

# **BOV INVESTMENT FUNDS**

**Annual Report and Audited Financial Statements 2021**

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Annual Report and Audited Financial Statements

For the year ended 30 April 2021

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## Management and Administration

<b>INVESTMENT MANAGER</b>	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>
<b>FUND ADMINISTRATOR</b>	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>
<b>CUSTODIAN AND BANKER</b>	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>
<b>AUDITORS</b>	PricewaterhouseCoopers 78, Mill Street, Central Business District, Qormi CBD 5090, Malta
<b>LEGAL ADVISORS</b>	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 2021, 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

2020 has been a challenging year with the many new and unfamiliar situations that the world has had to quickly adapt to. Almost overnight, the world had to adjust to a new way of living and working which has seen nearly every industry affected. The unprecedented global public health crisis spawned by the COVID-19 pandemic disrupted economies, governments and societies in general; reduced fossil fuel consumption and emissions, and accelerated calls for tangible climate actions; and launched a historic period of civil unrest as widespread protests unfurled around the world.

At the onset of the coronavirus' geographical spread in late February and early March, markets began to feel the outbreak's initial implications for global trade—affecting oil and commodities to freight and logistics and more. China's manufacturing output and consumer activity dampened dramatically before countries around the world began implementing lockdowns to contain the spread of the virus, which ultimately constricted global activity. Throughout the entirety of 2020, the global economic downturn depleted international trade as a result of the disruption to activity and supply chains and changes in the structure of demand.

Financial market investors were all faced with a flurry of mixed signals coming from the markets with intense volatility. The global lockdowns throughout 2020 saw cars parked, planes grounded, the lowest petroleum consumption in decades and storage tanks reaching capacity. Tensions between Saudi Arabia and Russia triggered an oil price war that, combined with the lockdowns' depletion of demand, ultimately sent the West Texas Intermediate crude oil benchmark price into negative territory for the first time in history.

The COVID-19 pandemic revealed systemic weaknesses in the global supply chains that bring foot to markets. The crisis caused significant labour shortages, production facility closures, and changes in demand that threatened the successful functioning of such critical infrastructure. Global farming was burdened by falling commodity prices, labour shortages, and difficulties related to planting, harvesting, and transporting crops as COVID-19 tightened its grip on the world.

Following his victory in the U.S. elections, President Biden has announced sweeping plans for a clean energy revolution, but without a Democrat-controlled Senate, his climate agenda will likely be limited. The stakes are high for the U.S. energy and commodities sectors as the new administration is expected to bring a different approach to shaping energy, climate, and trade policy. Biden's announcement that he will re-enter the U.S. into the Paris Climate Agreement raised hopes that the move will create momentum to fight climate change and advance technological innovation. The president also unveiled key nominations and appointments to his climate change team, confirming reports on his choices for major cabinet positions that will be instrumental to his plans for slashing carbon dioxide emissions nationwide.

Throughout the crisis, while the price of oil plunged and equities benchmarks skyrocketed and sunk, gold emerged as a safe haven for investors. Gold's rising market price, massive secondary supply, and quarter-on-quarter successes largely cemented its shining status as uncertainty prevailed. However, by the end of the year, gold's status began to waver as positive news regarding COVID-19 vaccines and relative calm surrounding the outcome of the U.S. elections dampened some of the enthusiasm.

The COVID-19 pandemic has placed much of the hope of returning back to normal on the pharmaceutical industry to develop treatments and vaccines. Following the completion of several stages of clinical trials, safe and effective vaccines developed in record time by Moderna Inc. and Pfizer Inc. have left warehouses and started being distributed to the public worldwide. The next crucial steps toward a new normal and economic recovery will be widespread availability, distribution, and administration. Healthcare executives, however, say building trust with the public is the next hurdle in combating the pandemic. Following decades of consolidation, the global vaccine market offers stable and healthy revenue growth, significant barriers to entry, and good profitability, broadly comparable with the broader pharmaceutical industry. Overall, 2020 has proven to be one of the most sizeable periods of change and disruption in recent history. It has been a year to remember for both financial markets and investors alike.

In view of developing news on the Coronavirus outbreak globally, 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

## Investment Manager's Report (continued)

assets including short-dated Treasuries, Maltese fixed income securities and gold.

The stock market's strength during the first quarter of 2021 was driven by more hopeful expectations for the economy in 2021. Over the course of the quarter, estimates for 2021 GDP consistently increased from 4% to over 6.5%. Corporate earnings reports during the quarter handily exceeded estimates, finishing 24% EPS. There was also a record number of upward corporate earnings guidance revisions, with expectations now calling for over 20% S&P 500 EPS growth for the first quarter. Small cap stocks which are typically more economically sensitive, outperformed larger stocks. Bond yields increased (and prices decreased) due to heightened inflation expectations, but the very accommodating Federal Reserve pledged to maintain its policy of near-zero short-term interest rates, given its forecast for employment and inflation conditions. The yield on the Ten-Year Treasury steadily increased from 0.91% to 1.75%, without negatively impacting equities.

In addition to the outperformance of small caps and the thirsty for speculation, the rotation to "Value" from "Growth" across all market caps was the other dominant trading theme. The Energy and Financial sectors were key contributors to that shift. The markets will continue to be focused on the trajectory of the pandemic as the race between vaccinations and COVID-19 variants will drive the robustness of the economic recovery.

Fund activity throughout most of 2021 focused on rebalancing equity exposures towards "Value" whilst creating a blended strategy particularly for the BOV Balanced Portfolio Fund and BOV Growth Portfolio Fund. The BOV Conservative Portfolio fund retained its conservative strategy, albeit to a lesser extent when compared to the previous year, in view of the elevated levels of volatility in financial markets. Within the fixed income space, exposures were focused on European fixed income as opposed to US Fixed Income due to better spread opportunities within the European markets and the lower probability of monetary policy tapering happening in the short term. Exposure to alternative assets, particularly gold, was still retained as a core asset class and risk diversifier within the three Portfolio funds. The Investment Manager is also looking at new investment opportunities in line with the optimistic outlook brought about by the fast vaccine rollouts throughout the developed economies. In particular, the Investment Manager is looking at opportunities within the small caps equity market, convertible bond market and also third-party fund managers specialising in specific equity sectors.

