

BOV INVESTMENT FUNDS

Interim Report and Unaudited Condensed
Interim Financial Statements



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For the six-month period ended
31 October 2018

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Management and Administration

INVESTMENT MANAGER

BOV Asset Management Limited
58, Zachary Street, Valletta, VLT 1130, Malta
Licensed to conduct investment services business in Malta by the Malta Financial Services Authority

FUND ADMINISTRATOR

BOV Fund Services Limited
58, Zachary Street, Valletta, VLT 1130, Malta
Recognised to provide fund administration services by the Malta Financial Services Authority

CUSTODIAN AND BANKER

Bank of Valletta p.l.c.
58, Zachary Street, Valletta, VLT 1130, Malta
Licensed to conduct investment services business by the Malta Financial Services Authority

AUDITORS

PricewaterhouseCoopers
78, Mill Street, Qormi, QRM 3101, Malta

LEGAL ADVISORS

Camilleri Preziosi
Level 3, Valletta Buildings, South Street, Valletta
VLT 1103, Malta

Description

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

As at 31 October 2018, 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.

Changes to the Documents during the reporting period

The Prospectus and Offering Supplements of the BOV Investment Funds were updated on 18 September 2018 to reflect the introduction of a quarterly investment plan.

Investment Manager's Report

Market Overview

At the beginning of the financial period, the BOV Investment Funds ("Funds") continued to build upon the positive returns following a solid recovery in April 2018. The fear gauge remained muted as market participants took stock of the economic developments within various regions, particularly the US and its solid economic numbers as the fiscal stimulus enacted by President Trump trickled further down to the economy into corporate earnings. The US international trade agenda was put into the spotlight by President Trump as a protracted duel between the two biggest economies (i.e. the US and China) took center stage on a Global scale during the period. The ramifications were significant and impacted the performance of the Funds, especially during the latter part of the interim period. Buoyed by the economic momentum, the US President put his political energy to obtain a favorable bilateral trading balance with China. The whole saga dragged markets as worries grew that heightened trade tensions would escalate into a full blown trade war. The repercussions of this adverse scenario would negatively impact growth figures for Global corporate profits as higher tariffs would translate into higher costs, thereby reducing both margins and profitability. In addition, corporate prospects would be diluted as Global opportunities would be diminished through greater trade barriers. Despite the trade tensions, the US Federal Reserve (FED) continued to hike rates with three rate hikes till the interim period, with another potential rate hike in December 2018. Current rate hike expectations are continuously diminishing as trade tensions have escalated to unprecedented levels leading to an overall reprising of market expectations. The FED rate hike path posed downward pressure on fixed income assets, resulting in losses accruing from the US. All these developments contributed to the strengthening of the US Dollar currency against Global currencies, in particular emerging markets currency.

On the European front, Italy kicked off a series of detracting events as the 4th of March 2018 vote remained inconclusive which dragged most of the European investment grade bonds. Speculation remained rife that a June 2018 snap election was on the cards as the Five-star movement and the Northern League could not find common ground. However, tables turned right at the end of May 2018 as finally both Italian President Sergio Mattarella and the coalition parties agreed on the ministerial formation to govern the country. This was not the end of the disruption as the budget deficit communique by the populist government was deemed to breach EU budget rules. This set forth a chain of political bickering between the European Commission and the Italian government. The regional economic takeaway for the Eurozone was that economic developments in the beginning of the period showed a progressive state of activity despite the headwinds that kept steaming ahead. A common headline surfacing in Europe was definitely Brexit. Brexiteers have been vociferous in their opinion on the details of the divorce deal with the EU, conscious of the fact that reaching a deal with the EU would be difficult and complex. Indeed, up until the interim period no deal was struck as the Irish border and trade relations remained the major stumble block. This infused further regional uncertainty posing further downside risks. Despite the developments, the European Central Bank (ECB) remained on track to end the non-standard monetary policy measure by ending the new monthly purchase of €15 billion until December 2018. The monetary policy outlook by the ECB hinges upon incoming data in relation to the medium-term inflation outlook. Economic indicators captured short term softening in the Eurozone aggregate numbers, which may have a direct implication on future ECB monetary policy.

All the above narrative had a direct consequence on the performance of the Funds given the Global backdrop. In the case of the BOV Conservative Portfolio Fund, the main contributor to losses accrued from the two largest exposures, that is, US Dollar investment grade debt in that the respective foreign exchange hedge led to overall losses, and the Euro denominated investment grade debt. The pivotal point for the investment grade segment was primarily related to increased downside risk emanating from previously mentioned precipitating factors. This led to interest rate spreads to widen significantly in the Eurozone region. Interest rate spread correlation with the stock market turned bearish as political risk mostly suppressed low quality Investment Grade Debt. However, in the latter part of the interim period, a significant equity sell off clocked positive correlations with interest rate spreads outlining the overall risk-off flip in market sentiment. The active play within the fund for the period mainly related to the continuation of the interest rate management, especially in the US fixed income segment. Central to the foreign exchange treatment, one must keep in mind that foreign exchange hedges are placed in order to neutralize currency risk emanating from the US fixed income positions, which resulted in periodic losses given that the US Dollar strengthened against the Euro currency. The overall equity contribution remained flat to negative as end of period events piled up losses.

