

Global Funds SICAV p.l.c.

Annual Report
And
Financial Statements

31 July 2018



Testaferrata Street,
Ta' Xbiex, XBX1403,
Malta

Registration Number: SV6

CONTENTS

	Page
Management and Administration	2
Description	3
Manager's Report	4
Report of the Directors	11
Independent Auditor's Report	14
Report of the Custodian	23
Financial Statements	
Statements of Financial Position	26
Statements of Changes in Equity	27
Statements of Comprehensive Income	28
Statements of Cash Flows	29
Notes to the Financial Statements	30
Portfolio Statements	51
Statement of Changes in the Composition of the Portfolios	52
Information about the Scheme	53

MANAGEMENT AND ADMINISTRATION

DIRECTORS

Dr. Tonio Fenech (Chairman)
270, Triq San Giljan, Birkirkara, Malta
(Chairman as from 17 September 2017)

Alexia Farrugia
15, Triq in-Namur, L-Iklin, Malta
(appointed on 22 May 2018)

Konrad Paul Camilleri
26, The Palisades, Triq Guze Orlando,
Birkirkara, Malta
(appointed on 22 May 2018)

Anthony C. Azzopardi (Chairman)
Apartment 6 Court 2,
Centre Court, Triq il-Qasam, Swieqi, Malta
(resigned on 24 November 2017)

John Ellul Vincenti
'Il-Bejta', Mons. Debono Street, Kappara, Malta
(resigned on 24 November 2017)

Norval Desira
'Il-Veduta', Madliena Road, Madliena, Malta
(resigned on 24 November 2017)

COMPANY SECRETARY

Fenlex Corporate Services Limited
85, St John Street, Valletta, VLT1165, Malta
(until 24 November 2017)

ARQ Corporate Ltd.
Ewropa Business Centre, Level 3 – 701,
Dun Karm Street, Birkirkara, BKR9034, Malta
(from 25 November 2017)

MANAGER AND REGISTRAR

GlobalCapital Financial Management Limited
Testaferrata Street, Ta' Xbiex XBX1403, Malta
*Licensed to conduct investment services
business for collective investment schemes by
the Malta Financial Services Authority.*

ADMINISTRATOR

GlobalCapital Financial Management Limited
Testaferrata Street, Ta' Xbiex XBX1403, Malta
*Licensed to conduct investment services
business for collective investment schemes by
the Malta Financial Services Authority.*

INVESTMENT ADVISOR TO THE MANAGER

GlobalCapital Financial Management Limited
Testaferrata Street, Ta' Xbiex XBX1403, Malta
*Licensed to conduct investment services
business by the Malta Financial Services
Authority.*

CUSTODIAN AND BANKER

Sparkasse Bank Malta p.l.c.
101, Townsquare, ix-Xatt ta' Qui-si-Sana, Sliema
SLM3112, Malta
*Licensed to conduct investment services
business by the Malta Financial Services
Authority.*

AUDITORS

PricewaterhouseCoopers
78, Mill Street, Qormi QRM3101, Malta

LEGAL ADVISORS

Fenech & Fenech Advocates
198, Old Bakery Street, Valletta, Malta
(until 24 November 2017)

Fenech Farrugia Fiott Legal
Ewropa Business Centre, Level 3 – 702,
Dun Karm Street, Birkirkara, BKR9034, Malta
(from 25 November 2017)

DESCRIPTION

Global Funds SICAV p.l.c. (the "**Company**") is organised under the laws of Malta as a multi-fund investment company with variable share capital (SICAV) pursuant to the Maltese Companies Act (Cap. 386). The Company was registered on the 17 September 1998 and consists of the following funds:

Global Bond Fund Plus
Malta Privatisation & Equity Fund
Melita International Equity Fund

These Funds are licensed by the Malta Financial Services Authority as Collective Investment Schemes under the Investment Services Act. The Funds are listed on the Official List of the Malta Stock Exchange. The Company has no employees.

The determination of the Net Asset Value of the Company's three sub-funds was suspended by the Board of Directors of the Company on the 5 May 2015 on account of the illiquidity of the Company's holdings in GlobalCapital p.l.c. shares and the Directors' inability to reasonably, promptly and accurately determine their fair value. The determination of the sub-funds' NAV and dealing remains so suspended to-date.

Following the resignation of the previous Board of Directors with the exception of Dr. Tonio Fenech, a new Board was constituted during an Extraordinary General Meeting that took place on 27 April 2018. The 31 July 2018 audited financial statements are being prepared on a going concern basis to reflect the change in circumstances.

