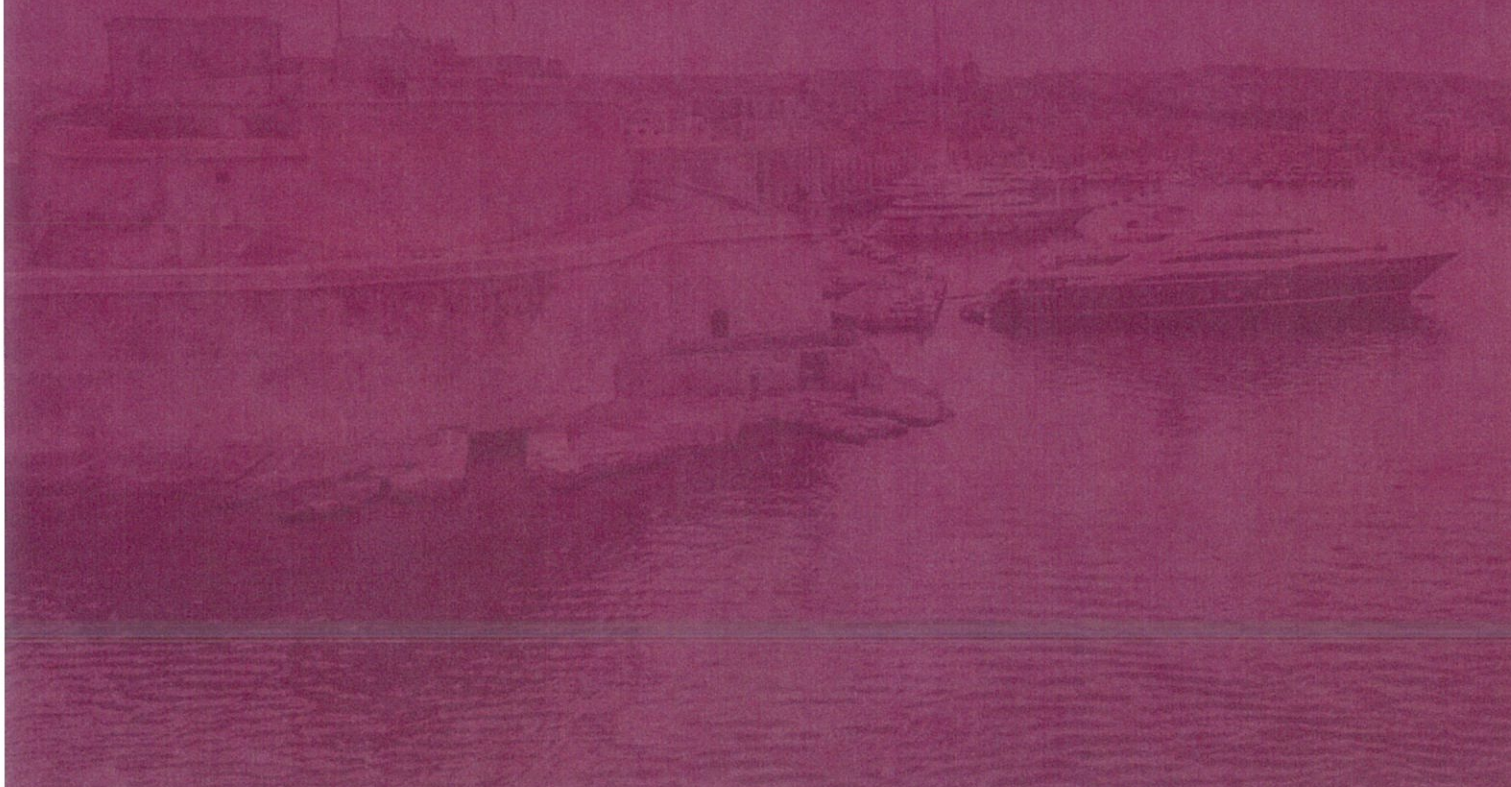


BOV INVESTMENT FUNDS

Annual Report and Audited Financial Statements 2020



BOV INVESTMENT FUNDS

Annual Report and Audited Financial Statements

For the period ended 30 April 2020

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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, Qormi, QRM 3101, 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 2020, the BOV Investment Funds consisted 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

With escalating trade-war tensions holding markets at ransom in 2018, positive trade talks between the US and China led to a strong rebound in the first quarter of 2019. This development was boosted by central banks' stances they would provide yet more stimulus to try to keep economic expansion intact. From the end of April to the end of September 2019, global equities broadly traded sideways as investors digested further trade negotiations and the continued deterioration in macroeconomic factors. The abrupt escalation in tension between the US and China caught markets off guard, causing a substantial sell-off in global stocks. Considering the materiality of the events and the seemingly reversal in direction in the US-China trade negotiation, it was felt prudent to hedge and protect the Investment Funds by reducing exposures to equities by 15%.

Central bank liquidity led to an increase in both traditional risk-off and risk-on assets in 2019 as government bonds reacted to weaker economic data, with bond yields tracking the manufacturing surveys lower, leading to an increase in their value. 2019 ended with a strong fourth quarter as the US and Eurozone manufacturing business and services surveys picked up slightly from September. The pick-up in the service sectors, and the resilience of overall employment to the weakness in manufacturing, has helped restore market confidence that a recession was not about to happen. During this time, two important political risks were also avoided. In December, the phase one trade deal between China and the US provided a significant relief for equity markets as the trade peace cheered investors. Secondly, the US avoided imposing tariffs on European Union auto exports, supporting markets further.

Heading into 2020, we were now experiencing a late cycle economic backdrop. If growth continued to slow and profit pressures increased, the greatest fear was running into a minor recession, and if that was the case, the 'when' was the next greatest concern. Global financial markets saw some of the sharpest falls in years in February 2020, after a rise in coronavirus cases renewed fears about economic slowdown. The market moves came as companies warned about the effect of the coronavirus on their supply chains and overall financial health. The answer to why markets have reacted dramatically can be found in the ballooning number of confirmed cases in China and elsewhere. In view of developing news on the Coronavirus outbreak within Europe, it was decided to reduce risky-asset exposures, particularly equities, for the three Investment Funds alike by 30%. In light of the heightened volatility during this period, with markets experiencing historically massive drawdowns within just a two week period, it was decided to hold cash reserves and move investments into safe-haven assets, particularly gold and short-term US treasuries. In case of the BOV Conservative Portfolio Fund, which has an inherently lower tolerance to risk overall, the average allocation to equities and risky-assets of circa 20% was totally converted to cash with an extra 10% of the portfolio being reduced from fixed income corporates and re-invested in low volatility assets including short-dated Treasuries, Maltese fixed income securities and gold.