## 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 year from 1 May 2020 to 30 April 2021, the unit price of the BOV Conservative Portfolio Fund accumulator class of units increased by 1.40% from €0.996 to €1.010.

#### Fund Performance - Distributor Class of Shares

During the year from 1 May 2020 to 30 April 2021, the unit price of the BOV Conservative Portfolio Fund accumulator class of units decreased by 0.43% from €0.925 to €0.921.

#### Income Distribution

The dividend declared during the period ended 30 April 2021 in respect of the distributor class of units is listed under note 10 of the financial statements.

**Investment Manager's Report (continued)****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 2020 to 30 April 2021, the share price of the BOV Balanced Portfolio Fund accumulator class of shares increased by 17.59% from €1.012 to €1.190.

**Fund Performance – Distributor Class of Units**

During the year from 1 May 2020 to 30 April 2021, the share price of the BOV Balanced Portfolio Fund accumulator class of shares increased by 16.00% from €0.969 to €1.124.

**Income Distribution**

The dividend declared during the year ended 30 April 2021 in respect of the distributor class of units is listed under note 10 of the financial statements.

**BOV Growth Portfolio Fund****Investment Objective**

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

**Fund Performance**

During the year from 1 May 2020 to 30 April 2021, the unit price of the BOV Growth Portfolio Fund accumulator class of units increased by 22.77% from €0.983 to €1.256.

*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: BOV Asset Management Limited, Bloomberg)*



## *Independent auditor's report*

To the Directors of BOV Asset Management Limited

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion:

- the financial statements give a true and fair view of the financial position of BOV Investment Funds (the Funds) as at 30 April 2021, 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 2021;
- 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.

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



## *Independent auditor's report - continued*

To the Directors of BOV Asset Management Limited

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### *Other information*

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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### *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.

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### *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 Directors of BOV Asset Management Limited

### *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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Funds' ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Funds' trade, customers and suppliers, and the disruption to its business and the overall economy.
- 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.

### *Other matter – use of this report*

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

#### **PricewaterhouseCoopers**

78, Mill Street  
Zone 5, Central Business District  
Qormi CBD 5090  
Malta

Lucienne Pace Ross  
Partner  
19 August 2021



# BOV

## Bank of Valletta

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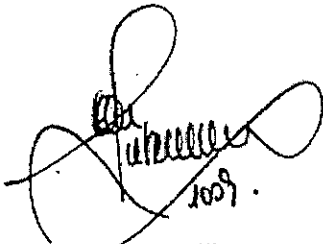
19<sup>th</sup> August 2021

## BOV Investment Funds

### Report of the Custodian

We, Bank of Valletta p.l.c., as Custodian to the BOV Investment Funds ("the Fund"), hereby confirm that having enquired into the conduct of the Manager during the year ended 30<sup>th</sup> April 2021, it is our opinion that during this period, the Funds have been managed:

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



Kevin Portelli  
Head – Custody Services  
Bank of Valletta plc



## Financial Statements

### STATEMENTS OF FINANCIAL POSITION

as at 30 April 2021

Notes	BOV Conservative Portfolio 30.04.2021	BOV Conservative Portfolio 30.04.2020	BOV Balanced Portfolio 30.04.2021	BOV Balanced Portfolio 30.04.2020	BOV Growth Portfolio 30.04.2021	BOV Growth Portfolio 30.04.2020
	€	€	€	€	€	€
<b>Assets</b>						
Financial assets at fair value through profit or loss	3 45,597,890	40,218,804	14,515,088	9,545,501	7,248,556	4,927,356
Accrued income	5 120,221	106,231	7,038	16,811	443	4,244
Other receivables and prepayments	4 -	201	-	5,008	-	390
Cash and cash equivalents	13 3,723,617	8,710,679	295,464	1,998,640	52,888	1,007,041
<b>Total assets</b>	<b>49,441,728</b>	<b>49,035,915</b>	<b>14,817,590</b>	<b>11,565,960</b>	<b>7,301,887</b>	<b>5,939,031</b>
<b>Liabilities</b>						
Financial liabilities at fair value through profit or loss	3 -	588,111	-	129,297	-	43,197
Accrued expenses	6 42,422	36,873	14,626	10,632	8,765	6,284
Other payables	6 463,400	570,925	25,103	20,032	10,353	-
<b>Total liabilities</b>	<b>505,822</b>	<b>1,195,909</b>	<b>39,729</b>	<b>159,961</b>	<b>19,138</b>	<b>49,481</b>
<b>Net assets attributable to unitholders</b>	<b>48,935,906</b>	<b>47,840,006</b>	<b>14,777,861</b>	<b>11,405,999</b>	<b>7,282,749</b>	<b>5,889,550</b>
<b>Units in issue</b>						
Accumulator	7 24,069,862.70	23,916,254.52	10,819,795.16	10,082,080.66	5,799,712.99	5,994,905.38
Distributor	7 26,741,302.12	25,957,040.61	1,696,863.69	1,242,687.46	-	-
<b>Net asset value per unit - Accumulator/Distributor</b>	<b>1.010/0.921</b>	<b>0.996/0.925</b>	<b>1.190/1.124</b>	<b>1.012/0.969</b>	<b>1.256</b>	<b>0.983</b>

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 19 August 2021 and were signed on its behalf by:

