income. Withholding taxes are shown as a separate line item in the Statements of Comprehensive Income.

Notes to the Financial Statements

1. GENERAL

The BOV Investment Funds is an open-ended UCITS umbrella contractual fund licensed by the Malta Financial Services Authority as a collective investment scheme pursuant to the Investment Services Act (Cap. 370, Laws of Malta and the UCITS Directive) as amended from time to time. The BOV Investment Funds has been established by way of a Deed of Constitution under the Laws of Malta entered into by and between BOV Asset Management Limited and Bank of Valletta p.l.c. on 6 December 2016.

As at 30 April 2023, the BOV Investment Funds consists of three separate Funds, the BOV Conservative Portfolio Fund, the BOV Balanced Portfolio Fund and the BOV Growth Portfolio Fund (collectively the "Funds").

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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 opinion of the Investment Manager, 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 IAS 1.

3. FINANCIAL ASSETS / LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

BOV Conservative Portfolio Fund	Fair value	% of net	Fair value	% of net
	2023	assets	2022	assets
	€	2023	€	2022
<i>Financial assets at fair value through profit or loss</i>				
Quoted local corporate bonds	3,064,801	7.63	1,823,376	4.02
Quoted foreign corporate bonds	-	-	7,276,351	16.06
Quoted foreign government bonds	1,246,766	3.11	-	-
Collective investment schemes	7,527,842	18.75	12,272,119	27.08
Exchange traded funds	27,898,504	69.49	24,634,688	54.36
Forward foreign exchange contracts	546,229	1.36	9,828	0.02
	40,284,142	100.34	46,016,362	101.54
<i>Financial liabilities at fair value through profit or loss (derivatives)</i>				
Forward foreign exchange contracts	(18,886)	(0.05)	(1,259,745)	(2.78)

Notes to the Financial Statements (continued)

3. FINANCIAL ASSETS / LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

BOV Balanced Portfolio Fund	Fair value	% of net	Fair value	% of net
	2023	assets	2022	assets
	€	2023	€	2022
<i>Financial assets at fair value through profit or loss</i>				
Quoted local equities	113,899	0.60	121,696	0.70
Quoted local corporate bonds	557,250	2.96	207,800	1.20
Quoted foreign government bonds	481,486	2.56	-	-
Collective investment schemes	2,781,632	14.77	3,293,862	18.96
Exchange traded funds	14,052,988	74.63	13,583,328	78.19
Forward foreign exchange contracts	312,944	1.66	2,646	0.02
	18,300,199	97.18	17,209,332	99.07
<i>Financial liabilities at fair value through profit or loss (derivatives)</i>				
Forward foreign exchange contracts	(5,576)	(0.03)	(493,360)	(2.84)
BOV Growth Portfolio Fund				
	Fair value	% of net	Fair value	% of net
	2023	assets	2022	assets
	€	2023	€	2022
<i>Financial assets at fair value through profit or loss</i>				
Quoted local equities	26,488	0.36	24,640	0.33
Quoted local corporate bonds	29,462	0.40	29,670	0.40
Quoted foreign government bonds	187,147	2.55	-	-
Collective investment schemes	1,645,884	22.43	1,906,437	25.85
Exchange traded funds	5,197,862	70.82	5,435,414	73.70
Forward foreign exchange contracts	151,920	2.07	845	0.01
	7,238,763	98.63	7,397,006	100.29
<i>Financial liabilities at fair value through profit or loss (derivatives)</i>				
Forward foreign exchange contracts	(1,959)	(0.03)	(282,604)	(3.83)

4. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments represent prepaid expenses and sales for future settlement.

5. ACCRUED INCOME

Accrued income represents accrued interest from bonds and accrued dividend as at year-end.

Notes to the Financial Statements (continued)

6. ACCRUED EXPENSES AND OTHER PAYABLES

	BOV Conservative Portfolio Fund 2023 €	BOV Balanced Portfolio Fund 2023 €	BOV Growth Portfolio Fund 2023 €
<i>Accrued expenses</i>			
Service fees	13,146	8,625	4,379
Administration fees	4,702	2,416	1,537
Custodian fees	2,252	1,787	1,550
Other expenses	31,005	14,889	6,959
	<u>51,105</u>	<u>27,717</u>	<u>14,425</u>
<i>Other payables</i>			
Distribution payable	535,789	34,294	-
Due to custodian	-	-	-
Bank Interest payable	2,698	40	65
	<u>538,487</u>	<u>34,334</u>	<u>65</u>
	2022 €	2022 €	2022 €
<i>Accrued expenses</i>			
Service fees	16,159	6,151	2,627
Administration fees	4,207	1,767	1,085
Custodian fees	2,440	1,843	1,635
Other expenses	38,027	14,604	6,650
	<u>60,833</u>	<u>24,365</u>	<u>11,997</u>
<i>Other payables</i>			
Redemptions payable	103,229	-	-
Distribution payable	426,538	22,092	-
Due to custodian	-	77,624	-
	<u>529,767</u>	<u>99,716</u>	<u>-</u>

7. REDEEMABLE UNITS

The outstanding redeemable units represent the capital of the Funds. Each redeemable unit has no par value, and the value of each redeemable unit is its NAV. The redeemable units may be issued and redeemed at the NAV per unit of the respective class of unit of the Funds.

Holders of distributor class of units are entitled to distributions in accordance with the distribution policy. The determination of the net asset value per accumulator and distributor unit is explained in note 8.

Notes to the Financial Statements (continued)

7. REDEEMABLE UNITS (continued)

	BOV Conservative Portfolio Fund 2023	BOV Balanced Portfolio Fund 2023	BOV Growth Portfolio Fund 2023
Accumulator units in issue at beginning of year	23,796,545.817	13,446,853.541	6,142,680.247
Distributor units in issue at beginning of year	26,590,529.529	2,100,951.308	-
Creation of Accumulator units	1,019,240.494	3,661,825.225	952,873.797
Creation of Distributor units	1,047,584.804	406,337.182	-
Redemption of Accumulator units	(2,382,293.439)	(1,571,763.318)	(633,073.164)
Redemption of Distributor units	(2,508,475.499)	(223,927.065)	-
Accumulator units in issue at end of year	22,433,492.872	15,536,915.448	6,462,480.880
Distributor units in issue at end of year	25,129,638.834	2,283,361.425	-
	2022	2022	2022
Accumulator units in issue at beginning of year	24,069,862.698	10,819,795.161	5,799,712.986
Distributor units in issue at beginning of year	26,741,302.122	1,696,863.695	-
Creation of Accumulator units	2,515,442.731	3,773,870.116	1,222,651.934
Creation of Distributor units	2,248,966.980	542,049.882	-
Redemption of Accumulator units	(2,788,759.612)	(1,146,811.736)	(879,684.673)
Redemption of Distributor units	(2,399,739.573)	(137,962.269)	-
Accumulator units in issue at end of year	23,796,545.817	13,446,853.541	6,142,680.247
Distributor units in issue at end of year	26,590,529.529	2,100,951.308	-

Capital risk management

The amount of net assets attributable to holders of redeemable units can change significantly on a weekly basis, as most of the sub-funds are subject to weekly subscriptions and redemptions at the discretion of unitholders. The Funds' objective when managing capital is to safeguard their ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Funds.

In order to maintain or adjust the capital structure, the Funds' policy is to redeem and issue new units in accordance with the constitutional documents of the Funds, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Investment Manager monitors capital on the basis of the value of net assets attributable to holders of redeemable units.

If the Investment Manager determines that satisfying all or a portion of a redemption request would not be possible, the Investment Manager, with the approval of the Custodian, may elect to exercise its power of deferral and power to suspend redemption of shares. In such an event, the Investment Manager reduces all valid redemption instructions pro-rata to the number of units requested to be redeemed. The balance of such shares will be redeemed on the next dealing day until the original redemption instructions have been satisfied. In accordance with the objectives outlined in the prospectus and the risk management policies in note 15, the Funds endeavour to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowing or disposal of listed securities where necessary.

Notes to the Financial Statements *(continued)*

8. NET ASSET VALUE

The BOV Conservative Portfolio Fund and the BOV Balanced Portfolio Fund have two classes of units, being the accumulator class and the distributor class. The net asset value per unit of each respective class is calculated by apportioning the net asset attributable to holders of redeemable units in accordance to their respective capital contributions. The BOV Growth Portfolio Fund has only one class of unit, being the accumulator class.

9. FEES

a) *Service fees*

BOV Asset Management Limited is the Funds' Investment Manager. Until 14 July 2022, the Investment Manager receives a service fee of 0.35% per annum of the net asset value of each sub-fund. Effective 15 July 2022, the Investment Manager receives a service fee of 0.35% per annum of the net asset value of BOV Conservative Portfolio Fund, 0.50% per annum of the net asset value of BOV Balanced Portfolio Fund, and 0.65% per annum of the net asset value of BOV Growth Portfolio Fund. The Investment Manager will be reimbursed for all properly incurred and approved out of pocket expenses.