The last quarter ending April had seen a shift from the epidemic outbreak to total panic. While it was already clear that we were in the later stages of the economic cycle, nobody could have predicted that large parts of the global economy would be brought to an abrupt halt by the COVID-19 pandemic. This led to a rapid and significant sell-off in equities between February and March as major countries enforced lockdown measures. The sudden drop was followed by a significant rebound as new infection rates started to fall and global lockdown measures started to ease. This positive sentiment was backed by Governments and central banks' significant stimulus measures to soften the impact on the economy caused by shutdowns. The Eurogroup launched an emergency support plan of EUR 540 billion which was approved in May.

Looking at the economic numbers, the Eurozone's real GDP contracted 3.8% in the first quarter of the year and the second quarter is likely to show a faster decline. The composite April Flash PMI indicator for the Eurozone fell to an all-time low of 13.5, confirming an extensive hit to businesses. The International Monetary Fund estimates a drop in 2020 GDP of over 7%, and considerable deficits and debt levels are to be expected. Volatility measures declined from extreme levels as major indices extended their rebounds. Fixed Income markets also rallied as the major central banks were committed to purchase more corporate bonds through their aggressive Quantitative Easing programmes.

Investment Manager's Report (continued)

Despite April's market rebound, uncertainty remains on the trajectory of global growth over the coming months as we expect the dislocation of weakening economic data to market performance to be reflected in a weaker than expected recovery. A lot will depend on the extent to which economies can successfully reopen and the risk of relapse unless a vaccine is in sight. Consumer Confidence should be key to sustain the market recovery. During the months following the financial year end, the funds have retained their risk-off positioning in view of elevated global uncertainty related to the pandemic. The Investment Management team have set targets particularly related to health statistics and market implied valuations to look out for opportunities which will enable the funds to re-invest capital.

Regulatory matters

During May 2020 the BOV Balance Portfolio fund suffered a loss of USD 5,085 due to a short selling transaction. The loss incurred by the fund was immediately rectified and no material loss was incurred by any shareholder.

There were no other breaches of regulatory requirements which were subject to an administrative penalty or regulatory sanctions.

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 2019 to 30 April 2020, the unit price of the BOV Conservative Portfolio Fund accumulator class of units decreased by 0.80% from €1.004 to €0.996.

Fund Performance - Distributor Class of Shares

During the period from 1 May 2019 to 30 April 2020, the unit price of the BOV Conservative Portfolio Fund accumulator class of units decreased by 3.04% from €0.954 to €0.925.

Income Distribution

The dividend declared during the period ended 30 April 2020 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.

Fund Performance - Accumulator Class of Units

During the period from 1 May 2019 to 30 April 2020, the share price of the BOV Balanced Portfolio Fund accumulator class of shares decreased by 1.30% from €1.025 to €1.012.

Fund Performance - Distributor Class of Units

During the period from 1 May 2019 to 30 April 2020, the share price of the BOV Balanced Portfolio Fund accumulator class of shares decreased by 2.81% from €0.9970 to €0.969.

Income Distribution

The dividend declared during the period ended 30 April 2020 in respect of the distributor class of units is listed under note 10 of the financial statements.

Investment Manager's Report (continued)

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 2019 to 30 April 2020, the unit price of the BOV Growth Portfolio Fund accumulator class of units decreased by 4.65% from €1.031 to €0.983.

The Funds' performance figures listed above have been truncated to three 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: Central Bank of Malta, European Central Bank, BOV Asset Management Limited, Malta Stock Exchange, U.S. Federal Reserve)



Independent auditor's report

To the Unitholders of BOV Investment Funds

Report on the audit of the financial statements

Our opinion

In our opinion:

- the financial statements of BOV Investment Funds give a true and fair view of the Funds' financial position as at 30 April 2020, and of the Funds' financial performance and cash flows for the period 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 13 to 37, comprise:

- the statements of financial position as at 30 April 2020;
- the statements of changes in net assets attributable to unitholders for the period then ended;
- the statements of comprehensive income for the period then ended;
- the statements of cash flows for the period then ended; and

the notes to the financial statements, which include a summary of significant accounting policies.

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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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 Unitholders of BOV Investment Funds

Other information

The management is responsible for the other information. The other information comprises the description of management and administration, 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 the 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, the 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 intend 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 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 Unitholders of BOV Investment Funds

Auditor's responsibilities for the audit of the financial statements - continued

- 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 the 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 the 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.

PricewaterhouseCoopers

78, Mill Street
Qormi
Malta

A handwritten signature in blue ink, appearing to read 'Lucienne Pace Ross', is written over a faint, light blue grid background.

Lucienne Pace Ross
Partner

5 August 2020



10th June 2019

Annual Report of the Custodian

We, Bank of Valletta p.l.c., as Custodian to the BOV Investment Funds SICAV p.l.c (“the Scheme”) hereby confirm that having enquired into the conduct of the Manager during the year ended 30th April 2020, it is our opinion that during this year, the Company and its Funds have been managed:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of each Fund by the constitutional documents and by the Malta Financial Services Authority, with the exception of the following;

On 29th August 2018, a number of extra units held by the BOV Conservative Portfolio Fund, BOV Balanced Portfolio Fund and BOV Growth Portfolio Fund in the following securities were sold:

IShares MSCI JPN
Robo Global Robotics UCITS ETF
DBX Trackers DAX UCITS ETF

This extra sale was due to a technical which caused a short selling. Matter was rectified immediately by the Manager and each Fund did not bear any losses.

- (ii) Otherwise in accordance with the provisions of the constitutional documents and the Funds’ license conditions.

A handwritten signature in blue ink, appearing to read 'Kevin Portelli' with the year '2019' written below it.