MANAGER'S REPORT

This report is being issued by the Manager with respect to Global Funds SICAV p.l.c. This Report contains important information related to the investment strategy of the Fund. The following report reviews the Funds' performance covering the financial period from 1 August 2017 to 31 July 2018.

Maltese Market Overview

The local equity market has recorded a negative performance for the year ended 31 July 2018, with the Malta Stock Exchange ("MSE") Index declining by 8.4% on an absolute return basis and by 6.0% on a total return basis. This down return in the MSE was particularly driven by the negative performance recorded across most of the equities registered on the MSE with the principal detractors being Medserv p.l.c. (-24.1%) and FIMBank p.l.c. (-31.2%), immediately followed by Bank of Valletta p.l.c. (-23.1%) and HSBC Bank p.l.c. (-15.6%). The negative performance recorded in the local equity market was partially mitigated by a number of equities which have shown material upswing during the period under review.

On the other hand, potential output growth moderated slightly to 5.4% during the June quarter, from 5.8% in the previous quarter, although it remained relatively elevated from a historical perspective. The positive output gap, measured as a four-quarter moving average, is estimated to have largely closed during the quarter under review, with the economy no longer operating above its productive capacity over the recent period.

During the year under review, the Maltese Government Stocks ("MGS") returned a positive return on a total return basis with the yield curve recording a flattering trend. It is interesting to note that the Corporate Bond Market has similarly recorded a positive trend. The local sovereign and corporate bond market remains the most active part of the MSE. The diverse nature of the issuers gives the investors plenty of scope to select issues that suit their investment requirements. Liquidity may be tight as bonds of high quality issuers are not always easy to find. The Primary Market was rather active in the local corporate bond market, with a number of new issuers approaching the market and listing their debt for the first time, whilst other existing issuers tapped the market with the aim of benefitting from the current low interest scenario as they refinanced maturing bonds at lower yielding coupons.

Malta Privatisation and Equity Fund

Investment Objective

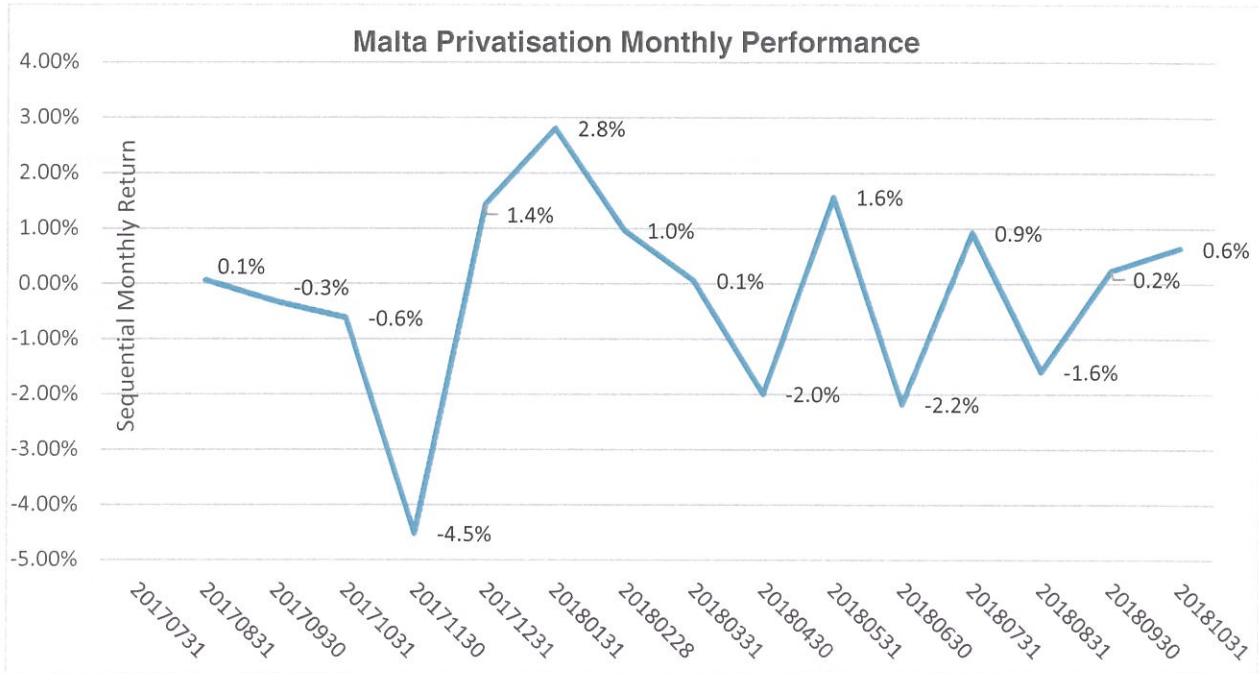
The investment objective of the Fund is to endeavour to maximize the level of total return to Investors over long term by investment in Maltese equity securities, principally by taking advantage of initial public offering (IPOs) of companies currently owned or controlled by the Government of Malta and/or private investors, as well as by investment in Maltese equity securities of companies that have been the subject of an IPO and whose equity securities are available for purchase.