Fees incurred during the years ended 30 April 2023 and 2022 are disclosed in the Statements of Comprehensive Income. The outstanding balance as at year-end is disclosed in note 6.

b) *Administration fees*

BOV Fund Services Limited is the Funds' Administrator. Until 14 July 2022, the Administrator received an administration fee of 0.03% to 0.10% per annum of the net asset value, subject to a minimum fee of €11,000 per annum, of each sub-fund. Effective 15 July 2022, the Administrator receives an administration fee of 0.03% to 0.14% per annum of the net asset value of each sub-fund, subject to a minimum fee of €22,000 for BOV Conservative Portfolio Fund and BOV Balanced Portfolio Fund and €16,500 for BOV Growth Portfolio Fund.

Fees incurred during the years ended 30 April 2023 and 2022 are disclosed in the Statements of Comprehensive Income. The outstanding balance as at year-end is disclosed in note 6.

c) *Custodian fees*

Bank of Valletta p.l.c. is the Funds' Custodian. The Custodian receives a custody fee of 0.05% per annum of the aggregate net asset value of the sub-funds, subject to an aggregate minimum fee of €60,000 per annum.

Fees incurred during the years ended 30 April 2023 and 2022 are disclosed in the Statements of Comprehensive Income. The outstanding balances as at year-end are disclosed in note 6.

Notes to the Financial Statements (continued)

9. FEES (continued)

d) Auditor's remuneration

Fees charged by the auditor (exclusive of VAT) for services rendered to the Funds during the financial years ended 30 April 2023 and 2022 relate to:

	2023	2022
	€	€
Annual statutory audit	16,000	15,750
Other assurance services	4,000	4,000
Tax compliance services	1,500	1,500
	21,500	21,250

10. DISTRIBUTIONS TO UNITHOLDERS

Distributions reflected in the Statements of Comprehensive Income for the year ended 30 April 2023 and 2022 as follows:

	Ex-dividend date	Rate per share	Amount
BOV Conservative Portfolio Fund	28 April 2023	0.021321	535,789
BOV Balanced Portfolio Fund	28 April 2023	0.015019	34,294
BOV Conservative Portfolio Fund	27 April 2022	0.016041	426,538
BOV Balanced Portfolio Fund	27 April 2022	0.010515	22,092

All income attributable to the distributor units has been declared and the distribution payable as at 30 April 2023 and 2022 are disclosed in note 6.

11. TAX EXPENSE ON INCOME

The Maltese 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. A non-prescribed fund is a fund which does not qualify as a prescribed fund.

On the basis that the Funds are currently classified as a non-prescribed funds for Maltese income tax purposes, then the Funds should not be subject to Maltese income tax in respect of the income or gains derived by such fund other than on any income (if any) from immovable property situated in Malta.

However, Maltese resident investors therein may be subject to a 15% final withholding tax on capital gains realised on redemption, liquidation, or cancellation of units. Nevertheless, the Maltese resident investor may request the Funds not to affect the deduction of the said 15% final withholding tax, in which case the said investor would be required to declare the gains in his/her Maltese income tax return and will be subject to tax at the normal rates of tax.

Notes to the Financial Statements *(continued)*

11. TAX EXPENSE ON INCOME *(continued)*

Any gains or profits derived on the transfer or redemption of units in the Funds by investors who are not resident in Malta should not be chargeable to Maltese income tax, subject to the satisfaction of applicable statutory conditions.

With respect to any distributions by the Funds, dividends paid from Malta source taxed profits or profits received by the Funds from the Foreign Income Account of another Maltese company, should not be subject to further tax in the hands of the unitholders. In the case of distributions from the Funds' Final Tax Account (if any), the unitholders should not be subject to further tax on such dividends but should not be entitled to claim a credit or refund of any tax directly or indirectly paid on such profits.

Distributions from the Funds' foreign source profits allocated to their Untaxed Account, or distributions of any Malta source profits which are not subject to tax and which are allocated to their Untaxed Account, to a Maltese resident person (other than a company), or to a non-resident person who is owned or controlled by, or who acts on behalf of, a person who is ordinarily resident and domiciled in Malta, should be subject to a withholding tax of 15%.

Distributions (if any) from the Funds' equalisation reserve are treated as dividends for Maltese income tax purposes and should be subject to a withholding tax of 15% when paid to a Maltese resident person (other than a company), or to a non-resident person who is owned, or controlled by, or who acts on behalf of a person who is ordinarily resident and domiciled in Malta.

In the case of the Funds' 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 Fund or by its unitholders under Maltese domestic tax law.

The redemption or transfer of shares and any distribution on a winding-up of the Funds, may result in a tax liability for the shareholders according to the tax regime applicable in their respective countries of incorporation, establishment, residence, citizenship, nationality, domicile or other relevant jurisdiction.

12. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(i) Fee to the Investment Manager

BOV Asset Management Limited is the Investment Manager. It provides management services for fees as specified in note 9(a). The fees due for the reporting year are disclosed in the Statements of Comprehensive Income and the outstanding service fees at year end are detailed in note 6.

(ii) Fee to the Administrator

The Investment Manager appointed BOV Fund Services Limited, a subsidiary of Bank of Valletta p.l.c., as administrator to the BOV Investment Funds. It provides administrator services for fees as specified in note 9(b). The fees due for the reporting year are disclosed in the Statements of Comprehensive Income and the outstanding administration fees at year end are detailed in note 6.

Notes to the Financial Statements (continued)

12. RELATED PARTIES (continued)

(iii) Fee to the Custodian

Bank of Valletta p.l.c. provides custody and banking services for a fee as specified in note 9(c). The fees due for the reporting year are disclosed in the Statements of Comprehensive Income and the outstanding custodian fees at year end are detailed in note 6.

As at 30 April 2023 and 2022, all of the bank balances (note 13) and margin accounts (note 14) are held with Bank of Valletta p.l.c.:

As at 30 April 2022, BOV Balanced Portfolio Fund has a payable to the Custodian as disclosed in note 6.

(iv) Holdings of the director of the Investment Manager

As at 30 April 2023, a director of BOV Asset Management Limited held 1,703 shares (2022: 1,703 shares) jointly in BOV Balanced Portfolio Fund and 3,962 shares (2022: 3,962) in BOV Growth Portfolio Fund

(v) Holdings of the Funds in Vilhena Funds SICAV p.l.c.

As at 30 April 2023 and 2022, the Funds held shares in the following sub-funds under the Vilhena Funds SICAV p.l.c. which is also managed by BOV Asset Management Limited:

	BOV Conservative Portfolio Fund 30.04.2023 Number of shares	BOV Balanced Portfolio Fund 30.04.2023 Number of shares	BOV Growth Portfolio Fund 30.04.2023 Number of shares
Euro Income Fund B1 - Accumulator	-	-	34,754.288
Euro Income Fund B2 - Monthly Distributor	1,565,958.385	194,625.843	-
Global Themed Fund - USD Class	1,425,739.917	664,782.373	384,083.873
High Yield Fund - EUR Class	-	-	111,280.541
Sterling Income Fund	1,628,833.527	211,221.455	-
	BOV Conservative Portfolio Fund 30.04.2022 Number of shares	BOV Balanced Portfolio Fund 30.04.2022 Number of shares	BOV Growth Portfolio Fund 30.04.2022 Number of shares
Euro Income Fund B1 - Accumulator	-	-	34,754.288
Euro Income Fund B2 - Monthly Distributor	1,548,524.123	192,458.893	-
Global Themed Fund - USD Class	1,425,739.917	664,782.373	384,083.873
High Yield Fund - EUR Class	-	-	106,652.870
Malta Bond Fund - Distributor	3,308.677	-	-
Malta Fund - Distributor	1,147.328	-	-
Sterling Income Fund	1,592,393.028	206,495.969	-

Notes to the Financial Statements *(continued)*

13. CASH AND CASH EQUIVALENTS

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

	30.04.2023 €	% of net assets	30.04.2022 €	% of net assets
BOV Conservative Portfolio Fund	386,023	0.96	912,274	2.01
BOV Balanced Portfolio Fund	571,947	3.04	12,510	0.07
BOV Growth Portfolio Fund	115,469	1.57	89,655	1.22

14. MARGIN ACCOUNTS

Margin accounts represent margin deposits held in respect of open forward foreign exchange contracts.