Simon Azzopardi  
Director  
BOV Asset Management Limited

Mario Grima  
Director  
BOV Asset Management Limited

## Financial Statements

### STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS for the year ended 30 April 2021

	BOV Conservative Portfolio	BOV Conservative Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Growth Portfolio	BOV Growth Portfolio
	01.05.2020 - 30.04.2021	01.05.2019 - 30.04.2020	01.05.2020 - 30.04.2021	01.05.2019 - 30.04.2020	01.05.2020 - 30.04.2021	01.05.2020 - 30.04.2021	01.05.2019 - 30.04.2020
	€	€	€	€	€	€	€
Net assets at the beginning of the year	47,840,006	49,865,365	11,405,999	11,517,970	5,889,550	5,086,887	
Issue of units during the year	4,995,535	5,211,188	3,126,324	2,013,887	1,029,991	1,874,843	
Redemption of units during the year	(4,114,237)	(6,242,655)	(1,799,058)	(1,944,829)	(1,248,311)	(759,484)	
Net equalisation	12,554	(15,800)	11,203	(869)	(7)	1,833	
Net (decrease)/increase in net assets attributable to unitholders during the year	202,048	(978,092)	2,033,393	(180,160)	1,611,526	(314,529)	
<b>Net assets at the end of the year</b>	<b>48,935,906</b>	<b>47,840,006</b>	<b>14,777,861</b>	<b>11,405,999</b>	<b>7,282,749</b>	<b>5,889,550</b>	

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

## Financial Statements

### STATEMENTS OF COMPREHENSIVE INCOME for the year ended 30 April 2021

	BOV Conservative Portfolio	BOV Conservative Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Growth Portfolio	BOV Growth Portfolio
	01.05.2020 - 30.04.2021	01.05.2019 - 30.04.2020	01.05.2020 - 30.04.2021	01.05.2019 - 30.04.2020	01.05.2020 - 30.04.2021	01.05.2019 - 30.04.2020
Notes	€	€	€	€	€	€
<b>Income</b>						
Interest income from investments	363,454	441,089	13,142	47,948	1,346	1,566
Dividend income	536,573	696,270	166,852	145,989	40,747	56,333
Other income	882	984	207	289	119	226
Net fair value movements on financial instruments at fair value through profit or loss	58,838	(1,157,129)	1,984,466	(257,777)	1,636,428	(305,871)
<b>Total net income/(loss)</b>	<b>959,747</b>	<b>(18,786)</b>	<b>2,164,667</b>	<b>(63,551)</b>	<b>1,678,640</b>	<b>(247,746)</b>
<b>Expenses</b>						
Service fees	171,068	177,110	44,962	41,422	22,868	20,321
Custodian fees	19,494	22,210	13,458	12,217	12,733	11,717
Administration fees	44,099	45,325	12,845	11,846	11,000	11,030
Transaction costs	11,351	103,367	11,707	12,495	6,843	11,670
Other operating expenses	48,673	38,203	19,524	16,056	13,478	9,801
<b>Total operating expenses</b>	<b>294,685</b>	<b>386,215</b>	<b>102,496</b>	<b>94,036</b>	<b>66,922</b>	<b>64,539</b>
<b>Operating profit/(loss)</b>	<b>665,062</b>	<b>(405,001)</b>	<b>2,062,171</b>	<b>(157,587)</b>	<b>1,611,718</b>	<b>(312,285)</b>
Finance costs - distributions to unitholders	(463,400)	(570,925)	(25,103)	(20,032)	-	-
Withholding tax	386	(2,166)	(3,675)	(2,541)	(192)	(2,244)
<b>Increase/(decrease) in net assets attributable to unitholders</b>	<b>202,048</b>	<b>(978,092)</b>	<b>2,033,393</b>	<b>(180,160)</b>	<b>1,611,526</b>	<b>(314,529)</b>

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

## Financial Statements

### STATEMENTS OF CASH FLOWS for the year ended 30 April 2021

	BOV Conservative Portfolio	BOV Conservative Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Growth Portfolio	BOV Growth Portfolio
	01.05.2020 - 30.04.2021	01.05.2019 - 30.04.2020	01.05.2020 - 30.04.2021	01.05.2019 - 30.04.2020	01.05.2020 - 30.04.2021	01.05.2019 - 30.04.2020
	€	€	€	€	€	€
<b>Cash flows from operating activities</b>						
Net interest and other income received	350,346	487,707	25,025	49,212	1,640	1,671
Dividend income received	536,573	696,270	164,949	142,416	44,373	53,347
Operating expenses paid	(277,584)	(287,630)	(81,787)	(86,936)	(57,188)	(53,275)
Taxation refund/(paid)	386	(2,166)	(3,675)	(2,541)	(192)	(2,244)
Net (purchases)/disposals of financial assets and settlement of financial liabilities	(5,919,710)	9,235,751	(3,126,126)	1,881,843	(734,813)	(206,551)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(5,309,989)</b>	<b>10,129,932</b>	<b>(3,021,614)</b>	<b>1,983,994</b>	<b>(746,180)</b>	<b>(207,052)</b>
<b>Cash flows from financing activities</b>						
Proceeds from creation of units	5,021,944	5,230,139	3,141,158	2,004,424	1,030,225	1,877,414
Payment on redemptions of units	(4,128,092)	(6,277,406)	(1,802,688)	(1,981,965)	(1,238,198)	(760,223)
Distributions paid	(570,925)	(631,336)	(20,032)	(23,943)	-	-
<b>Net cash flows generated from/(used in) financing activities</b>	<b>322,927</b>	<b>(1,678,603)</b>	<b>1,318,438</b>	<b>1,484</b>	<b>207,973</b>	<b>1,117,191</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,987,062)</b>	<b>8,451,329</b>	<b>(1,703,176)</b>	<b>1,982,510</b>	<b>954,153</b>	<b>910,139</b>
Cash and cash equivalents at beginning of the year	8,710,679	259,350	1,998,640	16,130	1,007,041	96,902
<b>Cash and cash equivalents at end of the year</b>	<b>3,723,617</b>	<b>8,710,679</b>	<b>295,464</b>	<b>1,998,640</b>	<b>52,888</b>	<b>1,007,041</b>