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

Financial Statements

STATEMENTS OF FINANCIAL POSITION

as at 30 April 2020

	Notes	BOV Conservative Portfolio 30.04.2020	BOV Conservative Portfolio 30.04.2019	BOV Balanced Portfolio 30.04.2020	BOV Balanced Portfolio 30.04.2019	BOV Growth Portfolio 30.04.2020	BOV Growth Portfolio 30.04.2019
		€	€	€	€	€	€
Assets							
Financial assets at fair value through profit or loss	3	40,218,804	50,423,459	9,545,501	11,612,274	4,927,356	4,999,049
Accrued income	5	106,231	151,865	16,811	14,213	4,244	1,137
Other receivables and prepayments	4	201	23,041	5,008	20,640	390	12,217
Cash and cash equivalents	13	8,710,679	259,350	1,998,640	16,130	1,007,041	96,902
Total assets		49,035,915	50,857,715	11,565,960	11,663,257	5,939,031	5,109,305
Liabilities							
Financial liabilities at fair value through profit or loss	3	588,111	317,904	129,297	63,983	43,197	15,687
Accrued expenses	6	36,873	43,110	10,632	11,631	6,284	6,731
Other payables	6	570,925	631,336	20,032	69,673	-	-
Total liabilities		1,195,909	992,350	159,961	145,287	49,481	22,418
Net assets attributable to unitholders		47,840,006	49,865,365	11,405,999	11,517,970	5,889,550	5,086,887
Units in issue							
Accumulator	7	23,916,254.52	24,800,014.41	10,082,080.66	10,109,064.72	5,994,905.38	4,941,745.02
Distributor	7	25,957,040.61	26,156,340.07	1,242,687.46	1,168,503.54	-	-
Net asset value per unit		0.996/0.925	1.004/0.954	1.012/0.969	1.025/0.997	0.983	1.031
Accumulator/Distributor							

The accounting policies and notes on pages 17 to 37 are an integral part of the financial statements
The financial statements on pages 13 to 37 were authorised for issue by BOV Asset Management Limited on 5 August 2020 and were signed on its behalf by:


John Cassar White
Director
BOV Asset Management Limited


Frances Mifsud
Director
BOV Asset Management Limited

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the period ended 30 April 2020

	BOV Conservative Portfolio	BOV Conservative Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Growth Portfolio
	€	€	€	€	€	€
Net assets at the beginning of the year	49,865,365	43,588,428	11,517,970	9,423,540	5,086,887	2,665,978
Issue of units during the year	5,211,188	13,267,697	2,013,887	4,145,916	1,874,843	2,802,826
Redemption of units during the year	(6,242,655)	(7,083,880)	(1,944,829)	(2,273,029)	(759,484)	(568,768)
Net equalisation	(15,800)	11,783	(869)	3,284	1,833	2,391
Net (decrease)/increase in net assets attributable to unitholders during the year	(978,092)	81,337	(180,160)	218,259	(314,529)	184,460
Net assets at the end of the year	47,840,006	49,865,365	11,405,999	11,517,970	5,889,550	5,086,887

The accounting policies and notes on pages 17 to 37 are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the period ended 30 April 2020

	BOV Conservative Portfolio	BOV Conservative Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Growth Portfolio
	01.05.2019 -	01.05.2018 -	01.05.2019 -	01.05.2018 -	01.05.2019 -	01.05.2018 -
	30.04.2020	30.04.2019	30.04.2020	30.04.2019	30.04.2020	30.04.2019
	€	€	€	€	€	€
Cash flows from/(used in) operating activities						
Net interest and other income received	487,707	771,072	49,212	101,635	1,671	7,278
Dividend income received	696,270	484,647	142,416	103,469	53,347	36,583
Operating expenses paid	(287,630)	(263,743)	(86,936)	(73,083)	(53,275)	(40,499)
Taxation paid	(2,166)	(1,283)	(2,541)	(783)	(2,244)	(620)
Net disposals/(purchases) of financial assets and settlement of financial liabilities	9,235,751	(8,710,210)	1,881,843	(2,735,767)	(206,551)	(2,216,550)
Net cash flows from/(used in) operating activities	10,129,932	(7,719,517)	1,983,994	(2,604,529)	(207,052)	(2,213,808)
Cash flows (used in)/from from financing activities						
Proceeds from creation of units	5,230,139	14,865,871	2,004,424	4,404,890	1,877,414	2,810,102
Payment on redemptions of units	(6,277,406)	(7,131,476)	(1,981,965)	(2,242,148)	(760,223)	(568,844)
Distributions paid	(631,336)	(536,073)	(23,943)	-	-	-
Net cash flows (used in)/from financing activities	(1,678,603)	7,198,322	(1,484)	2,162,742	1,117,191	2,241,258
Net increase/(decrease) in cash and cash equivalents	8,451,329	(521,195)	1,982,510	(441,787)	910,139	27,450
Cash and cash equivalents at beginning of the year	259,350	780,545	16,130	457,917	96,902	69,452
Cash and cash equivalents at end of the year	8,710,679	259,350	1,998,640	16,130	1,007,041	96,902

Note

13

The accounting policies and notes on pages 17 to 37 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 for use in 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 2020, there were 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 assets and liabilities 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.

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.

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

All distributions from financial assets included in the Statements of Comprehensive Income are recognised on the date on which the stock is quoted ex-dividend. Interest income from financial assets not classified at 'fair value through profit or loss' is recognised using the effective interest method. Other gains or losses, arising from changes in the fair value of the financial assets and liabilities at fair value through profit or loss category are presented in the Statements of Comprehensive Income within 'net fair value movement on financial instruments at fair value through profit or loss' in the period in which they arise.

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. 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 2020, the BOV Investment Funds consisted 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 2020 €	% of net assets 2020	Fair value 2019 €	% of net assets 2019
<i>Financial assets at fair value through profit or loss</i>				
Quoted local corporate bonds	224,629	0.47	460,939	0.93
Quoted foreign corporate bonds	8,588,181	17.95	12,926,286	25.92
Quoted foreign government bonds	-	-	1,090,409	2.19
Collective investment schemes	15,519,664	32.44	23,764,745	47.66
Exchange traded funds	15,886,330	33.21	12,181,080	24.42
	40,218,804	84.07	50,423,459	101.12
<i>Financial liabilities at fair value through profit or loss (derivatives)</i>				
Forward foreign exchange contracts	588,111	1.23	317,904	0.64