The Funds have a commitment facility with the Custodian intended as a margin account to enable the Funds to enter into forward contracts as described further in note 15. As at 30 April 2023 and 2022, the Funds have the following commitment facility limits:

	30.04.2023 €	30.04.2022 €
BOV Conservative Portfolio Fund	2,400,000	2,100,000
BOV Balanced Portfolio Fund	900,000	540,000
BOV Growth Portfolio Fund	450,000	175,000

If the net fair value loss on the open derivative contracts exceeded the above limits, the Custodian will make a margin call to cover the fair value of the derivative contracts. The margin balance at year end is disclosed in the Statement of Financial Position.

15. FINANCIAL RISK MANAGEMENT

The Funds' activities expose them 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.

Market risk

(a) Price risk

The Funds trade in equity, debt securities and financial derivative instruments. All securities present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities within specified limits.

The Funds' equity and debt securities and derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices of securities. The Funds are exposed to equity price risk either through their direct investment in equity securities or indirectly through the assets held by the respective underlying collective investment schemes.

Notes to the Financial Statements (continued)

15. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(a) Price risk (continued)

The table below summarises the Funds' principal exposures to equity price risk. Sensitivity to equity price risk is included in the overall VaR measure presented below.

	30.04.2023 % of net assets	30.04.2022 % of net assets
BOV Conservative Portfolio Fund	88.24	81.44
BOV Balanced Portfolio Fund	90.00	97.85
BOV Growth Portfolio Fund	93.61	99.88

(b) Currency risk

Market risk includes currency risk, whereby currency fluctuations between the functional currency of the Funds and other currencies that the Funds may be exposed to, may adversely affect the Funds. In all the Funds, foreign exchange fluctuations are partially hedged through forward foreign exchange contracts. The funds match the notional amounts of the contracts to the market value of the individual foreign exposure to be hedged as reflected in the table below.

The table below summarises the Funds' principal exposures to different currencies including the notional amounts of the forward foreign currency contracts. Sensitivity to currency risk is included in the overall VaR measure presented in the next page.

30 April 2023		GBP	USD
BOV Conservative Portfolio Fund	Functional currency	% of net assets	% of net assets
Total financial assets	€	3.83	49.72
Financial derivative instruments (FX forwards)		(3.64)	(43.17)
Net exposure		0.19	6.55
30 April 2022		GBP	USD
	Functional currency	% of net assets	% of net assets
Total financial assets	€	3.86	55.38
Financial derivative instruments (FX forwards)		(3.75)	(54.90)
Net exposure		0.11	0.48
30 April 2023		GBP	USD
BOV Balanced Portfolio Fund	Functional currency	% of net assets	% of net assets
Total financial assets	€	2.40	61.82
Financial derivative instruments (FX forwards)		(2.29)	(52.73)
Net exposure		0.11	9.09

Notes to the Financial Statements *(continued)*

15. FINANCIAL RISK MANAGEMENT *(continued)*

Market risk (continued)

(b) Currency risk (continued)

30 April 2022	Functional currency	GBP % of net assets	USD % of net assets
Total financial assets	€	2.78	54.08
Financial derivative instruments (FX forwards)		(2.63)	(56.09)
Net exposure		0.15	(2.01)

30 April 2023	Functional currency	GBP % of net assets	USD % of net assets
BOV Growth Portfolio Fund	€	2.16	78.83
Total financial assets		2.16	78.83
Financial derivative instruments (FX forwards)		(2.07)	(65.67)
Net exposure		0.09	13.16

30 April 2022	Functional currency	GBP % of net assets	USD % of net assets
BOV Growth Portfolio Fund	€	2.15	77.59
Total financial assets		2.15	77.59
Financial derivative instruments (FX forwards)		(1.98)	(75.68)
Net exposure		0.17	1.91

(c) Interest rate risk

Market risk includes interest rate risk, arising through directly holding interest-bearing financial assets or indirectly through interest-bearing financial assets held by the respective underlying collective investment schemes. Assets earning interest at variable rates expose the Funds to cash flow interest rate risk, whereas assets earning interest at fixed rates expose the Funds to fair value interest rate risk. The Funds' exposure to direct interest rate risk is summarised in the table below. Sensitivity to interest rate risk is included in the overall VaR measure presented in the next page.

	Assets held at fixed rates	Assets held at variable rates
	30.04.2023 % of NAV	30.04.2023 % of NAV
BOV Conservative Portfolio Fund	10.74	0.96
BOV Balanced Portfolio Fund	5.52	3.04
BOV Growth Portfolio Fund	2.95	1.57
	30.04.2022 % of NAV	30.04.2022 % of NAV
BOV Conservative Portfolio Fund	20.08	2.01
BOV Balanced Portfolio Fund	1.20	2.76
BOV Growth Portfolio Fund	0.40	3.63

Notes to the Financial Statements (continued)

15. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(c) Interest rate risk (continued)

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.

Maturities of debt securities as at 30 April 2023:

	up to 1 year	1 to 5 years	More than 5 years
	€	€	€
BOV Conservative Portfolio Fund	-	2,386,071	1,925,496
BOV Balanced Portfolio Fund	-	905,984	132,752
BOV Growth Portfolio Fund	-	216,609	-

Maturities of debt securities as at 30 April 2022:

	up to 1 year	1 to 5 years	More than 5 years
	€	€	€
BOV Conservative Portfolio Fund	1,716,696	5,783,876	1,599,155
BOV Balanced Portfolio Fund	-	65,534	142,266
BOV Growth Portfolio Fund	-	29,670	-

(d) Market risk measurement

The Funds' overall market positions are monitored on a regular basis by the Investment Manager. The Investment Manager uses Value at Risk (VaR) as a risk measure in order to gauge market risk. VaR is an estimated monetary (and % of portfolio market value) amount the portfolio stands to lose over a specified period (time horizon or holding period) from an adverse market movement within a specified probability (confidence level).

The VaR model used by the Funds is based on a 99% confidence level and assumes a one-month holding period.

The VaR model used is non-parametric and based on historical simulation. Taking into account market data from the previous one or two years and observed relationships between different markets and prices, the model generates a wide range of plausible future scenarios for market price movements. Assets having less than the required pricing history are extended by reference to a proxy that replicates similar characteristics in terms of market or industry, while illiquid assets are assigned a risk-alias by the Investment Manager.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

- A one-month holding period assumes that it is possible to hedge or dispose of positions within that period. This may not be the case for certain illiquid assets or in situations in which there is severe general market illiquidity.
- A 99% confidence level does not reflect losses that may occur beyond this level, meaning that within the model used there is a 1% probability that losses could exceed the VaR.
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
- The VaR measure is dependent on the Funds' position and the volatility of market prices.
- The VaR of an unchanged position reduces if market price volatility declines, and vice versa.

Notes to the Financial Statements (continued)

15. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(d) Market risk measurement (continued)

The Investment Manager uses VaR thresholds for overall market risk to each Fund to monitor market risk. VaR is measured monthly, with quarterly summary reports submitted to the Board of Directors and Risk Committee of the Investment Manager. The below table provides the overall VaR calculations for each Fund.

Fund	Value at Risk (1 Month) – 99% Conf. Level as at 30 April 2023
BOV Conservative Portfolio Fund	4.84
BOV Balanced Portfolio Fund	6.21
BOV Growth Portfolio Fund	9.01
Fund	Value at Risk (1 Month) – 99% Conf. Level as at 30 April 2022
BOV Conservative Portfolio Fund	3.68
BOV Balanced Portfolio Fund	6.02
BOV Growth Portfolio Fund	9.05

The limitations of the VaR methodology are recognised by supplementing VaR thresholds with other position and sensitivity limit structures, including limits to address potential concentration risks and illiquidity risks. In addition, the Investment Manager grades and monitors the level to which unsystematic risk is diversified away and carries out parametric stress tests to model the financial impact of hypothetical or historical exceptional market scenarios, such as international financial crises, on the Funds' overall positions.

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 Funds. Financial instruments, which potentially subject the Funds to credit risk, consist principally of debt securities, derivative instruments, margin accounts, and cash balances.

Credit quality, collateral and other credit enhancements

The following tables provide information regarding the Funds' aggregated credit risk exposure relating to debt securities with external credit ratings as a percentage of NAV. The credit rating analysis below takes into account the rating of the respective financial instrument and is categorised by Standard & Poor's ("S&P") Rating or equivalent when not available from S&P.

	BOV Conservative Portfolio Fund €	BOV Balanced Portfolio Fund €	BOV Growth Portfolio Fund €
2023			
Debt securities	4,311,567	1,038,736	216,609
A+ to A-	3.11%	-	-
AAA+ to AAA-	-	2.56%	2.55%
BBB+ to BBB-	2.28%	1.91%	-
Not Rated	5.35%	1.05%	0.40%

Notes to the Financial Statements (continued)

15. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Credit risk (continued)

	BOV Conservative Portfolio Fund €	BOV Balanced Portfolio Fund €	BOV Growth Portfolio Fund €
2022			
Debt securities	9,099,727	207,800	29,670
A+ to A-	1.24%	-	-
AAA+ to AAA-	-	-	-
BBB+ to BBB-	14.32%	-	-
BB+	0.50%	-	-
Not Rated	4.02%	1.20%	0.40%

The Funds do not hold any collateral as security.