The BOV Balanced Portfolio Fund experienced the same absolute level of returns in the fixed income segment, as exposures are inherently lower given the underlying nature of the fund. On the risky end of the fund, the exposure played a greater role throughout the period as the path of volatility kept oscillating in the Global equity space. Keeping in mind the USD hedge loss, losses also advanced through the allocation towards European equities, Global equities and European investment grade fixed income. In the active segment of the risky bucket, the equity allocation was anchored towards cyclical sectors as macro metrics remained favorable within regional exposures. The allocation remained geographically diversified in order to capture Global equity trends. The same faith followed for the BOV Growth Portfolio Fund, as the fixed income positive performance contribution from the US Fixed Income segment was mainly shaven off by losses in the foreign exchange hedge. The largest component of the fund relies on the equity portion as European equities led their peers in procuring losses for the fund. As the distressing tone kept heaping on, the fund kept its cash levels relatively high as the onset of the trade war seemed inevitable. Indeed, markets got rattled during the period of October with Trade War and signs of a Global slowdown being the prime drivers for this fall. Also, the Third Quarter earnings performance for Global corporates was not as strong as the second quarter, resulting in further worrying signs for Global equities. Despite the eventful couple of months and the changing fabric of Global markets, it must be kept in mind that economic policy makers have greater policy headroom to steer developed economies into safer waters, especially in the US.

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 six months period up to 31 October 2018, the unit price of the BOV Conservative Portfolio Fund accumulator class of units decreased by 2.02% from €0.99 to €0.97.

Fund Performance - Distributor Class of Shares

During the period under review, the unit price of the BOV Conservative Portfolio Fund accumulator class of units decreased by 2.08% from €0.96 to €0.94.

Income Distribution

There were no dividends declared during the period ended 31 October 2018 in respect of the distributor class of units.

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 six months period up to 31 October 2018, the share price of the BOV Balanced Portfolio Fund accumulator class of shares decreased by 3.00% from €1.00 to €0.97.

Fund Performance - Distributor Class of Units

During the period under review, the share price of the BOV Balanced Portfolio Fund accumulator class of shares decreased by 4.00% from €1.00 to €0.96.

Income Distribution

There were no dividends declared during the period ended 31 October 2018 in respect of the distributor class of units.

BOV Growth Portfolio Fund

Investment Objective

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

Fund Performance

During the period under review, the unit price of the BOV Growth Portfolio Fund accumulator class of units decreased by 4.00% from €1.00 to €0.96.

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

(Sources: Central Bank of Malta, European Central Bank, BOV Asset Management Limited, Malta Stock Exchange, U.S. Federal Reserve)



Independent auditor's report on review of Condensed Interim Financial Statements

To the Unitholders of BOV Investment Funds

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statements of financial position of BOV Investment Funds (the 'Funds') on pages 11 to 30 as at 31 October 2018 and the related condensed interim statements of changes in net assets attributable to unitholders, comprehensive income, and cash flows for the six-month period then ended, and a summary of significant accounting policies and explanatory notes. The directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not present fairly, in all material respects, the financial position of the Funds as at 31 October 2018, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard 34 "Interim Financial Reporting".



Other matters

This report, including the conclusion, has been prepared for and only for, the Funds and for the purpose of meeting the requirements of the Investment Services Rules for Retail Collective Investment Schemes and for no other purpose. We do not, in producing this report, 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 consent in writing.

PricewaterhouseCoopers

78, Mill Street
Qormi
Malta

Lucienne Pace Ross
Partner

30 December 2018

Financial Statements

UNAUDITED STATEMENTS OF FINANCIAL POSITION

as at 31 October 2018

		BOV Conservative Portfolio Fund	BOV Balanced Portfolio Fund	BOV Growth Portfolio Fund
		31.10.2018	31.10.2018	31.10.2018
		€	€	€
Assets	Note			
Financial assets at fair value through profit or loss		49,378,063	10,650,493	3,605,868
Accrued income		174,852	21,535	1,300
Other receivables and prepayments		1,931	178,459	33,164
Cash and cash equivalents	6	<u>1,583,179</u>	<u>607,123</u>	<u>565,671</u>
Total assets		<u>51,138,025</u>	<u>11,457,610</u>	<u>4,206,003</u>
Liabilities				
Financial liabilities at fair value through profit or loss		779,367	126,710	23,987
Accrued expenses		<u>52,025</u>	<u>14,764</u>	<u>7,169</u>
Total liabilities		<u>831,392</u>	<u>141,474</u>	<u>31,156</u>
Net assets attributable to unitholders		<u>50,306,633</u>	<u>11,316,136</u>	<u>4,174,847</u>
Units in issue as at 31 October 2018				
Accumulator		26,498,728.98	10,559,577.70	4,374,150.85
Distributor		26,275,112.00	1,156,985.25	-
Net asset value per unit as at 31 October 2018				
Accumulator/Distributor		0.97/0.94	0.97/0.96	0.96

UNAUDITED STATEMENTS OF FINANCIAL POSITION

as at 30 April 2018

		BOV Conservative Portfolio Fund	BOV Balanced Portfolio Fund	BOV Growth Portfolio Fund
		30.04.2018	30.04.2018	30.04.2018
		€	€	€
Assets	Note			
Financial assets at fair value through profit or loss		42,040,863	8,781,370	2,608,210
Accrued income		172,434	17,498	618
Other receivables and prepayments		1,539,521	242,231	7,131
Cash and cash equivalents	6	<u>780,545</u>	<u>457,917</u>	<u>69,452</u>
Total assets		<u>44,533,363</u>	<u>9,499,016</u>	<u>2,685,411</u>
Liabilities				
Financial liabilities at fair value through profit or loss		373,763	65,921	15,210
Accrued expenses		35,099	9,555	4,223
Other payables		<u>536,073</u>	-	-
Total liabilities		<u>944,935</u>	<u>75,476</u>	<u>19,433</u>
Net assets attributable to unitholders		<u>43,588,428</u>	<u>9,423,540</u>	<u>2,665,978</u>
Units in issue as at 30 April 2018				
Accumulator		22,610,038.83	9,178,328.32	2,681,546.43
Distributor		22,010,499.12	234,450.50	-
Net asset value per unit as at 30 April 2018				
Accumulator/Distributor		0.989/0.964	1.002/0.996	0.999

The accounting policies and notes on pages 18 to 30 are an integral part of the financial statements.