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
	2020	assets	2019	assets
	2020	2020	2019	2019
	€		€	
<i>Financial assets at fair value through profit or loss</i>				
Quoted local equities	124,524	1.09	168,572	1.46
Quoted local corporate bonds	64,550	0.57	66,650	0.58
Quoted foreign corporate bonds	1,100,816	9.65	1,248,781	10.84
Quoted foreign government bonds	-	-	246,570	2.14
Collective investment schemes	2,342,086	20.53	4,746,253	41.21
Exchange traded funds	5,913,525	51.85	5,135,448	44.59
	9,545,501	83.69	11,612,274	100.82
<i>Financial liabilities at fair value through profit or loss (derivatives)</i>				
Forward foreign exchange contracts	129,297	1.13	63,983	0.56
	129,297	1.13	63,983	0.56
BOV Growth Portfolio Fund				
	Fair value	% of net	Fair value	% of net
	2020	assets	2019	assets
	2020	2020	2019	2019
	€		€	
<i>Financial assets at fair value through profit or loss</i>				
Quoted local equities	116,354	1.98	161,174	3.17
Quoted local corporate bonds	35,424	0.60	36,992	0.73
Quoted foreign government bonds	-	-	68,765	1.35
Collective investment schemes	1,379,454	23.42	1,751,353	34.43
Exchange traded funds	3,396,124	57.66	2,980,765	58.59
	4,927,356	83.66	4,999,049	98.27
<i>Financial liabilities at fair value through profit or loss (derivatives)</i>				
Forward foreign exchange contracts	43,197	0.73	15,687	0.31
	43,197	0.73	15,687	0.31

4. OTHER RECEIVABLES AND PREPAYMENTS

	BOV Conservative Portfolio Fund 2020 €	BOV Balanced Portfolio Fund 2020 €	BOV Growth Portfolio Fund 2020 €
Other receivables and prepayments	201	5,008	390
	2019 €	2019 €	2019 €
Sales for future settlement	21,385	20,028	11,786
Other receivables and prepayments	1,656	612	431
	23,041	20,640	12,217

Notes to the Financial Statements (continued)

5. ACCRUED INCOME

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

6. ACCRUED EXPENSES AND OTHER PAYABLES

	BOV Conservative Portfolio Fund 2020 €	BOV Balanced Portfolio Fund 2020 €	BOV Growth Portfolio Fund 2020 €
<i>Accrued expenses</i>			
Service fees	15,527	3,588	1,828
Administration fees	4,015	1,039	1,025
Custodian fees	1,331	932	932
Other expenses	16,000	5,073	2,499
	<u>36,873</u>	<u>10,632</u>	<u>6,284</u>
<i>Other payables</i>			
Distribution payable	<u>570,925</u>	<u>20,032</u>	-
	2019 €	2019 €	2019 €
<i>Accrued expenses</i>			
Service fees	16,311	3,738	1,609
Administration fees	7,613	1,942	1,868
Custodian fees	1,400	652	652
Other expenses	17,786	5,299	2,602
	<u>43,110</u>	<u>11,631</u>	<u>6,731</u>
<i>Other payables</i>			
Amounts payable for redemption of shares	-	45,730	-
Distribution payable	631,336	23,943	-
	<u>631,336</u>	<u>69,673</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 2020	BOV Balanced Portfolio Fund 2020	BOV Growth Portfolio Fund 2020
Accumulator units in issue at beginning of year	24,800,014.406	10,109,064.722	4,941,745.021
Distributor units in issue at beginning of year	26,156,340.065	1,168,503.536	-
Creation of Accumulator units	2,745,698.262	1,639,276.813	1,803,584.322
Creation of Distributor units	2,461,790.000	313,802.785	-
Redemption of Accumulator units	(3,629,458.143)	(1,666,260.873)	(750,423.959)
Redemption of Distributor units	(2,661,089.452)	(239,618.861)	-
Accumulator units in issue at end of year	23,916,254.525	10,082,080,662	5,994,905.384
Distributor units in issue at end of year	25,957,040.613	1,242,687.460	-
	2019	2019	2019
Accumulator units in issue at beginning of year	22,610,038.834	9,178,328.322	2,681,546.433
Distributor units in issue at beginning of year	22,010,499.116	234,450.497	-
Creation of Accumulator units	6,731,337.825	3,139,197.703	2,834,211.363
Creation of Distributor units	6,993,279.143	1,046,207.124	-
Redemption of Accumulator units	(4,541,362.253)	(2,208,461.303)	(574,012.775)
Redemption of Distributor units	(2,847,438.194)	(112,154.085)	-
Accumulator units in issue at end of period	24,800,014.406	10,109,064.722	4,941,745.021
Distributor units in issue at end of period	26,156,340.065	1,168,503.536	-

Capital risk management

The amount of net assets attributable to holders of redeemable units can change significantly on a fortnightly basis, as most of the sub-funds are subject to fortnightly 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 14, 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.

Differences exist in recognition of formation expenses between net assets calculated in accordance with the IFRS and net assets calculated for purposes of pricing. These relate to the initial set-up fees charged by the Investment Manager which were fully expensed in the net assets calculated in accordance with the IFRS but amortised over five years for purposes of pricing in accordance to the BOV Investment Funds' Prospectus. As the resulting difference is not material, the net asset value as per IFRS was used by the Funds as the measurement basis of the liability arising from the redeemable units as at year end, and presented in the Statements of Financial Position.

A reconciliation of the net assets attributable to holders of redeemable units at trading value and the net assets as per IFRS is presented below:

	BOV Conservative Portfolio Fund 2020 €	BOV Balanced Portfolio Fund 2020 €	BOV Growth Portfolio Fund 2020 €
Net assets attributable to holders of redeemable units (<i>at trading value</i>)	47,846,301	11,412,294	5,895,845
Adjustment for organisation costs	(6,295)	(6,295)	(6,295)
Net assets attributable to holders of redeemable units (<i>as per statement of financial position</i>)	<u>47,840,006</u>	<u>11,405,999</u>	<u>5,889,550</u>
	2019 €	2019 €	2019 €
Net assets attributable to holders of redeemable units (<i>at trading value</i>)	49,875,714	11,528,319	5,097,236
Adjustment for organisation costs	(10,349)	(10,349)	(10,349)
Net assets attributable to holders of redeemable units (<i>as per statement of financial position</i>)	<u>49,865,365</u>	<u>11,517,970</u>	<u>5,086,887</u>

9. FEES

a) Service fees

The Investment Manager, BOV Asset Management Limited, receives a service fee of 0.35% per annum of the net asset value of each sub-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 2020 and 2019 are disclosed in the Statements of Comprehensive Income. The outstanding balance as at year-end is disclosed in note 6.

Notes to the Financial Statements (continued)

9. FEES (continued)

b) Administration fees

BOV Fund Services Limited provides administration services to the BOV Investment Funds. The Administrator receives an administration fee of up to 0.1% of the NAV of the sub-funds. A minimum fee of €11,000 per annum per sub-fund is applicable.