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.

Receivables mainly constitute receivables on creation of shares, receivables on sale of investments and accrued income. These receivables are all short term. Accordingly, the Funds have no significant credit risk in respect of receivables.

The Funds have policies that limit the amount of credit exposure to any single issuer. Such policies are in line with the UCITS Directive and the investment limits laid down in the said Directive. Accordingly, the Investment Manager monitors the Funds' credit position on a regular basis.

All bank balances (note 13), margin accounts (note 14), and forward exchange contracts (note 3) are held and transacted with BOV, which is rated BBB-.

The derivative transactions are entered into under International Swaps and Derivatives Association (ISDA) master netting agreements, according to which in certain circumstances - e.g., when a credit event such as a default occurs - all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. The Funds execute a credit support annex for variation margin in conjunction with the ISDA agreement, which requires the Funds and the counterparty to post collateral to mitigate counterparty credit risk. Collateral is posted daily subject to thresholds, minimum transfer amounts and rounding. The margin accounts balance as at 30 April 2023 and 2022 are disclosed in the Statements of Financial Position and note 14.

The Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 30 April 2023 and 2022, accrued income, other receivables, margin accounts and bank balances are held with counterparties with a credit rating of BBB- or higher and/or are due to be settled within a short period of time. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

Notes to the Financial Statements (continued)

15. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

The Funds are exposed to fortnightly cash redemptions of redeemable units.

The Investment Manager monitors the Funds' liquidity position on a regular basis. Redeemable units are redeemed on demand at the holder's option and settled by the respective Fund within 14 business days from the redemption date. In accordance with the constitutional documents of the respective Funds, the Investment Manager has the ability to restrict redemptions (note 7) and/or gate a Fund to avoid a run on the particular Fund should redemption requests be on the high side.

All derivative liabilities have maturity dates falling within less than 3 months, while all other liabilities are due within less than one year.

The Funds' quoted securities are considered to be readily realisable as the majority are quoted on active markets. In respect of securities listed on the Malta Stock Exchange, despite the fact that such securities are listed, the market in such securities may be illiquid due to limited trading volumes. The Investment Manager monitors trading on a regular basis and has in place the necessary policies and procedures to mitigate this risk. The Funds have the ability to borrow on a temporary basis to meet redemption requests. Furthermore, cash buffers are held in the Funds in order for the Investment Manager to be in a position to meet daily redemption requests.

Fair value hierarchy

IFRS 7 requires the Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of financial assets of listed equity securities, exchange traded funds, collective investment schemes and quoted debt securities are based on quoted market prices at the close of trading on the reporting date (Level 1 for active markets, Level 2 for inactive markets).

The fair value of over-the-counter foreign currency forward derivative contracts is determined using quoted spot and forward exchange rates at the measurement date and present value calculations based on high credit quality yield curves in the respective currencies (Level 2).

BOV Conservative Portfolio Fund	Level 1	Level 2	Total
	€	€	€
As at 30 April 2023			
Assets			
<i>Fair value through profit or loss</i>			
Quoted local corporate bonds	1,079,624	1,985,177	3,064,801
Quoted foreign government bonds	1,246,766	-	1,246,766
Collective investment schemes	7,527,842	-	7,527,842
Exchange traded funds	27,898,504	-	27,898,504
Forward foreign exchange contracts	-	546,229	546,229
	37,752,736	2,531,406	40,284,142
Liabilities			
<i>Fair value through profit or loss</i>			
Forward foreign exchange contracts	-	(18,886)	(18,886)

Notes to the Financial Statements (continued)

15. FINANCIAL RISK MANAGEMENT (continued)

Fair value hierarchy (continued)

BOV Conservative Portfolio Fund	Level 1 €	Level 2 €	Total €
As at 30 April 2022			
Assets			
<i>Fair value through profit or loss</i>			
Quoted local corporate bonds	513,905	1,309,471	1,823,376
Quoted foreign corporate bonds	7,276,351	-	7,276,351
Collective investment schemes	12,272,119	-	12,272,119
Exchange traded funds	24,634,688	-	24,634,688
Forward foreign exchange contracts	-	9,828	9,828
	<u>44,697,063</u>	<u>1,319,299</u>	<u>46,016,362</u>
Liabilities			
<i>Fair value through profit or loss</i>			
Forward foreign exchange contracts	-	(1,259,745)	(1,259,745)
	<u>-</u>	<u>(1,259,745)</u>	<u>(1,259,745)</u>
BOV Balanced Portfolio Fund	Level 1 €	Level 2 €	Total €
As at 30 April 2023			
Assets			
<i>Fair value through profit or loss</i>			
Quoted local equities	-	113,899	113,899
Quoted local corporate bonds	408,847	148,403	557,250
Quoted foreign government bonds	481,486	-	481,486
Collective investment schemes	2,781,632	-	2,781,632
Exchange traded funds	14,052,988	-	14,052,988
Forward foreign exchange contracts	-	312,944	312,944
	<u>17,724,953</u>	<u>575,246</u>	<u>18,300,199</u>
Liabilities			
<i>Fair value through profit or loss</i>			
Forward foreign exchange contracts	-	(5,576)	(5,576)
	<u>-</u>	<u>(5,576)</u>	<u>(5,576)</u>
As at 30 April 2022			
Assets			
<i>Fair value through profit or loss</i>			
Quoted local equities	-	121,696	121,696
Quoted local corporate bonds	142,266	65,534	207,800
Collective investment schemes	3,293,862	-	3,293,862
Exchange traded funds	13,583,328	-	13,583,328
Forward foreign exchange contracts	-	2,646	2,646
	<u>17,019,456</u>	<u>189,876</u>	<u>17,209,332</u>
Liabilities			
<i>Fair value through profit or loss</i>			
Forward foreign exchange contracts	-	(493,360)	(493,360)
	<u>-</u>	<u>(493,360)</u>	<u>(493,360)</u>

Notes to the Financial Statements (continued)

15. FINANCIAL RISK MANAGEMENT (continued)

Fair value hierarchy (continued)

BOV Growth Portfolio Fund	Level 1	Level 2	Total
	€	€	€
As at 30 April 2023			
Assets			
<i>Fair value through profit or loss</i>			
Quoted local equities	-	26,488	26,488
Quoted local corporate bonds	-	29,462	29,462
Quoted foreign government bonds	187,147	-	187,147
Collective investment schemes	1,645,884	-	1,645,884
Exchange traded funds	5,197,862	-	5,197,862
Forward foreign exchange contracts	-	151,920	151,920
	<u>7,030,893</u>	<u>207,870</u>	<u>7,238,763</u>
Liabilities			
<i>Fair value through profit or loss</i>			
Forward foreign exchange contracts	-	(1,959)	(1,959)
	<u>-</u>	<u>(1,959)</u>	<u>(1,959)</u>
As at 30 April 2022			
Assets			
<i>Fair value through profit or loss</i>			
Quoted local equities	-	24,640	24,640
Quoted local corporate bonds	-	29,670	29,670
Collective investment schemes	1,906,437	-	1,906,437
Exchange traded funds	5,435,414	-	5,435,414
Forward foreign exchange contracts	-	845	845
	<u>7,341,851</u>	<u>55,155</u>	<u>7,397,006</u>
Liabilities			
<i>Fair value through profit or loss</i>			
Forward foreign exchange contracts	-	(282,604)	(282,604)
	<u>-</u>	<u>(282,604)</u>	<u>(282,604)</u>

The following table presents the transfers between levels for the year ended 30 April 2023:

	Level 1	Level 2
	€	€
BOV Conservative Portfolio Fund		
<i>Transfers between Levels 1 and 2</i>		
Quoted local corporate bonds	(316,665)	316,665
BOV Balanced Portfolio Fund		
<i>Transfers between Levels 1 and 2</i>		
Quoted local equities	(83,328)	83,328

Notes to the Financial Statements *(continued)*

15. FINANCIAL RISK MANAGEMENT *(continued)*

Fair value hierarchy (continued)

The following table presents the transfers between levels for the year ended 30 April 2022:

	Level 1 €	Level 2 €
BOV Conservative Portfolio Fund		
<i>Transfers between Levels 1 and 2</i>		
Quoted local corporate bonds	(1,106,150)	1,106,150
BOV Balanced Portfolio Fund		
<i>Transfers between Levels 1 and 2</i>		
Quoted local equities	(99,072)	99,072

16. SUBSEQUENT EVENTS

There are no subsequent events which impact the financial statements as at 30 April 2023.