The financial statements on pages 11 to 35 were authorised for issue by BOV Asset Management Ltd on XX
XXXX 2018 and were signed on its behalf by:

XXXXXXXXXX XXXXXXXXXXXXX
Director
BOV Asset Management Limited

XXXXXXXXXX XXXXXXXXXXXXX
Director
BOV Asset Management Limited

UNAUDITED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
for the period ended 31 October 2018

	BOV Conservative Portfolio Fund	BOV Balanced Portfolio Fund	BOV Growth Portfolio Fund
	01.05.2018 - 31.10.2018	01.05.2018 - 31.10.2018	01.05.2018 - 31.10.2018
	€	€	€
Net assets at the beginning of the period	43,588,428	9,423,540	2,665,978
Issue of units during the period	11,089,589	3,263,581	1,884,764
Redemption of units during the period	(3,195,985)	(965,795)	(198,688)
Net equalisation	43,357	10,208	1,494
Decrease in net assets attributable to unitholders during the period	<u>(1,218,756)</u>	<u>(415,398)</u>	<u>(178,701)</u>
Net assets at the end of the period	<u>50,306,633</u>	<u>11,316,136</u>	<u>4,174,847</u>

UNAUDITED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the period ended 31 October 2017

	BOV Conservative Portfolio Fund	BOV Balanced Portfolio Fund	BOV Growth Portfolio Fund
	01.05.2017 - 31.10.2017	01.05.2017 - 31.10.2017	01.05.2017 - 31.10.2017
	€	€	€
Net assets at the beginning of the period	13,228,265	3,602,444	1,168,219
Issue of units during the period	12,837,835	2,832,836	917,458
Redemption of units during the period	(508,008)	(99,497)	(80,925)
Net equalisation	121,847	8,301	310
Increase in net assets attributable to unitholders during the period	<u>32,516</u>	<u>94,375</u>	<u>32,363</u>
Net assets at the end of the period	<u>25,712,455</u>	<u>6,438,459</u>	<u>2,037,425</u>

The accounting policies and notes on pages 18 to 30 are an integral part of the financial statements.

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

for the period ended 31 October 2018

	BOV Conservative Portfolio Fund	BOV Balanced Portfolio Fund	BOV Growth Portfolio Fund
	01.05.2018 - 31.10.2018	01.05.2018 - 31.10.2018	01.05.2018 - 31.10.2018
	€	€	€
Income			
Dividend income	238,734	50,065	17,712
Other income	544	196	110
Net fair value movements on financial instruments at fair value through profit or loss	<u>(1,308,677)</u>	<u>(424,357)</u>	<u>(174,049)</u>
	<u>(1,069,399)</u>	<u>(374,096)</u>	<u>(156,227)</u>
Expenses	<u>(149,357)</u>	<u>(41,302)</u>	<u>(22,474)</u>
Decrease in net assets attributable to unitholders	<u><u>(1,218,756)</u></u>	<u><u>(415,398)</u></u>	<u><u>(178,701)</u></u>

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

for the period ended 31 October 2017

	BOV Conservative Portfolio Fund	BOV Balanced Portfolio Fund	BOV Growth Portfolio Fund
	01.05.2017 - 31.10.2017	01.05.2017 - 31.10.2017	01.05.2017 - 31.10.2017
	€	€	€
Income			
Dividend income	87,799	17,613	4,937
Other income	659	160	42
Net fair value movements on financial instruments at fair value through profit or loss	<u>6,050</u>	<u>98,484</u>	<u>39,777</u>
	<u>94,508</u>	<u>116,257</u>	<u>44,756</u>
Expenses	<u>(61,992)</u>	<u>(21,882)</u>	<u>(12,393)</u>
Increase in net assets attributable to unitholders	<u><u>32,516</u></u>	<u><u>94,375</u></u>	<u><u>32,363</u></u>

The accounting policies and notes on pages 18 to 30 are an integral part of the financial statements.

UNAUDITED STATEMENTS OF CASH FLOWS

for the period ended 31 October 2018

	BOV Conservative Portfolio Fund	BOV Balanced Portfolio Fund	BOV Growth Portfolio Fund
	01.05.2018 - 31.10.2018	01.05.2018 - 31.10.2018	01.05.2018 - 31.10.2018
	€	€	€
	Note		
Net cash used in operating activities	(8,137,049)	(2,399,629)	(1,196,160)
Net cash generated from financing activities	<u>8,939,683</u>	<u>2,548,835</u>	<u>1,692,379</u>
Net increase in cash and cash equivalents	802,634	149,206	496,219
Cash and cash equivalents at beginning of the period	<u>780,545</u>	<u>457,917</u>	<u>69,452</u>
Cash and cash equivalents at end of the period	6 <u><u>1,583,179</u></u>	<u><u>607,123</u></u>	<u><u>565,671</u></u>

UNAUDITED STATEMENTS OF CASH FLOWS

for the period ended 31 October 2017

	BOV Conservative Portfolio Fund	BOV Balanced Portfolio Fund	BOV Growth Portfolio Fund
	01.05.2017 - 31.10.2017	01.05.2017 - 31.10.2017	01.05.2017 - 31.10.2017
	€	€	€
	Note		
Net cash used in operating activities	(11,820,032)	(2,767,951)	(884,254)
Net cash generated from financing activities	<u>12,561,738</u>	<u>2,752,879</u>	<u>836,928</u>
Net increase/(decrease) in cash and cash equivalents	741,706	(15,072)	(47,326)
Cash and cash equivalents at beginning of the period	<u>1,348,346</u>	<u>340,606</u>	<u>73,743</u>
Cash and cash equivalents at end of the period	6 <u><u>2,090,052</u></u>	<u><u>325,534</u></u>	<u><u>26,417</u></u>

The accounting policies and notes on pages 18 to 30 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 unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ and should be read in conjunction with the annual audited financial statements for the year ended 30 April 2018, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted for use in the European Union (“EU”). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Funds’ financial position and performance since the last annual financial statements.