MANAGER'S REPORT - continued

Malta Privatisation and Equity Fund - continued

Fund Performance

During the period from 1 August 2017 to 31 July 2018, the quoted share price of the Malta Privatization and Equity Fund increased by 0.8%.



Portfolio Activity

The Fund registered a marginal portfolio activity for the year under review. The Fund's allocations in corporate bonds, Maltese Government Stocks and equity market have been realigned towards a more conservative duration approach during the Financial Year with the aim of reducing risks derived from longer dated bonds. The Fund seeks to remain strategically oriented towards a wide range of asset classes with the aim of producing a better diversification grade. The security selection was a key component of the Fund's performance. The Fund has been characterized by adverse conditions and high illiquidity of the market where these asset classes are listed (MSE). The downturn in the Fund was particularly driven by the negative returns recorded across most of the equities registered on the MSE with the principal detractors being Bank of Valletta p.l.c., GO p.l.c., Grand Harbour Marina p.l.c. and HSBC Bank Malta p.l.c.

MANAGER'S REPORT - continued

International market overview

Global equity markets continued their advance through 2017 and into January 2018 before declining sharply in February and March 2018 and then recovering somewhat to end the twelve months under review. Currency moves have been significant over the period flattering returns; the dollar weakened 9.9% against the euro, 6.1% against sterling and 2.4% against the yen.

Equity markets rallied strongly until February 2018 under the benign influences of an improving global economy and waning concerns of deflation. The equity market decline happened in two stages. An initial pullback in February 2018 was followed by a period of stability and then there was a further decline in March 2018, which carried over into early April 2018.

The February 2018 decline appeared to have been an adjustment in investor sentiment while the second wave was arguably more fundamentally focused as it was, at least in part, caused by President Trump's announcement of the plan to impose tariffs on a number of imports. Initially he focused on steel and aluminium but then came the threat to impose wide ranging tariffs on \$50 billion of Chinese imports. The latter was met, after some delay, by a reciprocal threat from China to impose tariffs on its imports from the US.

Volatility has returned to markets as investors weighed up a number of conflicting variables. These include tightening monetary policy (rising interest rates) offset by accommodating fiscal policy (principally in the form of tax cuts) in the US, synchronized global growth versus its impact on inflation, regulatory pressures within the technology sector and the resulting attractive valuations, all against a backdrop of policy making via Twitter and global tensions.

On the other hand, European economic data continues to be strong, helped by increased investment spending. Core inflation is still only gradually increasing, while a modest pick-up of headline inflation is expected. The ECB is likely to stop its monthly asset purchases in September 2019. While the ECB recently increased the proportion of corporate purchases, it has since said that this was purely a seasonal effect and not a policy decision. Moreover, the Sub-Investment Manager is of the opinion that euro credit remains fairly well supported, and the key regional risk is Britain's exit from the EU and how negotiations are handled. Globally, the main risks are continued uncertainty surrounding the US's tax and spending policies and rising protectionism.