Portfolio Statements

30 April 2023

	Market value 30.04.2023 €	% of net assets
BOV Conservative Portfolio Fund		
<i>Exchange Traded Funds</i>		
<i>France</i>		
Amundi S&P Global Luxury UCITS ETF - EUR (C)	186,713	0.47
<i>Germany</i>		
iShares Core MSCI World UCITS ETF USD (Acc)	2,237,673	5.57
iShares Edge MSCI Wld Min Vol UCITS ETF USD A	656,839	1.64
iShares Global Corp Bond EUR Hedged UCITS ETF D	7,614,127	18.97
SPDR Bloomberg 1-10 Y U.S. CB UCITS ETF Dist	3,539,641	8.82
SPDR S&P US Health Care Sel Sector UCITS ETF Acc	95,007	0.24
Xtrackers MSCI Wld Communic Services UCITS ETF 1C	219,573	0.55
Xtrackers MSCI World Consumer Staples UCITS ETF 1C	103,377	0.26
Xtrackers MSCI Wrd Cons Discretionary UCITS ETF 1C	279,138	0.70
<i>Netherlands</i>		
SPDR MSCI World Health Care UCITS ETF	203,893	0.51
SPDR MSCI World Industrials UCITS ETF	136,945	0.34
SPDR MSCI World Materials UCITS ETF	157,481	0.39
SPDR MSCI World Technology UCITS ETF	857,786	2.14
SPDR MSCI World Utilities UCITS ETF	31,390	0.08
<i>United Kingdom</i>		
iShares \$ Corp Bond UCITS ETF USD Dist	4,299,131	10.71
iShares \$ High Yield Corp Bond UCITS ETF USD D	199,846	0.50
iShares € High Yield Corp Bd UCITS ETF EUR Dist	597,396	1.49
iShares Corp Bond Large Cap UCITS ETF EUR (Dist)	599,284	1.46
iShares MSCI China A UCITS ETF USD (Acc)	409,819	1.02
Vanguard USD Corporate Bond UCITS ETF USD Dis	5,473,445	13.63
<i>Quoted Local Corporate Bonds</i>		
3.25% APS Bank p.l.c. 2030	499,450	1.24
3.50% AX Real Estate p.l.c. 2032	386,012	0.96
3.50% GO p.l.c. 2031	162,729	0.40
3.65% Mizzi Organisation Finance 2028-2031	316,665	0.79
4.00% Cablenet Communications Systems p.l.c 2030	560,640	1.40
4.00% International Hotel Investments 2026	187,091	0.47
4.35% SD Finance p.l.c. 2027	20,587	0.05
5.75% International Hotel Investments 2025	8,274	0.02
6.00% International Hotel Investments 2024	6,458	0.02
10.00% Bank of Valletta p.l.c. 2027	916,895	2.28
<i>Quoted Foreign Government Bonds</i>		
2.50% United States of America 2025	1,246,766	3.11
<i>Collective Investment Schemes</i>		
Cohen & Steers SICAV Global Real Estate Secs AX	97,449	0.24
Vilhena EUR Income Fund Class B1 Accumulator	3,503,206	8.73
Vilhena Global Themed USD	2,393,022	5.96
Vilhena Sterling Income	1,534,165	3.82

Portfolio Statements

30 April 2023

		Market value 30.04.2023 €	% of net assets
BOV Conservative Portfolio Fund			
	<i>Fair value</i>	<i>Notional amount</i>	
Derivatives – Forward Foreign Exchange Contracts			
Sale of Sterling against Euro maturing on 30 June 2023	(18,886)	1,287,000	(0.05)
Sale of United States Dollar against Euro maturing on 30 June 2023	546,229	19,200,000	1.36

Portfolio Statements

30 April 2023

		Market value 30.04.2023 €	% of net assets
BOV Balanced Portfolio Fund			
Exchange Traded Funds			
<i>France</i>			
Amundi ETF MSCI UK UCITS ETF C/D		254,698	1.32
Amundi S&P Global Luxury UCITS ETF - EUR (C)		167,640	0.89
SPDR MSCI Europe Consumer Discr UCITS ETF		56,440	0.30
<i>Germany</i>			
iShares Edge MSCI Wld Min Vol UCITS ETF USD A		581,265	3.09
iShares Global Corp Bond EUR Hedged UCITS ETF D		1,734,995	9.21
SPDR Bloomberg 1-10 Y U.S. CB UCITS ETF Dist		1,072,449	5.70
SPDR S&P US Financials Select Sector UCITS ETF Acc		73,351	0.39
SPDR S&P US Health Care Sel Sector UCITS ETF Acc		184,773	0.98
Xtrackers MSCI Wld Communic Services UCITS ETF 1C		329,324	1.75
Xtrackers MSCI World Consumer Staples UCITS ETF 1C		363,778	1.93
Xtrackers MSCI Wrd Cons Discretionary UCITS ETF 1C		319,539	1.70
<i>Netherlands</i>			
iShares MSCI World Energy Sector UCITS ETF USD D		174,712	0.93
SPDR MSCI World Financials UCITS ETF		99,064	0.53
SPDR MSCI World Health Care UCITS ETF		400,743	2.13
SPDR MSCI World Industrials UCITS ETF		399,504	2.12
SPDR MSCI World Materials UCITS ETF		195,246	1.04
SPDR MSCI World Technology UCITS ETF		1,197,110	6.36
SPDR MSCI World Utilities UCITS ETF		71,009	0.38
<i>United Kingdom</i>			
iShares \$ Corp Bond UCITS ETF USD Dist		1,377,155	7.31
iShares \$ High Yield Corp Bond UCITS ETF USD D		250,331	1.33
iShares € High Yield Corp Bd UCITS ETF EUR Dist		358,600	1.91
iShares Corp Bond Large Cap UCITS ETF EUR (Dist)		496,988	2.65
iShares MSCI China A UCITS ETF USD (Acc)		231,094	1.23
iShares MSCI World EUR Hedged UCITS ETF (Acc)		1,625,985	8.63
Vanguard USD Corporate Bond UCITS ETF USD Dis		2,037,195	10.82

Portfolio Statements

30 April 2023

	Market value 30.04.2023 €	% of net assets
BOV Balanced Portfolio Fund		
<i>Quoted Local Equities</i>		
BMIT Technologies plc	89,578	0.47
Main Street Complex PLC	24,321	0.13
<i>Quoted Local Corporate Bonds</i>		
3.50% GO p.l.c. 2031	49,424	0.26
3.65% Mizzi Organisation Finance 2028-2031	83,328	0.44
4.00% International Hotel Investments 2026	65,075	0.35
10.00% Bank of Valletta p.l.c. 2027	359,423	1.91
<i>Quoted Foreign Government Bonds</i>		
2.50% United States of America 2025	481,486	2.56
<i>Collective Investment Schemes</i>		
Cohen & Steers SICAV Global Real Estate Secs AX	110,318	0.59
Mirova Global Sustainable Equity Fund R/A (EUR)	604,950	3.21
MS INVF Global Opportunity A USD	316,223	1.68
Vilhena EUR Income Fund Class B1 Accumulator	435,397	2.31
Vilhena Global Themed USD	1,115,799	5.92
Vilhena Sterling Income	198,945	1.06
	<i>Fair value</i>	<i>Notional amount</i>
<i>Derivatives – Forward Foreign Exchange Contracts</i>		
Sale of Sterling against Euro maturing on 30 June 2023	(5,576)	380,000 (0.03)
Sale of United States Dollar against Euro maturing on 3 June 2023	312,944	11,000,000 1.66

Portfolio Statements

30 April 2023

	Market value 30.04.2023 €	% of net assets
BOV Growth Portfolio Fund		
<i>Exchange Traded Funds</i>		
<i>France</i>		
Amundi ETF MSCI UK UCITS ETF C/D	155,849	2.12
Amundi S&P Global Luxury UCITS ETF - EUR (C)	92,416	1.25
<i>Germany</i>		
iShares Global Corp Bond EUR Hedged UCITS ETF D	248,671	3.39
SPDR Bloomberg 1-10 Y U.S. CB UCITS ETF Dist	198,379	2.69
SPDR S&P US Financials Select Sector UCITS ETF Acc	53,507	0.73
SPDR S&P US Health Care Sel Sector UCITS ETF Acc	73,507	1.00
Xtrackers MSCI Wld Communic Services UCITS ETF 1C	273,396	3.73
Xtrackers MSCI World Consumer Staples UCITS ETF 1C	310,429	4.23
Xtrackers MSCI World Information Tech UCITS ETF 1C	79,258	1.08
Xtrackers MSCI Wrd Cons Discretionary UCITS ETF 1C	299,730	4.08