These unaudited condensed interim financial statements 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”). They 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 31 October 2018, 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.

In preparing these unaudited condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Funds’ accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the year ended 30 April 2018.

The comparative amounts reflect the position of the Funds as included in the audited financial statements for the period ended 30 April 2018 and the unaudited results for the six-month period ended 31 October 2017.

Standards and amendments to existing standards effective during the period

IFRS 9 ‘Financial Instruments’ became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments

are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

IFRS 9 has been applied retrospectively by the Funds and did not result in a change to the classification or measurement of financial instruments. The Funds' investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

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' period-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'.

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) Investments in financial assets previously designated at fair value through profit or loss

The Funds hold equity and debt securities which had previously been designated at fair value through profit or loss. On adoption of IFRS 9 these securities are mandatorily classified as fair value through profit or loss.

(c) 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.

Accounting Policies *(continued)*

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Funds have 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 assets and liabilities 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.

Other Receivables and Payables

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.

4. REDEEMABLE UNITS

The Funds issue redeemable units, which are redeemable at the unit holder'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 period-end if the unit holders exercises 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.

5. 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 gain on financial assets at fair value through income in the period in which they arise.

6. EXPENSES

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

7. 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 unit holders, 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.

8. 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 unit holders in respect of which equalisation payments are made, will be paid out of the equalisation account.

9. 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.

10. 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 and disclosed within 'Expenses' 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 31 October 2018, 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").

2. FORMAT OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

The Unaudited 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 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.

3. 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 period 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 as at 31 October 2018 is presented below:

	BOV Conservative Portfolio Fund	BOV Balanced Portfolio Fund	BOV Growth Portfolio Fund
	€	€	€
Net assets attributable to holders of redeemable units (at trading value)	50,318,906	11,328,409	4,187,120
Adjustment for organisation costs	<u>(12,273)</u>	<u>(12,273)</u>	<u>(12,273)</u>
Net assets attributable to holders of redeemable units (as per financial statements)	<u><u>50,306,633</u></u>	<u><u>11,316,136</u></u>	<u><u>4,174,847</u></u>

4. DISTRIBUTIONS TO UNITHOLDERS

There were no distributions to unitholders during the six-month period ended 31 October 2018 and 2017.

5. 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. The fees, disclosed within 'Expenses' in the Unaudited Statements of Comprehensive Income, are as follows:

	31.10.2018	31.10.2017
	€	€
BOV Conservative Portfolio Fund	86,643	33,925
BOV Balanced Portfolio Fund	19,348	8,835
BOV Growth Portfolio Fund	6,049	2,875

(ii) Bank of Valletta p.l.c. provides custody services. The fees, disclosed within 'Expenses' in the Unaudited Statements of Comprehensive Income, are as follows:

	31.10.2018	31.10.2017
	€	€
BOV Conservative Portfolio Fund	10,065	5,686
BOV Balanced Portfolio Fund	5,794	4,417
BOV Growth Portfolio Fund	5,164	4,138

As at 31 October 2018, the following bank balancer on held with Bank of Valletta p.l.c.:

	31.10.2018	31.10.2017
	€	€
BOV Conservative Portfolio Fund	1,585,179	780,545
BOV Balanced Portfolio Fund	607,123	457,917
BOV Growth Portfolio Fund	565,671	69,452

As at 31 October 2018, BOV Conservative Portfolio Fund held bonds issued by Bank of Valletta p.l.c amounting to €168,213 (30 April 2018: €413,023).

Notes to the Financial Statements *(continued)*

As at 31 October 2018 and 30 April 2018, the Funds held shares in the following sub-funds under the Vilhena Funds SICAV p.l.c. which is also managed by BOV Asset Management Limited:

	BOV Conservative Portfolio Fund	BOV Balanced Portfolio Fund	BOV Growth Portfolio Fund
	31.10.2018	31.10.2018	31.10.2018
	Number of shares	Number of shares	Number of shares
Euro Income Fund B1 - Accumulator	-	-	80,443.951
Euro Income Fund B2 - Monthly Distributor	3,212,643.960	636,858.737	-
Far East Opportunities Fund	-	83,283.589	25,662.435
Global Themed Fund - USD Class	3,518,969.293	1,702,787.882	606,510.132
High Yield Fund - EUR Class	-	184,490.921	35,010.454
Malta Bond Fund - Distributor	19,035.070	-	-
Malta Fund - Distributor	2,469.825	-	-
Malta Government Bond Fund - Distributor	-	-	-
Maltese Equity Focus Fund - Distributor	-	-	-
Sterling Income Fund	1,432,231.902	185,726.839	-