Global Bond Fund Plus

Investment Objective

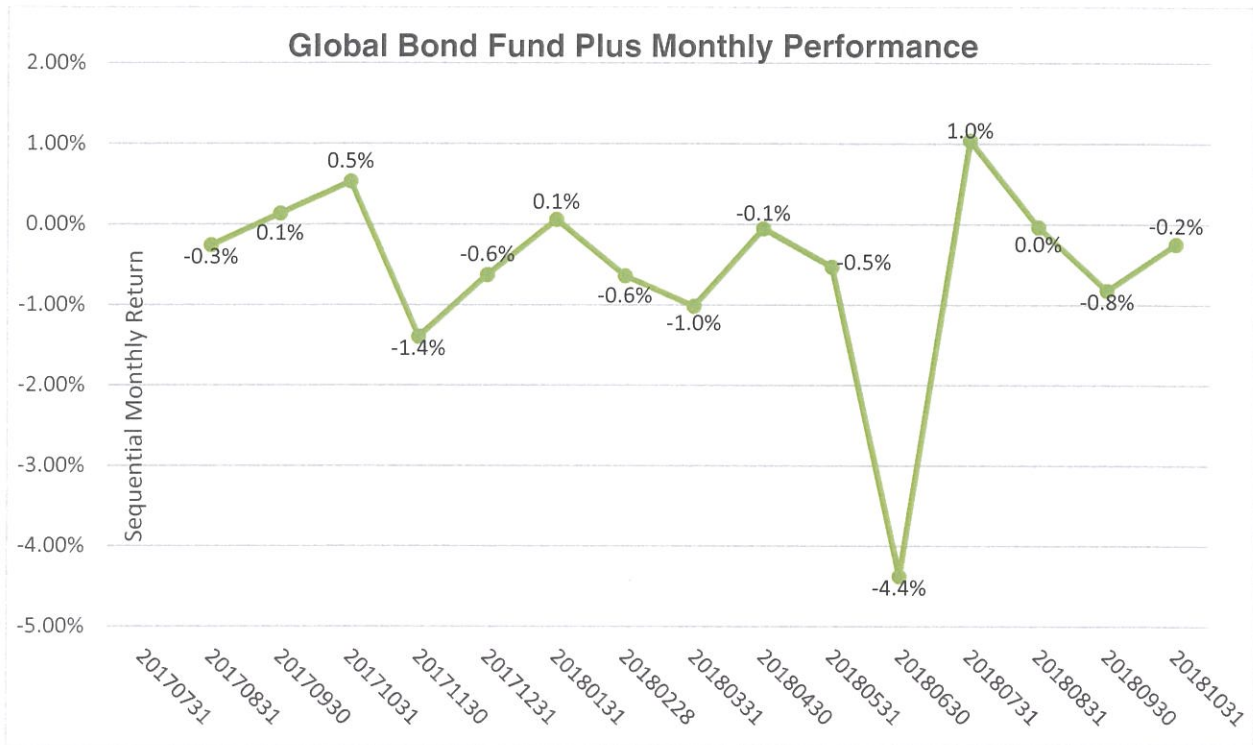
The investment objective of the Fund is to endeavour to maximize the level of total return to Investors over long term, whilst minimizing the volatility of the portfolio and having regard to attaining a desirable level of liquidity, principally through investment in regulated collective schemes investing primarily in bonds and other debt securities issued in or outside Malta. The proportion of the Fund's investments in such collective investment schemes shall not fall below 50% of the Fund's Net Asset Value unless, in the opinion of the investment Advisor, market and economic conditions warrant otherwise in the interest of the Shareholders.

MANAGER'S REPORT - continued

Global Bond Fund Plus - continued

Fund Performance

During the period from 1 August 2017 to 31 July 2018, the quoted share price of the Global Bond Fund Plus increased by 1.3%.



Portfolio Activity

The fund has returned a positive return for the period under review. The main concern of the Manager is for the continued poor performance of some holdings in the Fund's portfolio, which returned an average (-5%) over the period. The principal detractors being Aberdeen Emerging Markets Bond - USD (- 6.38%), GlobalCapital p.l.c. (- 9.13%) followed by Aberdeen Euro High Yield Bond Fund – EURO (- 3.22%) and Aberdeen Emerging Markets Bond – GBP (- 2.92%).

The Manager has also been patient with this listed fund for an extended period in the hope that the Manager of these Funds would take meaningful action to improve the performance of the underlying portfolio. The best performers in the period under review are IHGMV 6 (EURO) (+2%) and AXINVM 6 (0.91%).