Fees incurred during the years ended 30 April 2020 and 2019 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 entitled to receive custody fees of 0.03% of the NAV of the sub-funds, subject to a minimum fee of €10,000 per annum per sub-fund.

Fees incurred during the years ended 30 April 2020 and 2019 are disclosed in the Statements of Comprehensive Income. The outstanding balances as at year-end are disclosed in note 6.

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 2020 and 2019 relate to:

	2020	2019
	€	€
Annual statutory audit	14,000	13,650
Other assurance services	4,000	4,000
Tax and compliance services	1,500	1,500
	19,500	19,150

10. DISTRIBUTIONS TO UNITHOLDERS

Distributions reflected in the relative Statements of Comprehensive Income for year ended 30 April 2020 and 2019:

	Ex-dividend date	Rate per share	Amount
BOV Conservative Portfolio Fund	28 April 2020	0.021995	570,925
BOV Balanced Portfolio Fund	28 April 2020	0.016120	20,032
BOV Conservative Portfolio Fund	28 April 2019	0.024137	631,336
BOV Balanced Portfolio Fund	28 April 2019	0.020490	23,943
BOV Conservative Portfolio Fund	27 April 2018	0.024340	536,073

All income attributable to the distributor units has been declared and the distribution payable as at 30 April 2020 and 2019 are disclosed in note 6.

Notes to the Financial Statements (continued)

11. TAX EXPENSE ON INCOME

The tax regime for collective investment schemes in Malta 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 from immovable property situated in Malta, if any.

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

In respect of the distributions from the Funds to the unitholders, dividends paid from Malta source taxed profits or profits received by the Funds from the foreign income account of another Maltese entity 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 dividend 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 its Untaxed Account or distributions of any Malta source profits which are not subject to tax and which are allocated to its Untaxed Account, to a Maltese resident person (other than a company) or to a non-resident individual in specific circumstances should be subject to a withholding tax of 15%.

Distributions from the Funds' equalisation reserve are treated as dividends for 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 individual in certain circumstances.

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.

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) 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) Bank of Valletta p.l.c. provides custody 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.

Notes to the Financial Statements (continued)

12. RELATED PARTIES (continued)

As at year end, the following bank balances are held with Bank of Valletta p.l.c.:

	30.04.2020	30.04.2019
	€	€
BOV Conservative Portfolio Fund	8,710,679	259,350
BOV Balanced Portfolio Fund	1,998,640	16,130
BOV Growth Portfolio Fund	1,007,041	96,902

As at 30 April 2020, BOV Conservative Portfolio Fund did not hold bonds issued by Bank of Valletta p.l.c (2019: €163,544).

As at 30 April 2020, 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 30.04.2020 Number of shares	BOV Balanced Portfolio Fund 30.04.2020 Number of shares	BOV Growth Portfolio Fund 30.04.2020 Number of shares
Euro Income Fund B1 - Accumulator	-	-	103,058.801
Euro Income Fund B2 - Monthly Distributor	2,627,495.561	354,551.745	-
Global Themed Fund - USD Class	-	176,667.095	156,577.235
High Yield Fund - EUR Class	-	-	96,630.382
Malta Bond Fund - Distributor	18,860.259	-	-
Malta Fund - Distributor	1,112.999	-	-
Sterling Income Fund	1,502,761.489	194,872.869	-
	30.04.2019 Number of shares	30.04.2019 Number of shares	30.04.2019 Number of shares
Euro Income Fund B1 - Accumulator	-	-	54,000.307
Euro Income Fund B2 - Monthly Distributor	2,468,444.347	483,300.597	-
Far East Opportunities Fund	-	139,393.472	69,657.200
Global Themed Fund - USD Class	3,250,868.898	1,771,715.855	721,567.499
High Yield Fund - EUR Class	-	2,691.743	510.808
Malta Bond Fund - Distributor	18,976.561	-	-
Malta Fund - Distributor	2,469.825	-	-
Sterling Income Fund	1,456,119.939	188,824.549	-

- (iii) The Investment Manager appointed BOV Fund Services Limited, a subsidiary of Bank of Valletta p.l.c., as administrator to the BOV Investment Funds. 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)

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:

	30.04.2020 €	% of net assets	30.04.2019 €	% of net assets
BOV Conservative Portfolio Fund	8,710,679	18.20	259,350	0.52
BOV Balanced Portfolio Fund	1,998,640	17.52	16,130	0.14
BOV Growth Portfolio Fund	1,007,041	17.09	96,902	1.90

14. 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.

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.

	30.04.2020 % of net assets	30.04.2019 % of net assets
BOV Conservative Portfolio Fund	65.65	72.08
BOV Balanced Portfolio Fund	73.47	87.26
BOV Growth Portfolio Fund	83.06	96.19

(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. Sensitivity to currency risk is included in the overall VaR measure presented in the next page.

Notes to the Financial Statements (continued)

14. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(b) Currency risk (continued)

30 April 2020		GBP	USD
BOV Conservative Portfolio Fund	Functional	% of net	% of net
	currency	assets	assets
Total financial assets	€	3.64	60.87
Financial derivative instruments (FX forwards)		(3.01)	(52.44)
Net exposure		<u>0.53</u>	<u>8.43</u>
30 April 2019		GBP	USD
	Functional	% of net	% of net
	currency	assets	assets
Total financial assets	€	3.41	56.82
Financial derivative instruments (FX forwards)		(3.23)	(44.51)
Net exposure		<u>0.18</u>	<u>12.31</u>
30 April 2020		GBP	USD
BOV Balanced Portfolio Fund	Functional	% of net	% of net
	currency	assets	assets
Total financial assets	€	1.99	76.52
Financial derivative instruments (FX forwards)		(1.11)	(48.79)
Net exposure		<u>0.88</u>	<u>27.73</u>
30 April 2019		GBP	USD
	Functional	% of net	% of net
	currency	assets	assets
Total financial assets	€	1.91	69.01
Financial derivative instruments (FX forwards)		(1.82)	(39.46)
Net exposure		<u>0.09</u>	<u>29.55</u>
30 April 2020			USD
BOV Growth Portfolio Fund	Functional		% of net
	currency		assets
Total financial assets	€		75.92
Financial derivative instruments (FX forwards)			(31.76)
Net exposure			<u>44.16</u>
30 April 2019			USD
BOV Growth Portfolio Fund	Functional		% of net
	currency		assets
Total financial assets	€		69.88
Financial derivative instruments (FX forwards)			(23.17)
Net exposure			<u>46.71</u>

Notes to the Financial Statements (continued)

14. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(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 below.