	BOV Conservative Portfolio Fund	BOV Balanced Portfolio Fund	BOV Growth Portfolio Fund
	30.04.2018	30.04.2018	30.04.2018
	Number of shares	Number of shares	Number of shares
Euro Income Fund B1 - Accumulator	-	-	63,942.855
Euro Income Fund B2 - Monthly Distributor	3,044,159.965	540,119.503	-
Far East Opportunities Fund	-	51,122.885	25,662.435
Global Themed Fund - USD Class	3,764,832.750	1,352,089.024	411,370.227
High Yield Fund - EUR Class	4,188.233	179,446.646	34,053.206
Malta Bond Fund - Distributor	7,387.942	-	-
Malta Fund - Distributor	5,485.571	-	-
Malta Government Bond Fund - Distributor	19.855	-	-
Maltese Equity Focus Fund - Distributor	-	30,327.739	-
Sterling Income Fund	1,408,260.088	182,618.257	-

(iii) The Investment Manager appointed BOV Fund Services Limited as administrator to the BOV Investment Funds. The fees, disclosed within 'Expenses' in the Unaudited Statements of Comprehensive Income, are as follows:

	31.10.2018	31.10.2017
	€	€
BOV Conservative Portfolio Fund	22,288	9,136
BOV Balanced Portfolio Fund	5,663	2,403
BOV Growth Portfolio Fund	5,545	786

Notes to the Financial Statements *(continued)*

6. CASH AND CASH EQUIVALENTS

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

	31.10.2018	% of net assets	31.04.2018	% of net assets
	€		€	
BOV Conservative Portfolio Fund	1,583,179	3.15	780,545	1.79
BOV Balanced Portfolio Fund	607,123	5.37	457,917	4.86
BOV Growth Portfolio Fund	565,671	13.55	69,452	2.61

7. FAIR VALUE ESTIMATION

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

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

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

The fair value of over-the-counter foreign currency forward derivative contracts is determined using quoted spot and forward exchange rates at the measurement date and present value calculations based on high credit quality yield curves in the respective currencies (Level 2). The fair value of corporate debt securities having no quoted price available at the measurement date is based on the last quoted market price available adjusted by a discount for additional credit risk, lack of marketability, illiquidity and pricing uncertainty (Level 3).

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

BOV Conservative Portfolio Fund	Level 1	Level 2	Level 3	Total
	€	€	€	€
As at 31 October 2018				
Assets				
<i>Fair value through profit or loss</i>				
Quoted local corporate bonds	-	1,148,300	-	1,148,300
Quoted foreign corporate bonds	17,923,110	-	-	17,923,110
Quoted foreign government bonds	844,200	-	-	844,200
Collective investment schemes	24,123,120	-	-	24,123,120
Exchange traded funds	5,339,333	-	-	5,339,333
	<u>48,229,763</u>	<u>1,148,300</u>	<u>-</u>	<u>49,378,063</u>
Liabilities				
<i>Fair value through profit or loss</i>				
Foreign exchange contracts	-	(779,367)	-	(779,367)
	<u>-</u>	<u>(779,367)</u>	<u>-</u>	<u>(779,367)</u>
BOV Balanced Portfolio Fund				
	Level 1	Level 2	Level 3	Total
	€	€	€	€
As at 31 October 2018				
<i>Financial value through profit or loss</i>				
Local equities	-	45,955	-	45,955
Quoted local corporate bonds	-	104,944	3,039	107,983
Quoted foreign corporate bonds	2,498,990	-	-	2,498,990
Quoted foreign government bonds	171,000	-	-	171,000
Collective investment schemes	4,637,890	-	-	4,637,890
Exchange traded funds	3,188,675	-	-	3,188,675
	<u>10,496,555</u>	<u>150,899</u>	<u>3,039</u>	<u>10,650,493</u>
Liabilities				
<i>Fair value through profit or loss</i>				
Foreign exchange contracts	-	(126,710)	-	(126,710)
	<u>-</u>	<u>(126,710)</u>	<u>-</u>	<u>(126,710)</u>

Notes to the Financial Statements *(continued)*

BOV Growth Portfolio Fund	Level 1	Level 2	Level 3	Total
	€	€	€	€
As at 31 October 2018				
Assets				
<i>Fair value through profit or loss</i>				
Local equities	-	52,975	-	52,975
Quoted local corporate bonds	-	18,949	-	18,949
Quoted foreign corporate bonds	178,606	-	-	178,606
Quoted foreign government bonds	32,400	-	-	32,400
Collective investment schemes	1,285,368	-	-	1,285,368
Exchange traded funds	2,037,570	-	-	2,037,570
	<u>3,533,944</u>	<u>71,924</u>	<u>-</u>	<u>3,605,868</u>

Liabilities

Fair value through profit or loss

Foreign exchange contracts	-	(23,987)	-	(23,987)
	<u>-</u>	<u>(23,987)</u>	<u>-</u>	<u>(23,987)</u>

BOV Conservative Portfolio Fund	Level 1	Level 2	Level 3	Total
	€	€	€	€

As at 30 April 2018

Assets

Fair value through profit or loss

Quoted local corporate bonds	-	1,605,731	-	1,605,731
Quoted foreign corporate bonds	15,279,940	-	-	15,279,940
Collective investment schemes	19,454,513	-	-	19,454,513
Exchange traded funds	5,700,679	-	-	5,700,679
	<u>40,435,132</u>	<u>1,605,731</u>	<u>-</u>	<u>42,040,863</u>

Liabilities

Fair value through profit or loss

Foreign exchange contracts	-	(373,763)	-	(373,763)
	<u>-</u>	<u>(373,763)</u>	<u>-</u>	<u>(373,763)</u>

