



# **BOV INVESTMENT FUNDS**

**Interim Report and Unaudited Financial Statements 2020**

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Interim Report and Unaudited Financial Statements

For the period ended 31 October 2020

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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 Zone 5, 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 31 October 2020, the BOV Investment Funds consisted of three separate Funds, the BOV Balanced Portfolio Fund, the BOV Conservative Portfolio Fund and the BOV Growth Portfolio Fund (collectively the “Funds”). The BOV Investment Funds has no employees.

## **Changes to the Documents during the reporting period**

There were no changes to the Prospectus and Offering Supplements of the BOV Investment Funds during the period under review.

## Investment Manager's Report

As the Covid-19 pandemic moved to the West, the market experienced a sharp sell-off in February as the world economies stalled. This was followed by a sharp rebound in April as investors were buoyed by the unprecedented commitment to loose monetary and fiscal policies by the major governments and Central Banks. This support led markets to overlook negative data, particularly the sharp increase in unemployment numbers, especially in the US. This positive sentiment crossed to Europe when countries began to allow some parts of the economy to reopen. In the meantime, the Information Technology and Healthcare sectors were among the top performers as central bank policies remained very accommodative to help sustain economic growth recovery.

As economic indicators commenced their recovery in Q2 2020, equity positioning within the BOV Investment Funds was re-instated. The funds still retained a moderate underweight position in equity, with circa 10% of the intended equity exposure for each respective fund being allocated to cash. The rationale behind this underweight was based on the fact that the markets were pricing in a sharp recovery despite the major downside risks. Equity sector selection was the main driver for returns during this period. The BOV Investment Funds were particularly overweight in sectors that were either expected to benefit from the new normality or have limited disruptions to their operations, particularly Information Technology, Healthcare and Utilities. Moreover, the Funds had an exposure to gold during the period as very low inflation expectations, a weak US dollar and its innate safe-haven status provided tailwind to the commodity.

Hopes for progress on a vaccine helped to keep stock markets buoyant. At that time, investors focused on how economic activity might re-start over the following months, it further manifested a great disconnect between future expectations and current economic data.

On the Fixed Income front, corporate bonds also registered a sharp reaction as the major Central banks relaunched significant bond buying programs in the high quality fixed income space. In light of this scenario and an improving macro-economic outlook, the fixed income allocation in the BOV Investment Funds was skewed towards longer duration, lower investment grade credit in search for yield.

As markets maintained their positive trajectory throughout the second half of the year, escalating tensions between the US and China re-emerged. In Europe, the European Commission proposed a €750billion recovery package, upped from the initial €540 billion.

Given the mixed data, stock markets were influenced by earning releases other than the lull economic backdrop. Amongst the biggest equity names, companies like Amazon recorded a doubling of profit and better than expected sales. Meanwhile, energy stocks declined, with oil majors' results reflecting the oil price crash.

Moving to the third quarter of the year, economic data confirmed the severe impact of lockdowns while the second wave of Covid-19 infections forced Europe and the US to re-impose travel restrictions, resulting in the first major correction for Global Markets. The US election led to a spike in market volatility as uncertainty regarding the Congress's development on the approval of further fiscal stimulus created unease for investors.

### Objectives, Performance and Distribution

#### BOV Conservative Portfolio Fund

##### Investment Objective

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

##### Fund Performance - Accumulator Class of Units

During the period from 1 May 2020 to 31 October 2020, the unit price of the BOV Conservative Portfolio Fund accumulator class of units increased by 2.21% from €0.996 to €1.018.

## Investment Manager's Report (continued)

### Fund Performance - Distributor Class of Shares

During the period from 1 May 2020 to 31 October 2020, the unit price of the BOV Conservative Portfolio Fund accumulator class of units increased by 2.27% from €0.925 to €0.946.

### Income Distribution

There were no dividend declared during the period ended 31 October 2020 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 period from 1 May 2020 to 31 October 2020, the share price of the BOV Balanced Portfolio Fund accumulator class of shares increased by 5.43% from €1.012 to €1.067.