	Assets held at fixed rates 30.04.2020 % of NAV	Assets held at variable rates 30.04.2020 % of NAV
BOV Conservative Portfolio Fund	18.42	18.20
BOV Balanced Portfolio Fund	10.22	17.52
BOV Growth Portfolio Fund	0.60	17.09
	30.04.2019 % of NAV	30.04.2019 % of NAV
BOV Conservative Portfolio Fund	22.99	6.57
BOV Balanced Portfolio Fund	11.95	1.75
BOV Growth Portfolio Fund	2.08	1.90

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 2020

	up to 1 year €	1 to 5 years €	More than 5 years €
BOV Conservative Portfolio Fund	3,465	5,567,695	3,241,650
BOV Balanced Portfolio Fund	-	995,841	169,525
BOV Growth Portfolio Fund	-	-	35,424

Maturities of debt securities as at 30 April 2019

	up to 1 year	1 to 5 years	More than 5 years
BOV Conservative Portfolio Fund	163,544	8,510,963	5,803,127
BOV Balanced Portfolio Fund	-	1,109,938	452,063
BOV Growth Portfolio Fund	-	-	105,757

Notes to the Financial Statements (continued)

14. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(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.

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 2020
BOV Conservative Portfolio Fund	2.124
BOV Balanced Portfolio Fund	5.567
BOV Growth Portfolio Fund	9.379
	Value at Risk (1 Month) – 99% Conf. Level as at 30 April 2019
Fund	
BOV Conservative Portfolio Fund	2.128
BOV Balanced Portfolio Fund	5.342
BOV Growth Portfolio Fund	8.824

Notes to the Financial Statements (continued)

14. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(d) Market risk measurement (continued)

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 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 €
2020			
Debt securities	8,812,810	1,165,366	35,424
A	1.18%	1.66%	-
BBB	16.30%	7.99%	-
BB	0.47%	-	-
Not Rated	0.47%	0.57%	0.60%
	BOV Conservative Portfolio Fund €	BOV Balanced Portfolio Fund €	BOV Growth Portfolio Fund €
2019			
Debt securities	14,477,634	1,562,001	105,757
AA	2.01%	1.59%	-
A	8.31%	3.35%	-
BBB	18.12%	8.04%	1.35%
Not Rated	0.60%	0.58%	0.73%

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.

Notes to the Financial Statements (continued)

14. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Other 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 other 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) and forward exchange contracts (disclosed under currency risk) 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. As at 30 April 2020, no variation margin had been posted or received by the Funds.

The Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 April 2020 and 2019, accrued income, other receivables, and bank balances are held with counterparties with a credit rating of BBB or higher and 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.

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 (refer to 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.

Notes to the Financial Statements (continued)

14. FINANCIAL RISK MANAGEMENT (continued)

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 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).

The following tables analyse the fair value hierarchy within the Funds' financial assets at fair value through profit or loss:

BOV Conservative Portfolio Fund	Level 1	Level 2	Total
	€	€	€
As at 30 April 2020			
Assets			
<i>Fair value through profit or loss</i>			
Quoted local corporate bonds	-	224,629	224,629
Quoted foreign corporate bonds	8,588,181	-	8,588,181
Collective investment schemes	15,519,664	-	15,519,664
Exchange traded funds	15,886,330	-	15,886,330
	39,994,175	224,629	40,218,804
Liabilities			
<i>Fair value through profit or loss</i>			
Foreign exchange contracts	-	(588,111)	(588,111)
As at 30 April 2019			
Assets			
<i>Fair value through profit or loss</i>			
Quoted local corporate bonds	-	460,939	460,939
Quoted foreign corporate bonds	12,926,286	-	12,926,286
Quoted foreign government bonds	1,090,409	-	1,090,409
Collective investment schemes	23,764,745	-	23,764,745
Exchange traded funds	12,181,080	-	12,181,080
	49,962,520	460,939	50,423,459
Liabilities			
<i>Fair value through profit or loss</i>			
Foreign exchange contracts	-	(317,904)	(317,904)

Notes to the Financial Statements (continued)

14. FINANCIAL RISK MANAGEMENT (continued)

Fair value hierarchy (continued)

BOV Balanced Portfolio Fund	Level 1	Level 2	Total
As at 30 April 2020	€	€	€
Assets			
<i>Fair value through profit or loss</i>			
Quoted local equities	99,072	25,452	124,524
Quoted local corporate bonds	-	64,550	64,550
Quoted foreign corporate bonds	1,100,816	-	1,100,816
Collective investment schemes	2,342,086	-	2,342,086
Exchange traded funds	5,913,525	-	5,913,525
	9,455,499	90,002	9,545,501
Liabilities			
<i>Fair value through profit or loss</i>			
Foreign exchange contracts	-	(129,297)	(129,297)
As at 30 April 2019			
Quoted local equities	132,939	35,633	168,572
Quoted local corporate bonds	-	66,650	66,650
Quoted foreign corporate bonds	1,248,781	-	1,248,781
Quoted foreign government bonds	246,570	-	246,570
Collective investment schemes	4,746,253	-	4,746,253
Exchange traded funds	5,135,448	-	5,135,448
	11,509,991	102,283	11,612,274
Liabilities			
<i>Fair value through profit or loss</i>			
Foreign exchange contracts	-	(63,983)	(63,983)
BOV Growth Portfolio Fund			
As at 30 April 2020	Level 1	Level 2	Total
	€	€	€
Assets			
<i>Fair value through profit or loss</i>			
Quoted local equities	87,014	29,340	116,354
Quoted local corporate bonds	-	35,424	35,424
Collective investment schemes	1,379,454	-	1,379,454
Exchange traded funds	3,396,124	-	3,396,124
	4,862,592	64,764	4,927,356
Liabilities			
<i>Fair value through profit or loss</i>			
Foreign exchange contracts	-	(43,197)	(43,197)

Notes to the Financial Statements (continued)

14. FINANCIAL RISK MANAGEMENT (continued)

Fair value hierarchy (continued)