BOV Balanced Portfolio Fund

	Level 1	Level 2	Level 3	Total
	€	€	€	€

As at 30 April 2018
Financial value through profit or loss

Quoted local corporate bonds	-	76,340	-	76,340
Quoted foreign corporate bonds	1,868,887	-	-	1,868,887
Collective investment schemes	3,535,115	-	-	3,535,115
Exchange traded funds	3,301,028	-	-	3,301,028
	<u>8,705,030</u>	<u>76,340</u>	<u>-</u>	<u>8,781,370</u>

Liabilities
Financial value through profit or loss

Foreign exchange contracts	<u>-</u>	<u>(65,921)</u>	<u>-</u>	<u>(65,921)</u>
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BOV Growth Portfolio Fund

	Level 1	Level 2	Level 3	Total
	€	€	€	€

As at 30 April 2018
Assets
Fair value through profit or loss

Quoted foreign corporate bonds	137,069	-	-	137,069
Collective investment schemes	784,165	-	-	784,165
Exchange traded funds	1,686,976	-	-	1,686,976
	<u>2,608,210</u>	<u>-</u>	<u>-</u>	<u>2,608,210</u>

Liabilities
Fair value through profit or loss

Foreign exchange contracts	<u>-</u>	<u>(15,210)</u>	<u>-</u>	<u>(15,210)</u>
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Notes to the Financial Statements *(continued)*

The reconciliation of Level 3 fair value measurements of financial assets is disclosed below:

BOV Balanced Portfolio Fund	31.10.2018	30.04.2018
	€	€
Opening balance	-	-
Transfer from Level 2	1,791	-
Total gains recognised in profit or loss	1,248	-
Closing balance	3,039	-

8. SUBSEQUENT EVENTS

There are not subsequent events which impact the financial statements for the six-months period ended 31 October 2018.

Unaudited Supplementary Disclosures

Portfolio Statements

31 October 2018

Market
value % of
Net assets

BOV Growth Portfolio Fund

€

Exchange Traded Funds

France

Amundi ETF MSCI Europe Industr	109,079	2.61
Lyxor EURO STOXX Banks DR UCIT	50,250	1.20
Lyxor STOXX Europe 600 Automob	26,968	0.65

Germany

Blackrock AM (DE) iShares Stoxx Europe 600	38,350	0.92
SPDR Bloomberg Barclays 3-10 Y	114,890	2.75
Xtrackers MSCI World Consumer	77,683	1.86

Ireland

iShares Euro Total Market Value	104,822	2.51
iShares Global Corporate Bond EUR Hedged	119,998	2.87
iShares MSCI Japan EUR Hedged	25,847	0.62
iShares Physical Gold ETC	21,622	0.52
SPDR S&P 500	228,062	5.46
UBS ETF-MSCI Canada UCITS ETF	80,765	1.93

Luxembourg

Xtrackers CAC 40 UCITS ETF	57,169	1.37
Xtrackers DAX Income UCITS ETF	45,051	1.08

Netherlands

SPDR MSCI World Industrials UCIT	35,284	0.85
SPDR MSCI World Financials UCIT	61,747	1.48
SPDR MSCI World Technology UCIT	334,279	8.01

United Kingdom

iShares IV plc EDG MSCI EUR	125,216	3.00
Vanguard FTSE Developed World	380,488	9.11

Quoted Foreign Corporate Bonds

Bank Of America Corp FRN 2026	71,927	1.72
Citigroup Inc FRN 2021	73,811	1.77
Morgan Stanley FRN 2020	32,868	0.79

Quoted Local Corporate Bonds

3.85% Hili Bonds 2028	18,949	0.45
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Quoted Government Bonds

2.00% Republic of Italy 2028	32,400	0.78
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Quoted Equities

Main Street Complex p.l.c.	52,975	1.27
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Portfolio Statements *(continued)*

Collective Investment Schemes

Invesco Morningstar US Energy		39,648	0.95
Morgan Stanley Global Opportunities		187,501	4.49
Vilhena Euro Income Fund		281,876	6.75
Vilhena Far East Opportunities Fund		35,253	0.84
Vilhena Global Themed Fund		715,889	17.15
Vilhena High Yield Fund		25,201	0.60

Derivatives – Forward Forex Contracts

	Fair Value	Notional Amount	
Sale of United States Dollar against Euro maturing on 3 December 2018	(23,987)	727,000	(0.57)

BOV Balanced Portfolio Fund

€

Exchange Traded Funds

France

Amundi ETF MSCI Europe Industr		171,082	1.51
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Germany

Blackrock AM (DE) iShares Stoxx Europe 600		45,391	0.40
iShares EURO STOXX Banks 30-15		95,854	0.85
Xtrackers MSCI World Consumer		100,124	0.88

Ireland

iShares Euro Total Market Value		193,291	1.71
iShares Global Corp Bond EUR H		639,860	5.65
iShares MSCI Japan EUR Hedged		43,157	0.38
iShares Physical Gold ETC		121,374	1.07
SPDR S&P 500		164,446	1.45
UBS ETF-MSCI Canada UCITS ETF		151,525	1.34

Luxembourg

Xtrackers CAC 40 UCITS ETF		174,139	1.54
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Netherlands

SPDR MSCI World Industrials UCIT		36,192	0.32
SPDR MSCI World Financials UCIT		45,539	0.40
SPDR MSCI World Technology UCIT		467,110	4.13

United Kingdom

iShares IV plc EDG MSCI EUR		230,694	2.04
Vanguard FTSE Developed World		508,897	4.50

Quoted Local Corporate Bonds

5.10% 6Pm Holdings p.l.c. 2025		3,039	0.03
3.75% Bortex Group Finance p.l.c. 2027		34,608	0.31
4.00% Exalco Bonds 2028		19,670	0.17
3.85% Hili Bonds 2028		50,666	0.45