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 2021, 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 2021, 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 2021	% of net assets 2021	Fair value 2020	% of net assets 2020
	€		€	
<i>Financial assets at fair value through profit or loss</i>				
Quoted local corporate bonds	1,348,829	2.76	224,629	0.47
Quoted foreign corporate bonds	8,074,264	16.50	8,588,181	17.95
Collective investment schemes	15,055,711	30.77	15,764,664	32.44
Exchange traded funds	21,084,470	43.09	15,886,330	33.21
Forward foreign exchange contracts	34,616	0.07	-	-
	<b>45,597,890</b>	<b>93.19</b>	<b>40,218,804</b>	<b>84.07</b>
<i>Financial liabilities at fair value through profit or loss (derivatives)</i>				
Forward foreign exchange contracts	-	-	588,111	1.23

## 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
	2021	assets	2020	assets
	€	2021	€	2020
<i>Financial assets at fair value through profit or loss</i>				
Quoted local equities	132,399	0.90	124,524	1.09
Quoted local corporate bonds	66,584	0.45	64,550	0.57
Quoted foreign corporate bonds	-	-	1,100,816	9.65
Collective investment schemes	2,744,289	18.57	2,342,086	20.53
Exchange traded funds	11,562,450	78.24	5,913,525	51.85
Forward foreign exchange contracts	9,366	0.06	-	-
	<b>14,515,088</b>	<b>98.22</b>	<b>9,545,501</b>	<b>83.69</b>
<i>Financial liabilities at fair value through profit or loss (derivatives)</i>				
Forward foreign exchange contracts	-	-	129,297	1.13
<b>BOV Growth Portfolio Fund</b>				
	Fair value	% of net	Fair value	% of net
	2021	assets	2020	assets
	€	2021	€	2020
<i>Financial assets at fair value through profit or loss</i>				
Quoted local equities	30,677	0.42	116,354	1.98
Quoted local corporate bonds	30,146	0.41	35,424	0.60
Collective investment schemes	1,572,869	21.60	1,379,454	23.42
Exchange traded funds	5,610,700	77.04	3,396,124	57.66
Forward foreign exchange contracts	4,164	0.06	-	-
	<b>7,248,556</b>	<b>99.53</b>	<b>4,927,356</b>	<b>83.66</b>
<i>Financial liabilities at fair value through profit or loss (derivatives)</i>				
Forward foreign exchange contracts	-	-	15,687	0.31

## 4. OTHER RECEIVABLES AND PREPAYMENTS

	BOV Conservative Portfolio Fund 2021 €	BOV Balanced Portfolio Fund 2021 €	BOV Growth Portfolio Fund 2021 €
Other receivables and prepayments	-	-	-
	2020 €	2020 €	2020 €
Other receivables and prepayments	201	5,008	390

**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 2021 €	BOV Balanced Portfolio Fund 2021 €	BOV Growth Portfolio Fund 2021 €
<i>Accrued expenses</i>			
Service fees	16,454	4,835	2,397
Administration fees	4,242	1,380	1,055
Custodian fees	2,439	1,730	1,584
Other expenses	19,287	6,681	3,749
	<u>42,422</u>	<u>14,626</u>	<u>8,785</u>
<i>Other payables</i>			
Outstanding redemptions	-	-	10,353
Distribution payable	463,400	25,013	-
Distribution payable	<u>463,400</u>	<u>25,013</u>	<u>10,353</u>
	2020 €	2020 €	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>	-

**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 2021	BOV Balanced Portfolio Fund 2021	BOV Growth Portfolio Fund 2021
<b>Accumulator units in issue at beginning of year</b>	<b>23,916,254.525</b>	<b>10,082,080.662</b>	<b>5,994,905.384</b>
<b>Distributor units in issue at beginning of year</b>	<b>25,957,040.613</b>	<b>1,242,687.460</b>	<b>-</b>
Creation of Accumulator units	2,847,074.368	2,255,941.870	919,201.539
Creation of Distributor units	2,270,656.775	569,916.455	-
Redemption of Accumulator units	(2,693,466.195)	(1,518,227.371)	(1,114,393.937)
Redemption of Distributor units	(1,486,395.266)	(115,740.220)	-
<b>Accumulator units in issue at end of year</b>	<b>24,069,862.698</b>	<b>10,819,795.161</b>	<b>5,799,712.986</b>
<b>Distributor units in issue at end of year</b>	<b>26,741,302.122</b>	<b>1,696,863.695</b>	<b>-</b>
	2020	2020	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 period	23,916,254.525	10,082,080.662	5,994,905.384
Distributor units in issue at end of period	25,957,040.613	1,242,687.460	-

*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:

	<b>BOV Conservative Portfolio Fund 2021 €</b>	<b>BOV Balanced Portfolio Fund 2021 €</b>	<b>BOV Growth Portfolio Fund 2021 €</b>
Net assets attributable to holders of redeemable units ( <i>at trading value</i> )	48,938,617	14,780,572	7,285,460
Adjustment for organisation costs	(2,711)	(2,711)	(2,711)
Net assets attributable to holders of redeemable units ( <i>as per statement of financial position</i> )	<b>48,935,906</b>	<b>14,777,861</b>	<b>7,282,749</b>
	2020 €	2020 €	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> )	<b>47,840,006</b>	<b>11,405,999</b>	<b>5,889,550</b>

### 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 2021 and 2020 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 2021 and 2020 are disclosed in the Statements of Comprehensive Income. The outstanding balance as at year-end is disclosed in note 6.