#### Fund Performance - Distributor Class of Units

During the period from 1 May 2020 to 31 October 2020, the share price of the BOV Balanced Portfolio Fund accumulator class of shares increased by 5.36% from €0.969 to €1.021.

### Income Distribution

There were no dividend declared during the period ended 31 October 2020 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 from 1 May 2020 to 31 October 2020, the unit price of the BOV Growth Portfolio Fund accumulator class of units increased by 6.20% from €0.983 to €1.044.

*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)*



## Report on Review of Interim Financial Information

To the Unitholders of BOV Investment Funds

### *Introduction*

We have reviewed the accompanying condensed interim statements of financial position of BOV Investment Funds (the 'Funds') on pages 9 to 22 as at 31 October 2020 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 explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU. Our responsibility is to express a conclusion on this condensed interim financial information 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 information 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 information is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU.

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

A handwritten signature in black ink, appearing to read 'Lucienne Pace Ross', is written over a faint, light-colored signature line.

Lucienne Pace Ross  
Partner

18 December 2020

## FINANCIAL STATEMENTS

### UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Note	BOV Conservative Portfolio 31.10.2020	BOV Conservative Portfolio 30.04.2020	BOV Balanced Portfolio 31.10.2020	BOV Balanced Portfolio 30.04.2020	BOV Growth Portfolio 31.10.2020	BOV Growth Portfolio 30.04.2020
		€	€	€	€	€	€
<b>Assets</b>							
Financial assets at fair value through profit or loss		42,144,116	40,218,804	12,475,431	9,545,501	6,126,513	4,927,356
Accrued income		109,080	106,231	4,744	16,811	1,074	4,244
Other receivables and prepayments		-	201	-	5,008	-	390
Cash and cash equivalents	6	7,471,274	8,710,679	144,154	1,998,640	41,823	1,007,041
<b>Total assets</b>		<b>49,724,470</b>	<b>49,035,915</b>	<b>12,624,329</b>	<b>11,565,960</b>	<b>6,169,410</b>	<b>5,939,031</b>
<b>Liabilities</b>							
Financial liabilities at fair value through profit or loss		474,812	588,111	120,861	129,297	53,524	43,197
Accrued expenses		56,408	36,873	18,864	10,632	11,139	6,284
Other payables		-	570,925	-	20,032	-	-
<b>Total liabilities</b>		<b>531,220</b>	<b>1,195,909</b>	<b>139,725</b>	<b>159,961</b>	<b>64,663</b>	<b>49,481</b>
<b>Net assets attributable to unitholders</b>		<b>49,193,250</b>	<b>47,840,006</b>	<b>12,484,604</b>	<b>11,405,999</b>	<b>6,104,747</b>	<b>5,889,550</b>
<b>Units in issue</b>							
Accumulator		23,807,475.97	23,916,254.52	10,338,437.53	10,082,080.66	5,853,192.92	5,994,905.38
Distributor		26,394,112.60	25,957,040.61	1,424,594.73	1,242,687.46	-	-
<b>Net asset value per unit</b>		<b>1.018/0.946</b>	<b>0.996/0.925</b>	<b>1.067/1.021</b>	<b>1.012/0.969</b>	<b>1.044</b>	<b>0.983</b>

The accounting policies and notes on pages 13 to 22 are an integral part of the financial statements.

The financial statements on pages 9 to 22 were authorised for issue by BOV Asset Management Ltd on 18 December 2020 and were signed on its behalf by:

Director 

  
Director

BOV Asset Management Limited

BOV Asset Management Limited

## FINANCIAL STATEMENTS (CONTINUED)

### UNAUDITED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	BOV Conservative Portfolio	BOV Conservative Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Growth Portfolio	BOV Growth Portfolio
	01.05.2020 - 31.10.2020	01.05.2019 - 31.10.2019	01.05.2020 - 31.10.2020	01.05.2019 - 31.10.2019	01.05.2020 - 31.10.2020	01.05.2019 - 31.10.2019
	€	€	€	€	€	€
Net assets at the beginning of the period	47,840,006	49,865,365	11,405,999	11,517,970	5,889,550	5,086,887
Issue of units during the period	2,260,789	2,999,881	1,271,383	1,115,003	468,668	1,108,769
Redemption of units during the period	(1,962,983)	(3,401,982)	(812,889)	(993,506)	(629,835)	(353,620)
Net equalisation	2,433	(1,211)	2,066	894	11	917
Net increase in net assets attributable to unitholders during the period	1,053,005	1,456,828	618,045	257,326	376,353	81,866
<b>Net assets at the end of the period</b>	<b>49,193,250</b>	<b>50,918,881</b>	<b>12,484,604</b>	<b>11,897,687</b>	<b>6,104,747</b>	<b>5,924,819</b>

The accounting policies and notes on pages 13 to 22 are an integral part of the financial statements.

## FINANCIAL STATEMENTS (CONTINUED)

### UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

	BOV Conservative Portfolio	BOV Conservative Portfolio	BOV Balanced Portfolio	BOV Balanced Portfolio	BOV Growth Portfolio	BOV Growth Portfolio
	01.05.2020 - 31.10.2020	01.05.2019 - 31.10.2019	01.05.2020 - 31.10.2020	01.05.2019 - 31.10.2019	01.05.2020 - 31.10.2020	01.05.2019 - 31.10.2019
	€	€	€	€	€	€
<b>Income</b>						
Dividend income	294,812	343,383	83,408	67,181	21,781	29,447
Other income	546	611	105	221	90	136
Net fair value movements on financial instruments at fair value through profit or loss	897,714	1,284,205	583,465	240,418	385,920	87,232
	<b>1,193,072</b>	<b>1,628,199</b>	<b>666,978</b>	<b>307,820</b>	<b>407,791</b>	<b>116,815</b>
<b>Expenses</b>	<b>(140,067)</b>	<b>(171,371)</b>	<b>(48,933)</b>	<b>(50,494)</b>	<b>(31,438)</b>	<b>(34,949)</b>
<b>Increase in net assets attributable to unitholders</b>	<b>1,053,005</b>	<b>1,456,828</b>	<b>618,045</b>	<b>257,326</b>	<b>376,353</b>	<b>81,866</b>

The accounting policies and notes on pages 13 to 22 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 2020, 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 2020, there were three sub-funds, the BOV Conservative Portfolio Fund, the BOV Balanced Portfolio Fund and the BOV Growth Portfolio Fund. Each unit that the Fund issue is allocated to a class representing the sub-fund. The BOV Investment Funds maintain a separate account for the sub-funds to which the proceeds are credited, and against which expenses are charged. Upon redemption, unitholders are entitled only to their proportion of the net assets held in the account relating to the sub-fund in which their units are designated.

The Statements of Financial Position present assets and liabilities in increasing order of liquidity and do not distinguish between current and non-current items. Financial assets and liabilities at fair value through profit or loss are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in accordance to the Investment Manager’s recommendations. All other assets and liabilities are expected to be realised within one year.

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 2020.

The comparative amounts reflect the position of the Funds as included in the audited financial statements for the year ended 30 April 2020 and the unaudited results for the six-month period ended 31 October 2019.

### 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.

## 2. FOREIGN EXCHANGE TRANSLATION (CONTINUED)

### 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) 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 assets and liabilities at fair value through profit or loss in the period in which they arise.

### 3. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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.

### 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 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.

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

### 7. EXPENSES

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

## 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 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.

## 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 unit holders 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.

## 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 2020, the BOV Investment Funds consisted of three separate Funds, the BOV Balanced Portfolio Fund, the BOV Conservative Portfolio Fund and the BOV Growth Portfolio Fund (collectively the "Funds").