Quoted Foreign Corporate Bonds

Bank Of America Corp Frn 2026		319,773	2.83
Citigroup Inc Frn 2021		285,344	2.52
8.125% Commerzbank Ag 2023		197,889	1.75
4.25% General Motors Finl Co 2023		65,308	0.58
4.875% General Motors Co 2023		62,286	0.55
General Motors Finl Co Frn 2022		318,848	2.82
4.25% Glencore Finance Canada 2022		44,404	0.39

4.25% Goldman Sachs Group Inc 2025	59,930	0.53
2.75% Heineken Nv 2023	63,621	0.56
3.10% Hyundai Capital America 2022	29,926	0.26
Morgan Stanley Frn 2020	230,075	2.03
2.75% Morgan Stanley 2022	149,520	1.32
4.875% Morgan Stanley 2022	136,457	1.21
5.00% Morgan Stanley 2025	31,676	0.28
4.25% Nordea Bank Ab 2022	176,306	1.56
5.00% Societe Generale 2024	176,885	1.56
3.45% Wells Fargo & Company 2023	150,742	1.33

Quoted Government Bonds

2.00% Republic of Italy 2028	171,000	1.51
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Quoted Equities

Main Street Complex p.l.c.	45,955	0.41
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Collective Investment Schemes

Invesco Morningstar US Energy	70,414	0.62
Morgan Stanley Global Opportunities	465,134	4.11
Vilhena Euro Income Fund	1,636,154	14.46
Vilhena Far East Opportunities Fund	114,408	1.01
Vilhena Global Themed Fund	2,009,874	17.76
Vilhena High Yield Fund	132,797	1.17
Vilhena Sterling Income Fund	209,109	1.85

Derivatives – Forward Forex Contracts

	Fair Value	Notional Amount	
Sale of Sterling against Euro maturing on 3 December 2018	(213)	178,000	(0.00)
Sale of United States Dollar against Euro maturing on 3 December 2018	(126,497)	4,078,500	(1.12)

BOV Conservative Portfolio Fund

€

Exchange Traded Funds

France

Amundi ETF MSCI Europe Industr	80,374	0.16
Lyxor STOXX Europe 600 Automob	99,373	0.20

Germany

Blackrock AM (DE) iShares Stoxx Europe 600	154,015	0.31
iShares EURO STOXX Banks 30-15	156,728	0.31
iShares EURO STOXX Select Divi	740,017	1.47
Xtrackers MSCI World Consumer	361,013	0.72

Ireland

iShares Global Corp Bond EUR H	1,491,858	2.97
iShares Physical Gold ETC	831,239	1.65
UBS ETF-MSCI Canada UCITS ETF	163,746	0.33

Netherlands

SPDR MSCI World Industrials UCIT	435,306	0.87
SPDR MSCI World Financials UCIT	105,760	0.21
SPDR MSCI World Technology UCIT	719,904	1.43

Portfolio Statements *(continued)*

Quoted Local Corporate Bonds

6.00% AX Investments 2024	37,130	0.07
3.75% Bortex Group Finance p.l.c. 2027	86,520	0.17
4.25% Bank of Valletta p.l.c. 2019	164,183	0.33
5.35% Bank of Valletta p.l.c. 2019	4,030	0.01
4.00% Exalco Bonds 2028	52,875	0.11
4.50% Grand Harbour Marina 2027	109,305	0.22
3.85% Hili Bonds 2028	227,791	0.45
5.75% International Hotel Investments 2025	8,774	0.02
6.00% Island Hotels Group Holdings 2024	6,915	0.01
5.50% Pendergardens Dev p.l.c. 2020	3,623	0.01
4.35% SD Finance p.l.c. 2027	89,104	0.18
3.75% Tumas Investments 2027	358,050	0.71

Quoted Foreign Corporate Bonds

4.75% Abn Amro Bank Nv 2025	328,695	0.65
4.375% Barclays Plc 2024	440,991	0.88
5.20% Barclays Plc 2026	257,210	0.51
Bank Of America Corp Frn 2026	1,615,331	3.21
2.95% Bnp Paribas 2022	191,180	0.38
Citigroup Inc Frn 2021	1,397,914	2.78
8.125% Commerzbank Ag 2023	766,820	1.52
3.375% Credit Agricole London 2022	302,754	0.60
Deutsche Bank Ny Frn 2023	990,111	1.97
2.75% Enel Finance Intl Nv 2023	163,259	0.32
3.219% Ford Motor Credit Co Llc 2022	716,723	1.42
4.25% Ford Motor Credit Co Llc 2022	454,269	0.90
4.25% General Motors Finl Co 2023	480,670	0.96
General Motors Finl Co Frn 2022	1,634,425	3.25
4.875% General Motors Co 2023	395,962	0.79
4.25% Goldman Sachs Group Inc 2025	385,263	0.77
2.75% Heineken Nv 2023	381,725	0.76
4.25% Hsbc Holdings Plc 2024	208,448	0.41
3.00% Hyundai Capital Services 2022	169,446	0.34
5.80% Ing Bank Nv 2023	184,580	0.37
3.15% Ing Groep Nv 2022	493,817	0.98
3.00% Lloyds Banking Group Plc 2022	299,987	0.60
Morgan Stanley Frn 2020	1,079,309	2.15
4.875% Morgan Stanley 2022	1,282,697	2.55
5.00% Morgan Stanley 2025	468,805	0.93
4.25% Nordea Bank Ab 2022	727,263	1.45
3.875% Royal Bk Scotlnd Grp Plc 2023	360,631	0.72
5.00% Santander Uk Plc 2023	177,039	0.35
3.25% Societe Generale 2022	999,460	1.99
5.00% Societe Generale 2024	397,991	0.79
2.65% Ubs Group Funding Switze 2022	170,335	0.34