Portfolio Statements

30 April 2023

	Market value 30.04.2023 €	% of net assets
BOV Growth Portfolio Fund		
<i>Exchange Traded Funds</i>		
<i>Netherlands</i>		
iShares MSCI World Energy Sector UCITS ETF USD D	147,212	2.01
SPDR MSCI World Financials UCITS ETF	126,044	1.72
SPDR MSCI World Health Care UCITS ETF	425,135	5.79
SPDR MSCI World Industrials UCITS ETF	331,561	4.52
SPDR MSCI World Materials UCITS ETF	154,984	2.11
SPDR MSCI World Technology UCITS ETF	860,643	11.74
SPDR MSCI World Utilities UCITS ETF	84,941	1.16
<i>United Kingdom</i>		
iShares \$ Corp Bond UCITS ETF USD Dist	313,092	4.27
iShares € High Yield Corp Bd UCITS ETF EUR Dist	121,784	1.66
iShares Corp Bond Large Cap UCITS ETF EUR (Dist)	51,028	0.70
iShares MSCI China A UCITS ETF USD (Acc)	160,697	2.19
iShares MSCI World EUR Hedged UCITS ETF (Acc)	525,922	7.17
Vanguard USD Corporate Bond UCITS ETF USD Dis	109,677	1.48
Quoted Local Equities		
Main Street Complex PLC	26,488	0.36
Quoted Local Corporate Bonds		
4.00% International Hotel Investments 2026	29,462	0.40
Quoted Foreign Government Bonds		
2.50% United States of America 2025	187,147	2.55
Collective Investment Schemes		
Cohen & Steers SICAV Global Real Estate Secs AX	73,183	1.00
Mirova Global Sustainable Equity Fund R/A (EUR)	425,026	5.79
MS INVF Global Opportunity A USD	328,526	4.47
Vilhena EUR Income Fund Class B1 Accumulator	109,855	1.50
Vilhena Global Themed USD	644,663	8.79
Vilhena High Yield Fund EUR	64,631	0.88
	<i>Fair value</i>	<i>Notional amount</i>
Derivatives – Forward Foreign Exchange Contracts		
Sale of Sterling against Euro maturing on 30 June 2023	(1,959)	133,500 (0.03)
Sale of United States Dollar against Euro maturing on 30 June 2023	151,920	5,340,000 2.07

Statement of Changes in the Composition of the Portfolios

The composition of the portfolios, detailed in the Portfolio Statements on pages 39 to 43, in comparison with the Portfolio Statements as at 30 April 2023 and 2022 stood as follows:

	% of net assets 30.04.2023	% of net assets 30.04.2022
BOV Conservative Portfolio		
Exchange Traded Funds	68.99	54.36
Quoted Local Corporate Bonds	7.63	4.02
Quoted Foreign Corporate Bonds	3.11	16.06
Collective Investment Schemes	19.25	27.08
Forward Foreign Exchange Contracts	1.31	(2.76)
BOV Balanced Portfolio		
Exchange Traded Funds	73.30	78.19
Quoted Local Corporate Bonds	2.96	1.20
Quoted Foreign Corporate Bonds	2.56	-
Quoted Local Equities	0.60	0.70
Collective Investment Schemes	16.10	18.96
Forward Foreign Exchange Contracts	1.63	(2.82)
BOV Growth Portfolio		
Exchange Traded Funds	70.82	73.70
Quoted Local Corporate Bonds	0.40	0.40
Quoted Foreign Corporate Bonds	2.55	-
Quoted Local Equities	0.36	0.33
Collective Investment Schemes	22.43	25.85
Forward Foreign Exchange Contracts	2.04	(3.82)

Information about the Funds

1. AUTHORISATION

The BOV Investment Funds is an open-ended UCITS umbrella contractual fund licensed by the Malta Financial Services Authority as a collective investment scheme pursuant to the Investment Services Act (Cap. 370, Laws of Malta and the UCITS Directive) as amended from time to time.

2. STANDARD LICENCE CONDITIONS AND REGULATORY SANCTIONS

During the year ended 30 April 2023, there were no breaches of the standard license conditions and no other breaches of regulatory requirements which were subject to an administrative penalty or regulatory sanctions.

3. SUBSCRIPTION FEES, EXIT & OTHER FEES

Fund	Subscription Fees	Exit Fees	Service Fee*	Administration Fee	Custody Fee
BOV Conservative Portfolio Fund	1.5%	0	0.35%	0.03% to 0.10%	0.05% per annum (p.a.) of the aggregate NAV of the 3 funds, subject to an aggregate minimum fee of Euro 60,000 p.a.
BOV Balanced Portfolio Fund	1.5%	0	0.50%	0.03% to 0.10%	The resultant applicable custody fee will be apportioned between the funds in the following manner: (1) Euro 15,000 pa each fund, plus (2) an apportionment on a pro-rata basis of the remaining custody fee based on the respective NAV size of each fund.
BOV Growth Portfolio Fund	1.5%	0	0.65%	0.03% to 0.10%	

*Effective 15 July 2023, the administration fee rates of BOV Conservative Portfolio Fund, BOV Balanced Portfolio Fund and BOV Growth Portfolio Fund are between 0.03% to 0.14% annum.

4. ONGOING CHARGES

The 'Ongoing Charges' are payments deducted from the assets of a Fund where such deductions are required or permitted by national law and regulation, the Fund rules or instrument of incorporation of the Fund, or its prospectus.

The Ongoing Charges figure includes all types of cost borne by the Funds, whether they represent expenses necessarily incurred in its operations, or the remuneration of any party connected with it or providing services to it. This figure may vary from year to year. It excludes portfolio transaction costs except in the case of any entry or exit charge paid by the Fund when buying or selling shares/units in another fund.

	Ongoing Charge
BOV Conservative Portfolio Fund	1.23%
BOV Balanced Portfolio Fund	1.34%
BOV Growth Portfolio Fund	1.83%

Information about the Funds (continued)

5. NOTIONAL EXPOSURES

As at 30 April 2023, all three Funds had commitments through the use of forward foreign exchange contracts. There was no significant exposure after netting for all the above-mentioned Funds.

6. RISK FACTORS

General

Investment in the BOV Investment Funds should be regarded as a long-term investment. There can be no guarantee that the investment objective of the Funds will be achieved. 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 value of investments and the income deriving therefrom (if any) can, from time to time, go down as well as up and investors may not realise the amount of their initial investment. In particular, deduction of the initial charge and the exit fee (where applicable) means that if an investor withdraws from the investment in the short-term he may not get back the amount he invested.

Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of units in the Funds. No assurance can be given as to the effect that any combination of risk factors may have on the value of units in the Funds.

Insufficient Risk Recognition

An investment in the units in a particular Fund involves risks. These risks may include or relate to, among others, equity market, bond market, foreign exchange, interest rate, credit, market volatility and political risks and any combination of these and other risks. Some of these risk factors are briefly discussed below.

Investors should understand the risks associated with an investment in the units in a particular Fund and should only reach an investment decision after careful consideration with their legal, tax, accounting, financial and other advisors of (i) the suitability of an investment in the units in the light of their own particular financial, fiscal and other circumstances, (ii) the information set out in the Prospectus, (iii) the risks associated with the use by the -Fund of derivative techniques (if applicable), (iv) the nature of the Fund's assets, and (v) information set out in the relevant Offering Supplement. Investors in the units in a particular Fund should recognise that the units may decline in value and should be prepared to sustain a substantial loss of their investment.

Suspension Risk

Investors are reminded that in certain circumstances their right to have their units redeemed may be suspended.

Risks Relating to Fund of Funds

Where the Funds invest all or a portion their capital in units of other Collective Investment Schemes ("CISs"), the performance of such Funds will be dependent on the performance of the funds selected for investment by the Investment Manager and will depend on the Investment Manager's ability to effectively allocate and reallocate the Sub-Fund's assets amongst such funds. If the underlying funds in which the Funds invest register a negative performance, the value of the units will be negatively affected.

Contractual Funds

The BOV Investment Funds has certain features which differentiate it from other types of CISs. For instance, the BOV Investment Funds does not have legal personality and unitholder meetings will not be held (unless requisitioned by unitholders holding not less than fifty percent of the units in issue or unless determined by the Investment Manager). Further, save as specified in the BOV Investment Funds' Prospectus, units do not carry voting rights.

Information about the Funds *(continued)*

6. RISK FACTORS *(continued)*

Investments on the Malta Stock Exchange

The Funds may at any one time invest a substantial portion of their capital in securities which are quoted on the Malta Stock Exchange. Despite the fact that such securities are listed, the market in such securities may be illiquid. 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 need to be effected at unfavourable prices. Although it is not envisaged that this should create any difficulty in valuing the Fund's investments, reduced secondary market liquidity may have an adverse effect on the market price of such securities and the Manager's ability to dispose of particular securities to meet its liquidity requirements.