### 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 2020 is presented below:

	<b>BOV Conservative Portfolio Fund 30.10.2020 €</b>	<b>BOV Balanced Portfolio Fund 30.10.2020 €</b>	<b>BOV Growth Portfolio Fund 30.10.2020 €</b>
Net assets attributable to holders of redeemable units ( <i>at trading value</i> )	49,197,738	12,489,092	6,109,235
Adjustment for organisation costs	(4,488)	(4,488)	(4,488)
Net assets attributable to holders of redeemable units ( <i>as per IFRS</i> )	<u>49,193,250</u>	<u>12,484,604</u>	<u>6,104,747</u>

## Notes to the Financial Statements (continued)

### 3. NET ASSET VALUE (CONTINUED)

	BOV Conservative Portfolio Fund 30.04.2020 €	BOV Balanced Portfolio Fund 30.04.2020 €	BOV Growth Portfolio Fund 30.04.2020 €
Net assets attributable to holders of redeemable units (at trading value)	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 (as per IFRS)	47,840,006	11,405,999	5,889,550

### 4. DISTRIBUTIONS TO UNITHOLDERS

There were no distributions to unitholders during the six-month period ended 31 October 2020 and 2019.

### 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:

	31.10.2020 €	31.10.2019 €
BOV Conservative Portfolio Fund	85,771	88,842
BOV Balanced Portfolio Fund	21,312	20,530
BOV Growth Portfolio Fund	10,964	9,586

(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:

	31.10.2020 €	31.10.2019 €
BOV Conservative Portfolio Fund	7,411	12,692
BOV Balanced Portfolio Fund	5,101	6,843
BOV Growth Portfolio Fund	5,101	6,476

As at 31 October 2020, the following bank balances are held with Bank of Valletta p.l.c.:

	31.10.2020 €	30.04.2020 €
BOV Conservative Portfolio Fund	7,471,274	8,710,679
BOV Balanced Portfolio Fund	144,154	1,998,640
BOV Growth Portfolio Fund	41,823	1,007,041

## Notes to the Financial Statements (continued)

### 5. RELATED PARTIES (CONTINUED)

As at 31 October 2020 and 30 April 2020, the Funds held shares in the following sub-funds under the Vilhena Funds SICAV p.l.c. which is also managed by BOV Asset Management Limited:

	<b>BOV Conservative Portfolio Fund 31.10.2020 Number of shares</b>	<b>BOV Balanced Portfolio Fund 31.10.2020 Number of shares</b>	<b>BOV Growth Portfolio Fund 31.10.2020 Number of shares</b>
Euro Income Fund B1 - Accumulator	-	-	<b>68,221.671</b>
Euro Income Fund B2 - Monthly Distributor	<b>2,634,725.844</b>	<b>355,527.388</b>	-
Global Themed Fund - USD Class	-	<b>176,667.095</b>	<b>156,577.235</b>
High Yield Fund - EUR Class	-	-	<b>99,082.807</b>
Malta Bond Fund - Distributor	<b>19,086.644</b>	-	-
Malta Fund - Distributor	<b>1,131.135</b>	-	-
Sterling Income Fund	<b>1,525,079.108</b>	<b>197,766.939</b>	-

	<b>BOV Conservative Portfolio Fund 30.04.2020 Number of shares</b>	<b>BOV Balanced Portfolio Fund 30.04.2020 Number of shares</b>	<b>BOV Growth Portfolio Fund 30.04.2020 Number of shares</b>
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 as administrator to the BOV Investment Funds. The fees, disclosed within 'Expenses' in the Unaudited Statements of Comprehensive Income, are as follows:

	<b>31.10.2020</b>	31.10.2019
	€	€
BOV Conservative Portfolio Fund	<b>22,122</b>	22,773
BOV Balanced Portfolio Fund	<b>6,089</b>	5,864
BOV Growth Portfolio Fund	<b>5,545</b>	5,545

## 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:

	31.10.2020	% of net assets	31.04.2020	% of net assets
	€		€	
BOV Conservative Portfolio Fund	7,471,274	15.19	8,710,679	18.20
BOV Balanced Portfolio Fund	144,154	1.15	1,998,640	17.52
BOV Growth Portfolio Fund	41,823	0.69	1,007,041	17.09