#### c) Custodian fees

Effective 1 January 2021, Bank of Valletta p.l.c. is entitled to receive custody fees of 0.05% (previously 0.03%) per annum of the NAV of the sub-funds, subject to a minimum fee of €60,000 (previously €10,000) per annum per sub-fund.

Fees incurred during the years ended 30 April 2021 and 2020 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 2021 and 2020 relate to:

	2021	2020
	€	€
Annual statutory audit	15,000	14,000
Other assurance services	4,000	4,000
Tax and compliance services	1,500	1,500
	<u>20,500</u>	<u>19,500</u>

### 10. DISTRIBUTIONS TO UNITHOLDERS

Distributions reflected in the relative Statements of Comprehensive Income for year ended 30 April 2021 and 2020:

	Ex-dividend date	Rate per share	Amount
<b>BOV Conservative Portfolio Fund</b>	<b>28 April 2021</b>	<b>0.017329</b>	<b>463,400</b>
<b>BOV Balanced Portfolio Fund</b>	<b>28 April 2021</b>	<b>0.014794</b>	<b>25,103</b>
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

All income attributable to the distributor units has been declared and the distribution payable as at 30 April 2021 and 2020 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.:

	<b>30.04.2021</b>	30.04.2020
	€	€
BOV Conservative Portfolio Fund	<b>3,723,617</b>	8,710,679
BOV Balanced Portfolio Fund	<b>295,464</b>	1,998,640
BOV Growth Portfolio Fund	<b>52,888</b>	1,007,041

As at 30 April 2021, 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:

	<b>BOV Conservative Portfolio Fund 30.04.2021 Number of shares</b>	<b>BOV Balanced Portfolio Fund 30.04.2021 Number of shares</b>	<b>BOV Growth Portfolio Fund 30.04.2021 Number of shares</b>
Euro Income Fund B1 - Accumulator	-	-	34,754.288
Euro Income Fund B2 - Monthly Distributor	<b>1,537,725.205</b>	<b>191,116.753</b>	-
Global Themed Fund - USD Class	-	<b>176,667.095</b>	<b>156,577.235</b>
High Yield Fund - EUR Class	-	-	<b>101,479.110</b>
Malta Bond Fund - Distributor	<b>16,452.985</b>	-	-
Malta Fund - Distributor	<b>1,131.135</b>	-	-
Sterling Income Fund	<b>1,547,037.812</b>	<b>200,614.470</b>	-
	30.04.2020 Number of shares	30.04.2020 Number of shares	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	-

- (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:

	30.04.2021 €	% of net assets	30.04.2020 €	% of net assets
BOV Conservative Portfolio Fund	3,723,617	7.61	8,710,679	18.20
BOV Balanced Portfolio Fund	295,464	2.00	1,998,640	17.52
BOV Growth Portfolio Fund	52,888	0.73	1,007,041	17.09

### 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.

	30.04.2021 % of net assets	30.04.2020 % of net assets
BOV Conservative Portfolio Fund	73.86	65.65
BOV Balanced Portfolio Fund	97.71	73.47
BOV Growth Portfolio Fund	99.06	83.06

##### *(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)

<b>30 April 2021</b>		<b>GBP</b>	<b>USD</b>
<b>BOV Conservative Portfolio Fund</b>	<b>Functional</b>	<b>% of net</b>	<b>% of net</b>
	<b>currency</b>	<b>assets</b>	<b>assets</b>
Total financial assets	€	3.77	50.71
Financial derivative instruments (FX forwards)		(2.94)	(49.20)
Net exposure		<u>0.83</u>	<u>1.51</u>
<b>30 April 2020</b>		<b>GBP</b>	<b>USD</b>
	<b>Functional</b>	<b>% of net</b>	<b>% of net</b>
	<b>currency</b>	<b>assets</b>	<b>assets</b>
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>
<b>30 April 2021</b>		<b>GBP</b>	<b>USD</b>
<b>BOV Balanced Portfolio Fund</b>	<b>Functional</b>	<b>% of net</b>	<b>% of net</b>
	<b>currency</b>	<b>assets</b>	<b>assets</b>
Total financial assets	€	3.28	63.29
Financial derivative instruments (FX forwards)		(2.33)	(44.95)
Net exposure		<u>0.95</u>	<u>18.34</u>
<b>30 April 2020</b>		<b>GBP</b>	<b>USD</b>
	<b>Functional</b>	<b>% of net</b>	<b>% of net</b>
	<b>currency</b>	<b>assets</b>	<b>assets</b>
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>
<b>30 April 2021</b>		<b>GBP</b>	<b>USD</b>
<b>BOV Growth Portfolio Fund</b>	<b>Functional</b>	<b>% of net</b>	<b>% of net</b>
	<b>currency</b>	<b>assets</b>	<b>assets</b>
Total financial assets	€	2.09	73.63
Financial derivative instruments (FX forwards)		(0.95)	(44.46)
Net exposure		<u>1.14</u>	<u>29.17</u>
<b>30 April 2020</b>		<b>GBP</b>	<b>USD</b>
<b>BOV Growth Portfolio Fund</b>	<b>Functional</b>	<b>% of net</b>	<b>% of net</b>
	<b>currency</b>	<b>assets</b>	<b>assets</b>
Total financial assets	€	-	75.92
Financial derivative instruments (FX forwards)		-	(31.76)
Net exposure		<u>-</u>	<u>44.16</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.