Interest Rates

Investors in the units in a particular Fund should be aware that an investment in such units might involve interest rate risk in that there may be fluctuations in the currency of denomination of the Fund's assets and/or the units in that Fund.

Interest rates are determined by factors of supply and demand in the international money markets, which are influenced by macro-economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long-term interest rates may affect the value of the units in a particular Fund. Fluctuations in interest rates of the currency in which the units in a particular Fund are denominated and/or fluctuations in interest rates of the currency or currencies in which the Fund's assets are denominated may affect the value of the units in that Sub-Fund.

Hedging

The Investment Manager, in respect of the Funds, may employ various techniques in respect of the Funds to attempt to reduce a portion of the risks inherent in their respective investment strategies. The ability to achieve the desired effect through a particular technique is dependent upon many factors, including the liquidity of the market at the desired time of execution. Thus substantial risk remains so that such techniques cannot always be implemented or effective in reducing losses. Hedging transactions, including the use of Financial Derivative Instruments ("FDIs"), which may be used by the Investment Manager have risks associated with them, including possible default by the other party to the transaction, illiquidity and, to the extent that the view of the Investment Manager as to certain market movements is incorrect, the risk that the use of hedging transactions could result in losses greater than if they had not been used.

Use of FDIs

While the prudent use of FDIs can be beneficial, FDIs also involve risks which are different from, and in certain cases, greater than, the risk presented by more traditional investments.

OTC FDIs, in particular, are typically structured derivative transactions. Structured derivative transactions are complex and may involve a high degree of loss.

The Investment Manager will (on behalf of the Funds) only use FDIs (including OTC FDIs) for the purpose of efficient portfolio management and hedging purposes, and as such, FDIs will not be used for speculative purposes.

Derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase volatility in the performance of the Funds.

The FDIs that the Investment Manager may (on behalf of the Funds) transact in include, without limitation, forward foreign exchange contracts (including non-deliverable forwards), options (including foreign exchange options and exchange traded options on futures), futures, swaps (including, exchange rate swaps, interest rate swaps, inflation rate swaps and credit default swaps) and swap options. Should the need arise, when transacting in FDIs, the Investment Manager may (on behalf of the Funds) be required to collateralize the Funds' assets, whether by way of outright collateral transfers or by way of security interests thereon, in order to secure the obligations undertaken.

Information about the Funds *(continued)*

6. RISK FACTORS *(continued)*

FDIs are highly specialised instruments that require investment techniques and risk analyses different from those associated with equity and debt securities. There can be no guarantee or assurance that the use of FDIs will meet or assist in meeting the investment objectives of a Fund.

FDIs do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the use of FDIs may not always be an effective means of, and sometimes could be counter-productive to, the relevant Fund's investment objective.

The prices of FDIs, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

In the case of listed put or call options, the Investment Manager's ability (on behalf of the Funds) to close out its position as a purchaser or seller of a listed put or call option is dependent, in part, upon the liquidity of the option market.

Where the Investment Manager, on behalf of a Fund, enters into swap arrangements or a forward foreign exchange contract, the Fund will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Investment Manager, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

Credit default swaps also carry specific risks, including the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfil its obligations to the Investment Manager (in respect of the Funds) if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

Exchange Rate Fluctuations

Currency fluctuations between the currency of denomination of a class of units of a Fund and the investor's currency of reference and the currency of the underlying investments of a Fund, may adversely affect the value of investments and the income derived therefrom.

Market Volatility

Market volatility reflects the degree of instability and expected instability of the performance of the Fund's assets. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments, which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivatives markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro-economic factors and speculation.

Liquidity Risk

Certain types of assets or securities may be difficult to buy or sell, particularly during adverse market conditions. This may affect the ability to obtain prices for the assets held by a Fund and may therefore prevent the calculation of the Net Asset Value per unit and/ or the raising of cash to meet redemptions of units in the Fund concerned.

Information about the Funds *(continued)*

6. RISK FACTORS *(continued)*

Specific Restrictions in Connection with the Subscription and Redemption of units

Investors should note that there may be restrictions in connection with the subscription, holding and repurchase of and trading in the units in a particular Fund. Such restrictions may have the effect of preventing the investor from freely subscribing, holding, trading and/or repurchasing the unit. In addition to the features described below, such restrictions may also be caused by specific requirements such as the minimum amount that may be held or invested in any particular class of units.

Additionally, the Investment Manager will have the option to limit the number of units in any Fund repurchased on any dealing day (other than at the specified maturity date, where applicable) to a stated percentage of the total Net Asset Value of that Fund on that dealing day and, in conjunction with such limitation, to pro rata limit the number of units repurchased by any unitholder on such dealing day so that all unitholders wishing to have units in that Fund repurchased on that dealing day realise the same proportion of such units. In the event the Investment Manager elects to limit the number of units repurchased on such date, a unitholder may not be able to repurchase on such dealing day all the units that it desires to repurchase.

Illiquidity of Units

There will be no secondary market for the units, and consequently, unitholders can normally dispose of the units only by means of redemption on a dealing day. There is no assurance that the Investment Manager will be able to liquidate the portfolio securities attributable to the units being redeemed without losses. These losses might have an adverse effect on the Net Asset Value of that Fund and thus on the redemption proceeds that will be received by the outgoing investor. In the event of unsettled market conditions, or if for any reason the Investment Manager is unable to liquidate its investments or if it is obliged to suspend dealings in its units, the Investment Manager may be unable to redeem such units.

Substantial Redemptions

Substantial redemption/repurchase of units in a particular Fund could require the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the units in that Fund. In these circumstances, the Investment Manager may defer redemptions/repurchases. Illiquidity in certain markets could also make it difficult for any Fund to liquidate positions on favourable terms, thereby resulting in a decrease in the value of the assets. In these circumstances, the non-redeeming unitholders will bear a disproportionate risk of any decline in the value of a Fund's assets subsequent to the redemptions.

Temporary Suspension in Redemptions and Suspension in the determination of Net Asset Value

The Investment Manager reserves the right to suspend the determination of the Net Asset Value of a Fund and the right of any unitholder to require redemption of any units and the issue of units. In such cases a unitholder may be unable to redeem his units in a Fund within the normal timeframes described in this Prospectus.

Conflicts of Interest

Conflicts of interest may arise from time to time between the interests of the Investment Manager, the Custodian and the Administrator in connection with fees, commissions and other revenues derived from the Fund, in particular, because certain Directors may also be acting as directors or senior officers of the Custodian and the Administrator. Prospective investors should also note that a conflict may arise as the Funds may invest in CISs which are managed by the Investment Manager. In the event that such a conflict arises, the Directors will endeavour to ensure that it is resolved in a fair manner.

Fee Arrangements

In instances, one or more Funds may invest predominantly in CISs managed by the Investment Manager (the "Target CISs"). As a result, the Investment Manager will receive any management fees charged to the Target CISs as well as service fees from the Funds (details of such fees are contained in the Offering Supplements of the Funds). Prospective investors should note that the payment of the foregoing fees to the Investment Manager will reduce the Net Asset Value per unit.

Information about the Funds *(continued)*

6. RISK FACTORS *(continued)*

Risk relating to Omnibus Accounts

Prospective investors should note that assets of the BOV Investment Funds may be co-mingled, in an omnibus account, with assets of other persons held at a sub-custodian (or any delegate of the sub-custodian (the "Sub-Delegate") or any clearing system, settlement system, dematerialised book entry system, central securities depository or similar system (the "Securities System") with which the Custodian may, directly or indirectly, transfer, settle, clear, deposit or maintain assets of the Funds.

In the holding assets on a co-mingled basis at sub-Custodians, Sub-Delegates or through a Securities System, prospective investors should note that the Investment Manager (on behalf of the Fund) may only be entitled, in common with those other persons, to its proportionate share of the assets so held in such omnibus account. Prospective investors should also note that omnibus accounts (where certain assets of the Funds are to be held) may have specific risks related to settlement cycles for certain assets which may operate both on an intra-day and inter-day basis, including the following: (i) the total amount of instruments recorded in such omnibus accounts may be unavailable at a given time during any intra-day or inter-day settlement cycle; (ii) a decrease in the total amount of instruments in such omnibus accounts may lead to potential shortfalls of instruments in absolute terms; (iii) a shortfall of instruments in absolute terms in omnibus accounts means that the Fund's entitlement to such instruments may be reduced in order to facilitate the purchase, sale or exchange of instruments of other persons within the omnibus account until such time as subsequent settlement cycles reconcile such shortfall. Further, if there is a failure of the Custodian, a sub-custodian, Sub-Delegate or Securities System, during a period of any shortfall of instruments, the Investment Manager (on behalf of the Funds) may only have a right to its proportion of the total amount of instruments in the relevant omnibus account.