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

<b>BOV Conservative Portfolio Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
	€	€	€
<b>As at 31 October 2020</b>			
<b>Assets</b>			
<i>Fair value through profit or loss</i>			
Quoted local corporate bonds	20,691	802,480	823,171
Quoted foreign corporate bonds	8,418,423	-	8,418,423
Collective investment schemes	15,945,553	-	15,945,553
Exchange traded funds	16,942,272	-	16,942,272
Foreign exchange contracts	-	14,697	14,697
	<u>41,326,939</u>	<u>817,177</u>	<u>42,144,116</u>
<b>Liabilities</b>			
<i>Fair value through profit or loss</i>			
Foreign exchange contracts	-	(474,812)	(474,812)
	<u>-</u>	<u>(474,812)</u>	<u>(474,812)</u>

## Notes to the Financial Statements (continued)

### 7. FAIR VALUE ESTIMATION (CONTINUED)

<b>BOV Balanced Portfolio Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
	€	€	€
<b>As at 31 October 2020</b>			
<i>Financial value through profit or loss</i>			
Quoted local equities	-	126,176	126,176
Quoted local corporate bonds	-	64,780	64,780
Collective investment schemes	2,665,976	-	2,665,976
Exchange traded funds	9,616,735	-	9,616,735
Foreign exchange contracts	-	1,764	1,764
	<u>12,282,711</u>	<u>192,720</u>	<u>12,475,431</u>

<b>BOV Balanced Portfolio Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Liabilities</b>			
<i>Financial value through profit or loss</i>			
Foreign exchange contracts	-	(120,861)	(120,861)

<b>BOV Growth Portfolio Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
	€	€	€
<b>As at 31 October 2020</b>			
<b>Assets</b>			
<i>Fair value through profit or loss</i>			
Quoted local equities	-	27,720	27,720
Quoted local corporate bonds	-	29,329	29,329
Collective investment schemes	1,487,875	-	1,487,875
Exchange traded funds	4,581,589	-	4,581,589
	<u>6,069,464</u>	<u>57,049</u>	<u>6,126,513</u>

<b>BOV Growth Portfolio Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Liabilities</b>			
<i>Financial value through profit or loss</i>			
Foreign exchange contracts	-	(53,524)	(53,524)

<b>BOV Conservative Portfolio Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
	€	€	€
<b>As at 30 April 2020</b>			
<b>Assets</b>			
<i>Fair value through profit or loss</i>			
Quoted local corporate bonds	-	224,629	224,629
Quoted foreign corporate bonds	8,588,181	-	8,588,181
Collective investment schemes	15,519,664	-	15,519,664
Exchange traded funds	15,886,330	-	15,886,330
	<u>39,994,175</u>	<u>224,629</u>	<u>40,218,804</u>

<b>Liabilities</b>			
<i>Fair value through profit or loss</i>			
Foreign exchange contracts	-	(588,111)	(588,111)

## Notes to the Financial Statements (continued)

### 7. FAIR VALUE ESTIMATION (CONTINUED)

<b>BOV Balanced Portfolio Fund</b>	Level 1	Level 2	Total
	€	€	€
As at 30 April 2020			
Assets			
<i>Financial value through profit or loss</i>			
Quoted local equities	99,072	25,452	125,524
Quoted local corporate bonds	-	64,550	64,550
Quoted foreign government bonds	1,100,816	-	1,100,816
Collective investment schemes	2,342,086	-	2,342,086
Exchange traded funds	5,913,525	-	5,913,525
	<u>9,455,499</u>	<u>90,002</u>	<u>9,545,501</u>

Liabilities			
<i>Financial value through profit or loss</i>			
Foreign exchange contracts	-	(129,297)	(129,297)

<b>BOV Growth Portfolio Fund</b>	Level 1	Level 2	Total
	€	€	€
As at 30 April 2020			
Assets			
<i>Fair value through profit or loss</i>			
Quoted local equities	87,014	29,340	116,354
Quoted local corporate bond	-	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>

Liabilities			
<i>Fair value through profit or loss</i>			
Foreign exchange contracts	-	(43,197)	(43,197)

### 8. SUBSEQUENT EVENTS

There were no events which have occurred subsequent to the period-end until the date of approval of the interim report, which would have a material impact on the financial statements of the Funds as at 31 October 2020.