	<b>Assets held at fixed rates 30.04.2021 % of NAV</b>	<b>Assets held at variable rates 30.04.2021 % of NAV</b>
BOV Conservative Portfolio Fund	19.26	7.61
BOV Balanced Portfolio Fund	0.45	2.00
BOV Growth Portfolio Fund	0.41	0.73
	<b>30.04.2020 % of NAV</b>	<b>30.04.2020 % of NAV</b>
BOV Conservative Portfolio Fund	18.42	18.20
BOV Balanced Portfolio Fund	10.22	17.52
BOV Growth Portfolio Fund	0.60	17.09

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 2021

	<b>up to 1 year €</b>	<b>1 to 5 years €</b>	<b>More than 5 years €</b>
BOV Conservative Portfolio Fund	985,449	7,103,836	1,333,808
BOV Balanced Portfolio Fund	-	-	66,584
BOV Growth Portfolio Fund	-	-	30,146

##### Maturities of debt securities as at 30 April 2020

	<b>up to 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
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

## 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 2021
BOV Conservative Portfolio Fund	3.064
BOV Balanced Portfolio Fund	9.987
BOV Growth Portfolio Fund	16.270
	Value at Risk (1 Month) – 99% Conf. Level as at 30 April 2020
Fund	
BOV Conservative Portfolio Fund	2.124
BOV Balanced Portfolio Fund	5.567
BOV Growth Portfolio Fund	9.379

## 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 €
<b>2021</b>			
Debt securities	9,423,093	66,584	30,146
A	1.06%	-	-
BBB	15.00%	-	-
BB	0.44%	-	-
Not Rated	2.76%	0.45%	0.41%
	BOV Conservative Portfolio Fund €	BOV Balanced Portfolio Fund €	BOV Growth Portfolio Fund €
<b>2020</b>			
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%

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 2021 and 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 2021 and 2020, 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 (continued)*

<b>BOV Growth Portfolio Fund</b>	Level 1	Level 2	Total
As at 30 April 2020	€	€	€
<b>Assets</b>			
<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
	<u>4,862,592</u>	<u>64,764</u>	<u>4,927,356</u>
<b>Liabilities</b>			
<i>Fair value through profit or loss</i>			
Foreign exchange contracts	-	(43,197)	(43,197)
		<u>(43,197)</u>	<u>(43,197)</u>

**15. SUBSEQUENT EVENTS**

There are no subsequent events which impact the financial statements as at 30 April 2021.

**Portfolio Statements**

30 April 2021

<b>BOV Conservative Portfolio Fund</b>	<b>Market value</b>	<b>% of net assets</b>
	<b>30.04.2021</b>	
	<b>€</b>	
<b>Exchange Traded Funds</b>		
<i>France</i>		
Lyxor EURO STOXX Banks DR UCITS	765,175	1.56
Lyxor Stoxx Europe 600 Travel&Leisure UCITS ETF A	701,748	1.43
<i>Germany</i>		
iShares Global Corp Bond EUR H	3,257,060	6.66
SPDR Bloomberg Barclays 3-10 Y	2,238,567	4.58
SPDR Bloomberg US Treasury	1,922,794	3.93
Xtrackers MSCI World Consumer	627,328	1.28
<i>Netherlands</i>		
SPDR MSCI World Financials UCITS	757,176	1.55
SPDR MSCI World Technology UCITS	437,111	0.89
<i>United Kingdom</i>		
iShares Corp Bond Large Cap UCITS ETF EUR (Dist)	1,454,018	2.97
iShares EURO Infl-Lkd Govt	521,206	1.07
iShares Physical Gold ETC	2,071,883	4.23
iShares USD Corp Bond UCITS ETF USD Dist	4,606,238	9.42
iShares USD Treasury 1-3Y	954,162	1.95
L&G ROBO GI Robotics and Automation UCITS ETF	397,292	0.81
WisdomTree Cloud Computing UCITS ETF USD Acc	372,714	0.76
<b>Quoted Local Corporate Bonds</b>		
3.25% APS Bank p.l.c. 2030	516,500	1.06
4.00% Cablenet Communications Systems p.l.c. 2030	604,498	1.24
4.00% International Hotel Investments 2026	191,429	0.39
5.75% International Hotel Investments 2025	8,487	0.02
6.00% International Hotel Investments 2024	6,534	0.01
4.35% SD Finance p.l.c. 2027	21,381	0.04
<b>Quoted Foreign Corporate Bonds</b>		
4.75% Abn Amro Bank NV 2025	549,859	1.12
4.38% Barclays p.l.c. 2024	216,416	0.44
2.75% Enel Fin Intl NV 2023	172,569	0.35
4.25% Gen Motors Fin 2023	734,333	1.50
4.88% General Motors 2023	403,117	0.82
4.25% Goldman Sachs GP 2025	1,302,270	2.67
4.88% Morgan Stanley 2022	1,059,055	2.17
5.00% Morgan Stanley 2025	992,074	2.03
4.25% Nordea Bank AB 2022	518,385	1.06
3.25% Societe Generale 2022	985,449	2.01
5.00% Societe Generale 2024	1,140,737	2.33