Taxation

Investors in the units in a particular Fund should be aware that they may be required to pay income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of the Funds, capital gains within the Funds, whether or not realised, income received or accrued or deemed received within the Fund etc., and this will be according to the laws and practices of the country where the units are purchased, sold, held or redeemed and in the country of residence or nationality of the unitholder.

Investors should be aware of the fact that they might have to pay taxes on income or deemed income received by or accrued within a Fund. Taxes might be calculated based on income received and/or deemed to be received and/or accrued in the Fund in relation to the Fund asset, whereas the performance of the Fund, and subsequently the return investors receive after redemption of the units, might partially or fully depend on the performance of the underlying. This can have the effect that the investor has to pay taxes for income and/or performance which he does not, or does not fully, receive. Investors who are in any doubt as to their tax position should consult their own independent tax advisors. In addition, investors should be aware that tax regulations and their application or interpretation by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment, which will apply at any given time.

Foreign Account Tax Compliance Act Risks

FATCA imposes a new reporting regime and, potentially, a 30% withholding tax with respect to: (i) certain payments from sources within the US; (ii) so-called 'foreign pass-thru payments' made to certain non-US financial institutions that do not comply with this new reporting regime; and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-US financial institution.

The BOV Investment Funds and its Funds may be classified as a non-US financial institution for these purposes.

Information about the Funds *(continued)*

6. RISK FACTORS *(continued)*

In order to avoid being subject to US withholding tax, investors are likely to be required to provide information regarding themselves. In this regard, the Maltese and US Governments have signed an intergovernmental agreement with respect to the implementation of FATCA. Although the Investment Manager will (on behalf of the BOV Investment Funds) attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax, no assurance can be given that the Investment Manager (on behalf of the BOV Investment Funds) will be able to satisfy these obligations. If a Fund becomes subject to a withholding tax as a result of FATCA, the return of all unitholders may be materially affected. To the extent a Fund suffers US withholding tax on its investments as a result of FATCA, the Investment Manager may (on behalf of a Fund) take any action in relation to an investor's investment in the Fund to ensure

that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or to become a participating FFI (i.e., foreign financial institution) gave rise to the withholding.

The Investment Manager may (on behalf of the Fund) mandatorily redeem the units of any unitholders that fail to cooperate with the Investment Manager's efforts to comply with FATCA.

Common Reporting Standard Risks

The Organisation for Economic Co-operation and Development (OECD) has developed a new global standard for the automatic exchange of financial information between tax authorities (the "Common Reporting Standard"), which is similar to FATCA (see risk factor above). Malta is a signatory jurisdiction to the Common Reporting Standard and intends to conduct its first exchange of information with tax authorities of other signatory jurisdictions in late 2017. The detailed requirements for complying with the Common Reporting Standard, when finalised, may impose additional burdens and costs on the Investment Manager (in respect of the BOV Investment Funds, the Funds and/or unitholders). Although the Investment Manager (in respect of the BOV Investment Funds or each Fund) will attempt to satisfy any obligations imposed upon it by the Common Reporting Standard, no assurance can be given that it will be able to satisfy such obligations. Implementation of the Common Reporting Standard may require the Investment Manager (in respect of the BOV Investment Funds or each Fund) to conduct additional due diligence and report upon accounts held with it by unitholders who are reportable persons in other participating jurisdictions. The Investment Manager (in respect of the BOV Investment Funds or each Fund) may require certain additional financial information from unitholders and financial intermediaries acting on behalf of unitholders to comply with its diligence and reporting obligations under the Common Reporting Standard.

If the Investment Manager (in respect of the BOV Investment Funds or each Fund) is unable to obtain the necessary information from unitholders, it may take any steps necessary to avoid resulting sanctions, which may include (but are not limited to) compulsorily redeeming the units of the relevant unitholder.

Change of Law

The Investment Manager must comply with regulatory constraints, such as a change in the laws affecting the investment restrictions of one or more Funds, which might require a change in the investment policy and objectives followed by a Fund.

Political and Regulatory Risk

The performance of the units in a particular Fund or the possibility to purchase, sell, or repurchase may be affected by changes in general economic conditions and uncertainties such as political developments, changes in government policies, laws or regulations (including regarding taxation), the imposition of restrictions on the transfer of capital and changes in regulatory requirements in Malta or in countries where a Fund is invested. The legal infrastructure, accounting, auditing and reporting standards in certain jurisdictions in which the capital of a Fund may be invested may not offer the same degree of investor protection or information as is normally expected in major securities markets.

Information about the Funds *(continued)*

6. RISK FACTORS *(continued)*

Importance of the Investment Manager

The Funds' success depends, to a large extent, upon the Investment Manager's ability to determine appropriate investments. In addition, if any of the officers of the Investment Manager cease to participate in the operation of the Investment Manager to the extent they relate to the operations of the Fund, the objectives, activities and performance of one or more classes of units may be adversely affected.

Borrowing Risks

The Investment Manager in respect of a Fund may not be able to repay borrowings or may be forced to sell investments at a disadvantageous time in order to repay borrowings. The Investment Manager in respect of a Fund might elect to sell its more liquid assets to repay borrowings, or to meet redemptions, thus increasing its concentration in less liquid securities.

Credit Risk

The Fund may invest (either directly or through collective investment schemes) in debt securities which may expose the Fund to the risk that an issuer may default on the payment of principal and/or interest.

In the event that any issuer of bonds or other debt securities experiences financial or economic difficulties, this may affect the value of the relevant securities which may in turn affect the Net Asset Value per unit.

Equity Investment Risk

Equity investments are subject to greater fluctuations in market value than other asset classes as a result of factors such as a company's business performance, investor perceptions, stock market trends and general economic conditions. Prospective investors should note that this could have an impact on the Fund's Net Asset Value.

Depositary Receipts

The Fund may invest (either directly or through collective investment schemes) in American depositary receipts, global depositary receipts, and European depositary receipts (collectively, "Depositary Receipts"). Depositary Receipts generally evidence an ownership interest in a corresponding foreign security on deposit with a financial institution. Because the value of Depositary Receipts will be dependent upon the market price of an underlying equity security, such Depositary Receipts are subject to most of the risks associated with investing in equities. For further details see the risk factor headed 'Equity Investment Risk' above.

7. INVESTMENT RISK MANAGEMENT PROCESS

The Investment Manager employs a Risk Management Process, which enables it to monitor, and measure and manage at any time as frequently as appropriate, the risks of the Funds' derivatives positions and their contribution to the overall risk profile of the Funds. The Investment Manager will, on the request of unitholders provide supplementary information relating to the quantitative limits that apply in the risk management of the UCITS, the methods chosen to this end and to the recent evolution of the main instrument categories' risks and yields.

8. REMUNERATION POLICY

Remuneration Policy of the BOV Investment Funds

The money laundering officer fees are compensated through a fixed amount payable to the Administrator. There are no Board of Directors nor compliance officer fees given that the BOV Investment Funds are not structured as a company but as a common contractual fund.

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

Information about the Funds (continued)

8. REMUNERATION POLICY (continued)

Remuneration Policy of the Investment Manager

The Investment Manager's remuneration policy sets out the basis upon which the relevant identified staff thereof are remunerated. In terms of such policy, identified staff are entitled to a fixed base salary, and a yearly annual performance bonus. The quantum of such performance bonus is assessed against the backdrop of the individual performance of identified staff (including the successful completion of individual tasks assigned thereto) and their contribution to the performance of the Investment Manager. The base salary of the identified staff represents a very significant portion of the total remuneration package of identified staff.

Responsibility for the amount of remuneration awarded to identified staff vests in the Board.

Details of the up-to-date remuneration policy of the Investment Manager, including, amongst others, a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits are available on the Investment Manager's website on www.bovassetmanagement.com and paper copies will be made available to investors free of charge upon request.

9. SCHEME PARTICULARS

The above details are extracted from the latest BOV Investment Funds Prospectus, Offering Supplements and Key Investor Information Document as of the date of this Annual Report, which is available upon request from the Investment Manager, and were current at the date of publishing of this Annual Report. Persons wishing to invest in any of the Funds should do so on the basis of the full information contained in the most recent Prospectus, Funds' respective Offering Supplement and Key Investor Information Document.

10. INVESTMENT MANAGER'S STATEMENT

In the opinion of the Investment Manager, this Annual Report contains all the information necessary to enable investors to make an informed judgment of the results and activities of the BOV Investment Funds for the year ended 30 April 2023 and does not omit any matter or development of significance.