## Unaudited Supplementary Disclosures

### Portfolio Statements

31 October 2020

<b>BOV Conservative Portfolio Fund</b>	<b>Market value 31.10.2020</b>	<b>% of net assets</b>
	€	
<i>Exchange Traded Funds</i>		
<i>Ireland</i>		
iShares Corp Bond Large Cap UCITS ETF EUR (Dist)	1,460,920	2.97
iShares EURO Infl-Lkd Govt	507,274	1.03
iShares Global Corp Bond EUR H	2,346,329	4.77
iShares Physical Gold ETC	2,279,047	4.63
iShares USD Corp Bond UCITS ET	2,547,321	5.18
iShares USD Treasury 1-3Y	3,391,456	6.89
SPDR Bloomberg Barclays 3-10 Y	2,341,040	4.76
SPDR Bloomberg US Treasury	2,068,885	4.21
<i>Quoted Local Corporate Bonds</i>		
4.00% Cablenet 2030	601,520	1.23
6.00% International Hotel Investments 2024	6,496	0.01
5.75% International Hotel Investments 2025	8,221	0.02
4.00% International Hotel Investments 2026	186,243	0.38
4.35% SD Finance p.l.c. 2027	20,691	0.04
<i>Quoted Foreign Corporate Bonds</i>		
4.75% Abn Amro Bank NV 2025	572,426	1.16
4.38% Barclays p.l.c. 2024	220,707	0.45
2.75% Enel Fin Intl NV 2023	179,338	0.36
4.25% Gen Motors Fin 2023	756,040	1.54
4.88% General Motors 2023	415,619	0.84
4.25% Goldman Sachs GP 2025	1,366,909	2.78
4.88% Morgan Stanley 2022	1,113,161	2.26
5.00% Morgan Stanley 2025	1,051,520	2.14
4.25% Nordea Bank AB 2022	542,654	1.10
3.25% Societe Generale 2022	1,025,360	2.08
5.00% Societe Generale 2024	1,174,691	2.39
<i>Collective Investment Schemes</i>		
Vilhena Euro Income Fund	7,051,844	14.33
Vilhena Malta Bond Fund	6,593,176	13.40
Vilhena Malta Fund	544,043	1.11
Vilhena Sterling Income Fund	1,756,490	3.57

**Unaudited Supplementary Disclosures (continued)**

**Portfolio Statements (continued)**

31 October 2020

*Derivatives – Forward Forex Contracts*

	Fair Value €	Notional Amount €	
Sale of Sterling against Euro maturing on 3 December 2020	(14,697)	1,250,000	0.03
Sale of United States Dollar against Euro maturing on 3 December 2020	(474,812)	27,500,000	(0.97)

**BOV Balanced Portfolio Fund**

	Market value 31.10.2020 €	% of net assets
<i>Exchange Traded Funds</i>		
<i>Ireland</i>		
iShares Corp Bond Large Cap UCITS ETF EUR (Dist)	503,862	4.04
iShares Edge MSCI Europe Momen	60,047	0.48
iShares EURO Infl-Lkd Govt	60,458	0.48
iShares Global Clean Energy UCITS ETF USD (Dist)	128,254	1.03
iShares Global Corp Bond EUR H	1,692,821	13.56
iShares NASDAQ US Biotechnology ETF USD Acc	242,983	1.95
iShares Physical Gold ETC	283,880	2.27
iShares S&P US Banks UCITS ETF USD Acc	175,182	1.40
iShares USD Corp Bond UCITS ET	1,504,293	12.05
SPDR Bloomberg Barclays 3-10 Y	292,716	2.34
SPDR Global Real Estate	53,719	0.43
SPDR MSCI World Financials UCITS	25,496	0.20
SPDR MSCI World Health Care	250,828	2.01
SPDR MSCI World Industrials UCITS	39,563	0.32
SPDR MSCI World Technology UCITS	823,837	6.60
SPDR MSCI World Utilities	219,661	1.76
SPDR S&P 500 UCITS ETF	391,883	3.14
Vanguard FTSE Developed World	441,597	3.54
Vanguard USD Corporate Bond UCITS ETF Inc	1,077,752	8.63
Xtrackers MSCI World Communication Services	151,396	1.21
Xtrackers MSCI World Consumer Staple	238,682	1.91
Xtrackers MSCI World UCITS ETF	481,429	3.86
<i>Luxembourg</i>		
Amundi MSCI Nordic UCITS ETF - EUR	239,628	1.92
Lyxor STOXX Europe 600 Constr&Materials UCITS ETF	81,943	0.66
Lyxor STOXX Europe 600 Insurance UCITS ETF- Acc	154,825	1.24
<i>Quoted Local Corporate Bonds</i>		
4.00% International Hotel Investments Unsecured Bonds 2026	64,780	0.52