**Portfolio Statements - continued**

30 April 2021

<b>Conservative Portfolio Fund</b>	<b>Market value</b>	<b>%</b>
	<b>30.04.2021</b>	<b>of net</b>
	<b>€</b>	<b>assets</b>
<b>Collective Investment Schemes</b>		
Fidelity Funds - Euro Corporate Bond Y-QDIST-EUR	2,906,399	5.94
Vilhena Euro Income Fund	4,106,495	8.39
Vilhena Malta Bond Fund	5,632,367	11.52
Vilhena Malta Fund	579,520	1.18
Vilhena Sterling Income Fund	1,830,930	3.74
<b>Derivatives – Forward Foreign Exchange Contracts</b>		
	<b>Fair Value</b>	<b>Notional Amount</b>
Sale of Sterling against Euro maturing on 25 May 2021	5,117	1,442,194
Sale of United States Dollar against Euro maturing on 25 May 2021	29,499	24,108,104
		0.01
		0.06
<b>BOV Balanced Portfolio Fund</b>		
<b>Exchange Traded Funds</b>		
<i>France</i>		
Amundi MSCI Nordic UCITS ETF - EUR ©	305,406	2.07
Lyxor Stoxx Europe 600 Constr&Materials UCITS ETF	108,340	0.73
Lyxor STOXX Europe 600 Insurance UCITS ETF - Acc	218,575	1.48
Lyxor Stoxx Europe 600 Travel&Leisuure UCITS ETF A	201,548	1.36
<i>Germany</i>		
iShares Global Corp Bond EUR H	1,668,232	11.29
iShares S&P US Banks UCITS ETF USD Acc	291,951	1.98
iShares STOXX Europe 600 Automobiles & Parts (DE)	196,238	1.33
SPDR Bloomberg Barclays 3-10 Y	279,903	1.89
SPDR Global Real Estate	68,597	0.46
SPDR S&P 500 UCITS ETF	485,607	3.29
Xtrackers MSCI World Consumer	221,301	1.50
Xtrackers MSCI World Consumer Staple	91,086	0.62
Xtrackers MSCI World UCITS ETF	600,604	4.06
<i>Netherlands</i>		
iShares MSCI World Energy Sector UCITS ETF USD Dis	111,304	0.75
SPDR MSCI World Financials UCITS	399,958	2.71
SPDR MSCI World Health Care	213,045	1.44
SPDR MSCI World Industrials UCITS	483,513	3.27
SPDR MSCI World Materials UCITS ETF	296,945	2.01
SPDR MSCI World Technology UCITS	474,336	3.21

**Portfolio Statements - continued**

30 April 2021

	Market value 30.04.2021 €	% of net assets
<b>BOV Balanced Portfolio Fund</b>		
<b>Exchange Traded Funds</b>		
<i>United Kingdom</i>		
iShares Corp Bond Large Cap UCITS ETF EUR (Dist)	501,482	3.39
iShares EURO Corp Bond 1-5 yr UCITS ETF EUR (Dist)	291,433	1.97
iShares EURO High Yield Corp Bd UCITS ETF EUR Dist	195,820	1.33
iShares EURO Infl-Lkd Govt	62,119	0.42
iShares FTSE 250 UCITS ETF GBP (Dist)	246,921	1.67
iShares Global Clean Energy UCITS ETF USD (Dist)	147,990	1.00
iShares Global HY Corp Bond UCITS ETF USD Dist	195,024	1.32
iShares NASDAQ US Biotechnology ETF USD Acc	198,821	1.35
iShares Physical Gold ETC	118,360	0.80
iShares USD Corp Bond UCITS ET	1,048,844	7.10
Vanguard FTSE Developed World	549,820	3.72
Vanguard USD Corporate Bond UCITS ETF USD Dis	1,289,327	8.72
<b>Quoted Local Equities</b>		
BMIT Technologies p.l.c.	104,232	0.71
Main Street Complex p.l.c.	28,167	0.19
<b>Quoted Local Corporate Bonds</b>		
4.00% International Hotel Investments 2026	66,584	0.45
<b>Collective Investment Schemes</b>		
Fidelity Funds - Euro Corporate Bond Y-QDIST-EUR	249,636	1.69
Morgan Stanley Investment Fund	1,469,005	9.94
Vilhena Euro Income Fund	510,377	3.45
Vilhena Global Themed Fund	277,842	1.88
Vilhena Sterling Income Fund	237,429	1.61
<b>Derivatives – Forward Foreign Exchange Contracts</b>		
	<b>Fair Value</b>	<b>Notional Amount</b>
Sale of Sterling against Euro maturing on 25 May 2021	1,228	346,127
Sale of United States Dollar against Euro maturing on 25 May 2021	8,138	6,650,511
		0.01
		0.05
<b>BOV Growth Portfolio Fund</b>		
<b>Exchange Traded Funds</b>		
<i>France</i>		
Amundi MSCI Nordic UCITS ETF - EUR ©	271,002	3.72
Lyxor EURO STOXX Banks DR UCITS	247,769	3.41
Lyxor STOXX Europe 600 Insurance UCITS ETF - Acc	161,746	2.22
Lyxor Stoxx Europe 600 Travel&Leisure UCITS ETF A	122,872	1.69

**Portfolio Statements - continued**

30 April 2021

	Market value 30.04.2021 €	% of net assets
<b>BOV Growth Portfolio Fund</b>		
<b>Exchange Traded Funds</b>		
<i>Germany</i>		
iShares Global Corp Bond EUR H	344,262	4.73
iShares S&P US Banks UCITS ETF USD Acc	120,338	1.65
iShares STOXX Europe 600 Automobiles & Parts (DE)	238,301	3.27
SPDR Global Real Estate	56,243	0.77
Xtrackers MSCI World Consumer	262,220	3.60
Xtrackers MSCI World Consumer Staple	53,340	0.73
Xtrackers MSCI World UCITS ETF	343,286	4.71
<i>Netherlands</i>		
iShares MSCI World Energy Sector UCITS ETF USD Dis	123,646	1.70
SPDR MSCI World Financials UCITS	280,415	3.85
SPDR MSCI World Health Care	373,477	5.13
SPDR MSCI World Industrials UCITS	406,875	5.59
SPDR MSCI World Materials UCITS ETF	305,378	4.19
SPDR MSCI World Technology UCITS	452,542	6.22
SPDR MSCI World Utilities	20,390	0.28
<i>United Kingdom</i>		
iShares EURO High Yield Corp Bd UCITS ETF EUR Dist	66,708	0.92
iShares EURO Inf-Lkd Govt	31,513	0.43
iShares FTSE 250 UCITS ETF GBP (Dist)	151,732	2.08
iShares Global Clean Energy UCITS ETF USD (Dist)	150,096	2.06
iShares Global HY Corp Bond UCITS ETF USD Dist	132,963	1.83
iShares NASDAQ US Biotechnology ETF USD Acc	98,926	1.36
iShares Physical Gold ETC	41,536	0.57
iShares USD Corp Bond UCITS ET	176,526	2.42
L&G ROBO GI Robotics and Automation UCITS ETF	173,585	2.38
Vanguard FTSE Developed World	243,958	3.35
WisdomTree Cloud Computing UCITS ETF USD Acc	159,059	2.18
<b>Quoted Local Equities</b>		
Main Street Complex p.l.c.	30,677	0.42
<b>Quoted Corporate Bonds</b>		
4.00% International Hotel Investments 2026	30,146	0.41
<b>Collective Investment Schemes</b>		
Morgan Stanley Investment Fund	1,126,561	15.47
Vilhena Euro Income Fund	128,792	1.77
Vilhena Global Themed Fund	246,247	3.38
Vilhena High Yield Fund	71,269	0.98