BOV Growth Portfolio Fund	Level 1	Level 2	Total
As at 30 April 2019	€	€	€
Assets			
<i>Fair value through profit or loss</i>			
Quoted local equities	120,098	41,076	161,174
Quoted local corporate bonds	-	36,992	36,992
Quoted foreign government bonds	68,765	-	68,765
Collective investment schemes	1,751,353	-	1,751,353
Exchange traded funds	2,980,765	-	2,980,765
	<u>4,920,981</u>	<u>78,068</u>	<u>4,999,049</u>
Liabilities			
<i>Fair value through profit or loss</i>			
Foreign exchange contracts	-	(15,687)	(15,687)
	<u>-</u>	<u>(15,687)</u>	<u>(15,687)</u>

Portfolio Statements

30 April 2020

BOV Conservative Portfolio Fund	Market value	% of net assets
	30.04.2020	
	€	
Exchange Traded Funds		
<i>Ireland</i>		
iShares EURO Infl-Lkd Govt	481,641	1.01
iShares Global Corp Bond EUR H	2,301,071	4.81
iShares Physical Gold ETC	2,198,431	4.60
iShares USD Corp Bond UCITS ET	2,628,722	5.49
iShares USD Treasury 1-3Y	3,630,569	7.59
SPDR BBG US Treasury	2,245,486	4.69
SPDR Bloomberg Barclays 3-10 Y	2,400,410	5.02
Quoted Local Corporate Bonds		
6.00% International Hotel Investments 2024	6,400	0.01
5.75% International Hotel Investments 2025	8,282	0.02
4.00% International Hotel Investments 2026	185,582	0.39
5.50% Pendergardens Development 2020	3,465	0.01
4.35% SD Finance p.l.c. 2027	20,900	0.04
Quoted Foreign Corporate Bonds		
4.75% Abn Amro Bank NV 2025	580,176	1.20
4.38% Barclays p.l.c. 2024	225,622	0.47
2.75% Enel Fin Intl NV 2023	184,219	0.39
4.88% General Motors 2023	400,752	0.84
4.25% Gen Motors Fin 2023	740,704	1.55
4.25% Goldman Sachs GP 2025	1,378,286	2.88
5.00% Morgan Stanley 2025	1,068,424	2.23
4.88% Morgan Stanley 2022	1,165,860	2.44
4.25% Nordea Bank AB 2022	562,312	1.18
3.25% Societe Generale 2022	1,076,409	2.25
5.00% Societe Generale 2024	1,205,417	2.52
Collective Investment Schemes		
Vilhena Euro Income Fund	6,730,593	14.07
Vilhena Malta Fund	560,689	1.18
Vilhena Malta Bond Fund	6,499,019	13.58
Vilhena Sterling Income Fund	1,729,363	3.61
Derivatives – Forward Foreign Exchange Contracts		
	Fair Value	Notional Amount
Sale of Sterling against Euro maturing on 03 June 2020	(8,641)	1,430,042
Sale of United States Dollar against Euro maturing on 03 June 2020	(579,470)	24,509,804
		(0.02)
		(1.21)

Portfolio Statements - continued

30 April 2020

	Market value 30.04.2020 €	% of net assets assets
BOV Balanced Portfolio Fund		
Exchange Traded Funds		
<i>Ireland</i>		
iShares Edge MSCI Europe Momen	55,075	0.48
iShares EURO Infl-Lkd Govt	57,403	0.50
iShares Global Corp Bond EUR H	1,099,432	9.64
iShares Physical Gold ETC	273,838	2.40
iShares USD Corp Bond UCITS ET	1,219,023	10.69
SPDR Bloomberg Barclays 3-10 Y	537,286	4.71
SPDR Bloomberg US Treasury	577,837	5.07
SPDR Global Real Estate	146,519	1.28
SPDR MSCI World Financials UCITS	25,676	0.23
SPDR MSCI World Health Care	262,124	2.30
SPDR MSCI World Industrials UCITS	35,458	0.31
SPDR MSCI World Technology UCITS	45,820	0.40
SPDR MSCI World Utilities	210,980	1.85
SPDR S&P 500 UCITS ETF	371,830	3.26
Vanguard FTSE Developed World	420,515	3.69
Xtrackers MSCI World Consumer Staple	120,789	1.06
Xtrackers MSCI World UCITS ETF	453,920	3.98
Quoted Local Equities		
BMIT Technologies p.l.c.	99,072	0.87
Main Street Complex p.l.c.	25,452	0.22
Quoted Local Corporate Bonds		
4.00% International Hotel Investments 2026	64,550	0.57
Quoted Foreign Corporate Bonds		
4.88% General Motors 2023	63,040	0.55
4.25% Gen Motors Fin 2023	67,174	0.59
4.25% Goldman Sachs GP 2025	68,914	0.60
2.75% Heineken NV 2023	70,727	0.62
5.00% Morgan Stanley 2025	36,061	0.32
2.75% Morgan Stanley 2022	101,868	0.89
4.88% Morgan Stanley 2022	145,976	1.28
4.25% Nordea Bank AB 2022	189,331	1.66
5.00% Societe Generale 2024	191,640	1.68
3.45% Wells Fargo Co 2023	166,085	1.46

Portfolio Statements - continued

30 April 2020

	Market value 30.04.2020 €	% of net assets
BOV Balanced Portfolio Fund		
Collective Investment Schemes		
Morgan Stanley Investment Fund	991,617	8.69
Vilhena Euro Income Fund	908,220	7.96
Vilhena Global Themed Fund	217,991	1.91
Vilhena Sterling Income Fund	224,258	1.97
Derivatives – Forward Foreign Exchange Contracts		
	Fair Value	Notional Amount
Sale of Sterling against Euro maturing on 03 June 2020	(760)	125,844 (0.01)
Sale of United States Dollar against Euro maturing on 03 June 2020	(128,537)	5,436,720 (1.13)
BOV Growth Portfolio Fund		
Exchange Traded Funds		
<i>France</i>		
Amundi ETF MSCI Europe Industr	42,327	0.72%
<i>Ireland</i>		
iShares Core Em Imi USD Dist	103,342	1.75
iShares Edge MSCI Europe Momen	83,949	1.43
iShares EURO Infl-Lkd Govt	29,121	0.49
iShares Global Corp Bond EUR H	355,283	6.03
iShares MSCI Japan EUR Hedged	23,372	0.40
iShares NASDAQ 100 UCITS ETF	53,953	0.92
iShares Physical Gold ETC	233,993	3.97
iShares USD Corp Bond UCITS ETF	144,713	2.46
iShares USD Treasury 1-3Y	137,094	2.33
SPDR BBG US Treasury	245,821	4.17
SPDR Bloomberg Barclays 3-10 Y	154,487	2.62
SPDR Global Real Estate	133,273	2.26
SPDR MSCI World Financials UCITS	24,105	0.41
SPDR MSCI World Health Care	350,055	5.94
SPDR MSCI World Industrials UCITS	80,288	1.36
SPDR MSCI World Technology UCITS	39,608	0.67
SPDR MSCI World Utilities	217,891	3.70
SPDR S&P 500 UCITS ETF	158,786	2.70
Vanguard FTSE Developed World	186,585	3.17
Xtrackers MSCI World Communication Services	29,152	0.49
Xtrackers MSCI World Consumer	11,817	0.20
Xtrackers MSCI World Consumer Staple	157,505	2.67
Xtrackers MSCI World UCITS ETF	259,446	4.41