**Unaudited Supplementary Disclosures (continued)**

**Portfolio Statements (continued)**

31 October 2020

	<b>Market value</b>	<b>% of net assets</b>
	<b>31.10.2020</b>	
<i><b>Quoted Local Equities</b></i>	<b>€</b>	
BMIT Technologies p.l.c.	100,723	0.81
Main Street Complex p.l.c.	25,452	0.20
<i><b>Collective Investment Schemes</b></i>		
Morgan Stanley Global Opportunities	1,250,566	10.02
Vilhena Euro Income Fund	951,569	7.62
Vilhena Global Themed Fund	236,065	1.89
Vilhena Sterling Income Fund	227,776	1.82
	<b>Fair Value</b>	<b>Notional Amount</b>
	<b>€</b>	<b>€</b>
Sale of Sterling against Euro maturing on 3 December 2020	1,764	150,000
Sale of United States Dollar against Euro maturing on 3 December 2020	(120,861)	7,000,000
		(0.97)
<b>BOV Growth Portfolio Fund</b>	<b>Market value</b>	<b>% of net assets</b>
	<b>31.10.2020</b>	
<i><b>Exchange Traded Funds</b></i>	<b>€</b>	
<i>Ireland</i>		
iShares EURO Infl-Lkd Govt	30,670	0.50
iShares Global Clean Energy UCITS ETF USD (Dist)	130,079	2.13
iShares Global Corp Bond EUR H	483,663	7.92
iShares NASDAQ 100 UCITS ETF	62,644	1.03
iShares NASDAQ US Biotechnology ETF USD Acc	121,197	1.99
iShares Physical Gold ETC	242,573	3.97
iShares S&P US Banks UCITS ETF USD Acc	72,207	1.18
iShares USD Corp Bond UCITS ET	388,503	6.36
L&G ROBO GI Robotics and Automation UCITS ETF	133,228	2.18
SPDR Global Real Estate	44,045	0.72
SPDR MSCI World Financials UCITS	23,936	0.39
SPDR MSCI World Health Care	299,730	4.91
SPDR MSCI World Industrials UCITS	89,584	1.47
SPDR MSCI World Materials UCITS ETF	61,351	1.00
SPDR MSCI World Technology UCITS	485,310	7.95
SPDR MSCI World Utilities	161,352	2.64
SPDR S&P 500 UCITS ETF	167,349	2.74
Vanguard FTSE Developed World	195,939	3.21
WisdomTree Cloud Computing UCITS ETF USD Acc	135,149	2.21
Xtrackers MSCI World Communication Services	195,630	3.20
Xtrackers MSCI World Consumer	14,030	0.23