Quoted Government Bonds

2.00% Republic of Italy 2028	844,200	1.68
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Collective Investment Schemes

Invesco Morningstar US Energy		104,233	0.21
Morgan Stanley Global Opportunities		2,355,408	4.68
Vilhena Euro Income Fund		8,253,598	16.41
Vilhena Global Themed Fund		4,153,595	8.26
Vilhena Malta Bond Fund		6,376,617	12.68
Vilhena Malta Fund		1,267,124	2.52
Vilhena Sterling Income Fund		1,612,545	3.21

Derivatives – Forward Forex Contracts

	Fair Value	Notional Amount	
Sale of Sterling against Euro maturing on 3 December 2018	(1,639)	1,370,000	(0.00)
Sale of United States Dollar against Euro maturing on 3 December 2018	(777,728)	25,300,000	(1.55)

STATEMENT OF CHANGES IN THE COMPOSITION OF THE PORTFOLIOS

The composition of the portfolios, detailed in the Portfolio Statements on pages 31 to 35, in comparison with the Portfolio Statements as at 30 April 2018 stood as follows:

	% of net assets	% of net assets
	31.10.2018	30.04.2018
BOV Conservative Portfolio		
Exchange Traded Funds	10.63	13.08
Quoted Local Corporate Bonds	2.29	3.70
Quoted Foreign Corporate Bonds	35.64	35.03
Quoted Government Bonds	1.68	-
Collective Investment Schemes	47.97	44.63
Forwards	(1.55)	(0.86)
BOV Balanced Portfolio		
Exchange Traded Funds	28.17	35.03
Quoted Local Corporate Bonds	0.96	0.81
Quoted Foreign Corporate Bonds	22.08	19.82
Quoted Government Bonds	1.51	-
Quoted Equities	0.41	-
Collective Investment Schemes	40.98	37.51
Forwards	(1.12)	(0.70)
BOV Growth Portfolio		
Exchange Traded Funds	48.80	63.27
Quoted Local Corporate Bonds	4.28	5.14
Quoted Foreign Corporate Bonds	0.45	-
Quoted Government Bonds	0.78	-
Quoted Equities	1.27	-
Collective Investment Schemes	30.78	29.41
Forwards	(0.57)	(0.57)

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 period ended 31 October 2018, 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 AND OTHER FEES

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

4. NOTIONAL EXPOSURES

As at 31 October 2018, 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.

5. 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.

Information about the Funds *(continued)*

Insufficient Risk Recognition

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

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

Risks Relating to Fund of Funds

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

Contractual Funds

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

Investments on the Malta Stock Exchange

The Funds may at any one time invest a substantial portion of their capital in securities which are quoted on the Malta Stock Exchange. Despite the fact that such securities are listed, the market in such securities may be illiquid. The trading volumes on emerging stock exchanges such as the Malta Stock Exchange are substantially less than the world's leading stock markets. Accordingly the buying and selling of securities may need to be effected at unfavourable prices.

Interest Rates

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

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

Hedging

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

Use of FDIs

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

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

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

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

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

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

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

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

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

Where the Investment Manager, on behalf of a Fund, enters into swap arrangements or a forward foreign exchange contract, the Fund will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and may incur significant 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.

Information about the Funds *(continued)*

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 unit holder on such dealing day so that all Unit Holders wishing to have Units in that Fund repurchased on that dealing day realise the same proportion of such Units. In the event the Investment Manager elects to limit the number of Units repurchased on such date, a unit holder 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, Unit Holders 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 Unit Holders 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 Unit Holder to require redemption of any Units and the issue of Units. In such cases a Unit Holder may be unable to redeem his Units in a Fund within the normal timeframes described in this Prospectus.

Conflicts of Interest

Conflicts of interest may arise from time to time between the interests of the Investment Manager, the Custodian and the Administrator in connection with fees, commissions and other revenues derived from the Fund, in

particular, because certain Directors may also be acting as directors or senior officers of the Custodian and the Administrator. Prospective investors should also note that a conflict may arise as the Funds may invest in CISs which are managed by the Investment Manager. In the event that such a conflict arises, the Directors will endeavour to ensure that it is resolved in a fair manner.

Fee Arrangements

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

Risk relating to Omnibus Accounts

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

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

Taxation

Investors in the Units in a particular Fund should be aware that they may be required to pay income tax, 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 Unit Holder.

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 thirty per cent (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.

Information about the Funds *(continued)*

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 Unit Holders 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 Unit Holders that fails 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 Unit Holders). 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 Unit Holders 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 Unit Holders and financial intermediaries acting on behalf of Unit Holders 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 Unit Holders, 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 Unit Holder.

Change of Law

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

Political and Regulatory Risk

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

Importance of the Investment Manager

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

Borrowing Risks

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

Credit Risk

The Fund may invest (either directly or through collective investment schemes) in debt securities which may expose the Fund to the risk that an issuer may default on the payment of principal and/or interest. In the event that any issuer of bonds or other debt securities experiences financial or economic difficulties, this may affect the value of the relevant securities which may in turn affect the Net Asset Value per Unit.

Equity Investment Risk

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

Depository Receipts

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

6. 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 Unit Holders 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.

7. 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 Unaudited Interim Report, which is available upon request from the Investment Manager, and were current at the date of publishing of this Unaudited Interim 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.

8. INVESTMENT MANAGER'S STATEMENT

In the opinion of the Investment Manager, this Unaudited Condensed Interim 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 period ended 31 October 2018, and does not omit any matter or development of significance.



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