**Portfolio Statements - continued**

30 April 2021

**BOV Growth Portfolio Fund**

Market value	% of net assets
30.04.2021	assets
€	

**Derivatives – Forward Foreign Exchange Contracts**

	<i>Fair Value</i>	<i>Notional Amount</i>	
Sale of Sterling against Euro maturing on 25 May 2021	197	69,176	-
Sale of United States Dollar against Euro maturing on 25 May 2021	3,967	3,242,124	0.06

## Statement of Changes in the Composition of the Portfolios

The composition of the portfolios, detailed in the Portfolio Statements on pages 38 to 42, in comparison with the Portfolio Statements as at 30 April 2021 stood as follows:

	% of net assets 30.04.2021	% of net assets 30.04.2020
<b>BOV Conservative Portfolio</b>		
Exchange Traded Funds	43.09	33.21
Quoted Local Corporate Bonds	2.76	0.47
Quoted Foreign Corporate Bonds	16.50	17.95
Collective Investment Schemes	30.77	32.44
Forwards	0.07	(1.23)
<b>BOV Balanced Portfolio</b>		
Exchange Traded Funds	78.24	51.85
Quoted Local Corporate Bonds	0.45	0.57
Quoted Foreign Corporate Bonds	-	9.65
Quoted Local Equities	0.90	1.09
Collective Investment Schemes	18.57	20.53
Forwards	0.06	(1.13)
<b>BOV Growth Portfolio</b>		
Exchange Traded Funds	77.04	57.66
Quoted Local Corporate Bonds	0.41	0.60
Quoted Local Equities	0.42	1.98
Collective Investment Schemes	21.60	23.42
Forwards	0.06	(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 2021, there were no breaches of the standard license conditions and no other breaches of regulatory requirements which were subject to an administrative penalty or regulatory sanctions.

### 3. UP-FRONT FEES, EXIT & OTHER FEES

Fund	Upfront Fees	Exit Fees	Service Fee	Administration Fee	Custody Fee
<b>BOV Conservative Portfolio Fund</b>	0	0	0.35	0.10	0.05% pa of the aggregate NAV of the 3 funds, subject to an aggregate minimum fee of Euro 60,000 pa (effective 1 January 2021).  The resultant applicable custody fee will be apportioned between the funds in the following manner: - Euro 15,000 pa each fund, plus - an apportionment on a pro-rata basis of the remaining custody fee based on the respective NAV size of each fund.
<b>BOV Balanced Portfolio Fund</b>	0	0	0.35	0.10	
<b>BOV Growth Portfolio Fund</b>	0	0	0.35	0.10	

### 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.

BOV Conservative Portfolio Fund	Ongoing Charge
BOV Balanced Portfolio Fund	1.01%
BOV Growth Portfolio Fund	1.01%
	1.27%

### 5. NOTIONAL EXPOSURES

As at 30 April 2021, 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.

## Information about the Funds (continued)

### 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.

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.

**Information about the Funds (continued)****6. RISK FACTORS (continued)**

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

**Hedging**

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

**Use of FDIs**

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

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

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

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

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

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

## Information about the Funds (continued)

### 6. RISK FACTORS (continued)

supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

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

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

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

#### **Exchange Rate Fluctuations**

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

#### **Market Volatility**

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

#### **Liquidity Risk**

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

#### **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

**Information about the Funds (continued)****6. RISK FACTORS (continued)**

proportion of such units. In the event the Investment Manager elects to limit the number of units repurchased on such date, a unitholder may not be able to repurchase on such dealing day all the units that it desires to repurchase.

**Illiquidity of units**

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

**Substantial Redemptions**

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

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

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

**Conflicts of Interest**

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

**Fee Arrangements**

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

**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

## Information about the Funds (continued)

### 6. RISK FACTORS (continued)

amount of instruments recorded in such omnibus accounts may be unavailable at a given time during any intra-day or inter-day settlement cycle; (ii) a decrease in the total amount of instruments in such omnibus accounts may lead to potential shortfalls of instruments in absolute terms; (iii) a shortfall of instruments in absolute terms in omnibus accounts means that the Fund's entitlement to such instruments may be reduced in order to facilitate the purchase, sale or exchange of instruments of other persons within the omnibus account until such time as subsequent settlement cycles reconcile such shortfall. Further, if there is a failure of the Custodian, a sub-custodian, Sub-Delegate or Securities System, during a period of any shortfall of instruments, the Investment Manager (on behalf of the Funds) may only have a right to its proportion of the total amount of instruments in the relevant omnibus account.

#### Taxation

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

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

#### Foreign Account Tax Compliance Act Risks

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

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

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

**Information about the Funds (continued)****6. RISK FACTORS (continued)**

that fail to cooperate with the Investment Manager's efforts to comply with FATCA.

**Common Reporting Standard Risks**

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

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

**Change of Law**

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

**Political and Regulatory Risk**

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

**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.

## Information about the Funds (continued)

### 6. RISK FACTORS (continued)

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 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.

**Information about the Funds (continued)**

**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 2021, and does not omit any matter or development of significance.