Portfolio Statements - continued
30 April 2020

	Market value	% of net assets
BOV Growth Portfolio Fund	30.04.2020	
	€	
Exchange Traded Funds		
<i>Luxembourg</i>		
Lyxor EURO STOXX Banks DR UCITS	97,700	1.66
UBS ETF-MSCI Canada UCITS ETF	42,458	0.73
Quoted Local Equities		
BMIT Technologies p.l.c.	87,014	1.48
Main Street Complex p.l.c.	29,340	0.50
Quoted Corporate Bonds		
4.00% International Hotel Investments 2026	35,424	0.60
Collective Investment Schemes		
Morgan Stanley Investment Fund	760,458	12.91
Vilhena Euro Income Fund	364,550	6.19
Vilhena Global Themed Fund	193,202	3.28
Vilhena High Yield Fund	61,244	1.04
Derivatives – Forward Foreign Exchange Contracts		
	Fair Value	Notional Amount
Sale of United States Dollar against Euro maturing on 03 June 2020	(43,197)	1,827,094 (0.73)

Statement of Changes in the Composition of the Portfolios

The composition of the portfolios, detailed in the Portfolio Statements on pages 38 to 41, in comparison with the Portfolio Statements as at 30 April 2020 stood as follows:

	% of net assets 30.04.2020	% of net assets 30.04.2019
BOV Conservative Portfolio		
Exchange Traded Funds	33.21	24.42
Quoted Local Corporate Bonds	0.47	0.93
Quoted Foreign Corporate Bonds	17.95	25.92
Quoted Foreign Government Bonds	-	2.19
Collective Investment Schemes	32.44	47.66
Forwards	(1.23)	(0.64)
BOV Balanced Portfolio		
Exchange Traded Funds	51.85	44.59
Quoted Local Corporate Bonds	0.57	0.58
Quoted Foreign Corporate Bonds	9.65	10.84
Quoted Foreign Government Bonds	-	2.14
Quoted Local Equities	1.09	1.46
Collective Investment Schemes	20.53	41.21
Forwards	(1.13)	(0.56)
BOV Growth Portfolio		
Exchange Traded Funds	57.66	58.59
Quoted Local Corporate Bonds	0.60	0.73
Quoted Foreign Government Bonds	-	1.35
Quoted Local Equities	1.98	3.17
Collective Investment Schemes	23.42	34.43
Forwards	(0.73)	(0.31)

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 2020, there were no breaches of the standard license conditions with the exception that during August 2018, a number of extra units were erroneously sold in all the three sub-funds of the BOV Investment Funds due to a technical error. The matter was rectified immediately and the three sub-funds of the BOV Investment Funds did not bear any losses. There were no other breaches of regulatory requirements which were subject to an administrative penalty or regulatory sanctions.

3. UP-FRONT FEES, EXIT & OTHER FEES

Fund	Upfront Fees	Exit Fees	Service Fee	Administration Fee	Custody Fee
BOV Conservative Portfolio Fund	0	0	0.35	0.10	0.03
BOV Balanced Portfolio Fund	0	0	0.35	0.10	0.03
BOV Growth Portfolio Fund	0	0	0.35	0.10	0.03

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	0.99%
BOV Balanced Portfolio Fund	1.05%
BOV Growth Portfolio Fund	1.33%

5. NOTIONAL EXPOSURES

As at 30 April 2020, 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 realize 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.

Information about the Funds (continued)

6. RISK FACTORS (continued)

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.

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.

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.

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

Information about the Funds (continued)

6. RISK FACTORS (continued)

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.

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

Information about the Funds (continued)

6. RISK FACTORS (continued)

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.

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.

Information about the Funds (continued)

6. RISK FACTORS (continued)

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.

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,

Information about the Funds (continued)

6. RISK FACTORS (continued)

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.

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

Information about the Funds (continued)

6. RISK FACTORS (continued)

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.

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.

Depository Receipts

The Fund may invest (either directly or through collective investment schemes) in American depository receipts, global depository receipts, and European depository receipts (collectively, "Depository Receipts"). Depository Receipts generally evidence an ownership interest in a corresponding foreign security on deposit with a financial institution. Because the value of Depository Receipts will be dependent upon the market price of an underlying equity security, such Depository Receipts are subject

Information about the Funds (continued)

6. RISK FACTORS (continued)

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.

Remuneration Policy of the Investment Manager

The members of identified staff and other employees of the Investment Manager are compensated through a fixed salary which is paid in cash. None of the members of the staff are entitled to performance based or variable components of remuneration; hence the rules relating to variable remuneration are not applicable. There is also no separate remuneration committee. This remuneration structure is justifiable and proportionate on the basis of an assessment of size, internal organisation as well as the nature, scope and complexity of the activities the Investment Manager carries out.

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



**DIRECTORS' CONFIRMATION PURSUANT TO APPENDIX 2 OF THE INVESTMENT SERVICES
RULES FOR RETAIL COLLECTIVE INVESTMENT SCHEMES**

To the Malta Financial Services Authority

On behalf of the Board of Directors of BOV Asset Management Limited ("the Company"), we the undersigned as duly authorised, hereby confirm that the Board of Directors of the Company is responsible for the preparation of the Annual Report and Financial Statements of the BOV Investment Funds for the year ended 30 April 2020 and confirm that to the best of our knowledge:

- (i) It is complete and accurate in all material respects and conforms with the MFSA's requirements in terms of the Scheme's Licence Conditions; and
- (ii) Any disclosures of the Scheme's past performance are accurate and in conformity with the MFSA's applicable requirements.



John Cassar White
Chairman



Frances Mifsud
Director

Dated this the 5th day of August 2020