**Unaudited Supplementary Disclosures (continued)**

**Portfolio Statements (continued)**

31 October 2020

	<b>Market value</b>	<b>% of net assets</b>
<b>Exchange Traded Funds</b>	<b>31.10.2020</b>	
<i>Ireland</i>	<b>€</b>	
Xtrackers MSCI World Consumer Staple	219,505	3.60
Xtrackers MSCI World Information Tech UCITS ETF 1C	65,304	1.07
Xtrackers MSCI World UCITS ETF	275,170	4.51
<i>Luxembourg</i>		
Amundi MSCI Nordic UCITS ETF - EUR	212,634	3.48
Lyxor EURO STOXX Banks DR UCITS	94,779	1.55
Lyxor STOXX Europe 600 Constr&Materials UCITS ETF	61,457	1.01
Lyxor STOXX Europe 600 Insurance UCITS ETF- Acc	114,571	1.88
<b>Quoted Local Corporate Bonds</b>		
4.00% International Hotel Investments Unsecured Bonds 2026	29,329	0.48
<b>Quoted Equities</b>		
Main Street Complex p.l.c.	27,720	0.45
<b>Collective Investment Schemes</b>		
Morgan Stanley Global Opportunities	959,043	15.71
Vilhena Euro Income Fund	252,843	4.14
Vilhena Global Themed Fund	209,220	3.43
Vilhena High Yield Fund	66,772	1.09
<b>Derivatives – Forward Forex Contracts</b>	<b>Fair Value</b>	<b>Notional Amount</b>
Sale of United States Dollar against Euro maturing on 3 December 2020	(53,524)	3,100,000 (0.88)

## Statement of Changes in the Composition of the Portfolios

The composition of the portfolios, detailed in the Portfolio Statements on pages 22 to 25, in comparison with the Portfolio Statements as at 30 April 2020 stood as follows:

	% of net assets 31.10.2020	% of net assets 30.04.2020
<b>BOV Conservative Portfolio</b>		
Exchange Traded Funds	34.44	33.21
Quoted Local Corporate Bonds	1.67	0.47
Quoted Foreign Corporate Bonds	17.11	17.95
Collective Investment Schemes	32.41	32.44
Forwards	(0.94)	(1.23)
<b>BOV Balanced Portfolio</b>		
Exchange Traded Funds	77.03	51.85
Quoted Local Corporate Bonds	0.52	0.57
Quoted Foreign Corporate Bonds	-	9.65
Quoted Equities	1.01	1.09
Collective Investment Schemes	21.35	20.53
Forwards	(0.95)	(1.13)
<b>BOV Growth Portfolio</b>		
Exchange Traded Funds	75.05	57.66
Quoted Local Corporate Bonds	0.48	0.60
Quoted Equities	0.45	1.98
Collective Investment Schemes	24.37	23.42
Forwards	(0.88)	(0.73)

## 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 2020, there were no breaches of the standard license conditions.

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

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

### 4. NOTIONAL EXPOSURES

As at 31 October 2020 all three Funds had commitments through the use of forward foreign exchange contracts. There was no significant exposure after netting for all the above mentioned Funds.

### 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.

#### 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.

## Information about the Funds (continued)

### 5. RISK FACTORS (continued)

#### 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.

## Information about the Funds (continued)

### 5. RISK FACTORS (continued)

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)

### 5. RISK FACTORS (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 unitholder on such dealing day so that all unitholders wishing to have units in that Fund repurchased on that dealing day realise the same proportion of such units. In the event the Investment Manager elects to limit the number of units repurchased on such date, a unitholder may not be able to repurchase on such dealing day all the units that it desires to repurchase.

#### Illiquidity of units

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

#### Substantial Redemptions

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

## Information about the Funds (continued)

### 5 RISK FACTORS (continued)

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

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

#### **Conflicts of Interest**

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

#### **Fee Arrangements**

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

#### **Risk relating to Omnibus Accounts**

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

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

#### **Taxation**

Investors in the units in a particular Fund should be aware that they may be required to pay income tax, 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

## Information about the Funds (continued)

### 5. RISK FACTORS (continued)

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

#### Foreign Account Tax Compliance Act Risks

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

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

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

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

#### Common Reporting Standard Risks

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

## Information about the Funds (continued)

### 5. RISK FACTORS (continued)

#### 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.

## Information about the Funds (continued)

### 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 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.

### 7. 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 5 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.

### 8. 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.

### 9. INVESTMENT MANAGER'S STATEMENT

In the opinion of the Investment Manager, this Unaudited 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 year ended 31 October 2020, and does not omit any matter or development of significance.