MANAGER'S REPORT - continued

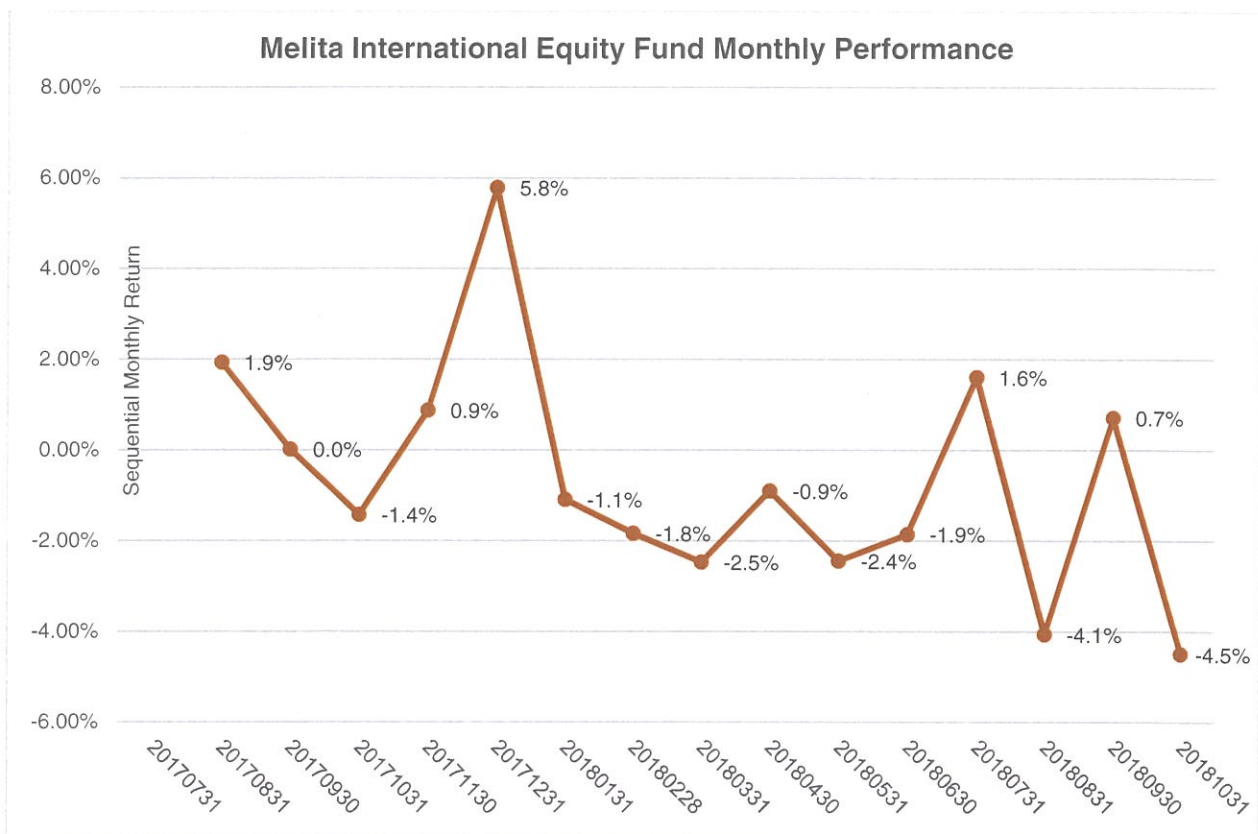
Melita International Equity Fund

Investment Objective

The investment objective of the Fund is to endeavour to achieve long term capital growth by investing in equity markets world-wide principally through the medium of collective investment schemes that give access to these markets. The proportion of the Fund's investments in such collective investment schemes shall not fall below 50% of the Fund's Net Asset Value unless, in the opinion of the investment advisor, market and economic conditions warrant otherwise in the interest of the Shareholders.

Fund Performance

During the period from 1 August 2017 to 31 July 2018, the quoted share price of the Melita International Equity Fund decreased by 0.3%.



Portfolio Activity

The Fund generated a negative performance over the year ended July 2018, mainly attributable to the downward movement in prices of the Raiffeisen OstEuro Actien (- 8.29), Bank of Valletta p.l.c. (-34.01) and HSBC Bank Malta p.l.c. (-11.4). The Manager remarks that the period between 1 August 2018 to date the drop in the equity market was partially mitigated by the positive contribution of MIA Holding (+ 29.56), Black Rock Global Small Cap (+ 11.09), JP Morgan Emerging Market Middle East (+ 9.97) and Kames Global Equity Income (+ 8.38). The Manager started slightly reducing the holdings to the local equities.

MANAGER'S REPORT - continued

Over and Under Exposures Report

The underlying listed equities within Global Bond Fund Plus, Malta Privatisation and Equity Fund and Melita International Equity Fund are subject to investment restrictions which include the percentage investment exposure to any one single equity.

The Manager highlights that during the period 1 August 2017 to 31 July 2018, the following exposures were reported:

- over-exposure in the investment restriction parameters of the holding in Raiffeisen East Euro for 1.50% over the limit of 25% of the NAV of Sub Fund Melita International Equity Fund. This over-exposure occurred for reasons beyond the control of the Manager and/or Scheme as a result of market movements and not as a direct result of any additional acquisitions in the named underlying holdings.
- over-exposure in the investment restriction parameters of the holding in Aberdeen Global Select EHYB Fund A-1 for 0.11% over the limit of 25% of the NAV of Sub Fund Global Bond Fund Plus. This over-exposure occurred for reasons beyond the control of the Manager and/or Scheme as a result of market movements and not as a direct result of any additional acquisitions in the named underlying holdings.
- over-exposure in the investment restriction parameters of the holding in JPM Middle East Equity Fund for 1.53% over the limit of 25% of the NAV of Sub Fund Melita International Equity Fund. This over-exposure occurred for reasons beyond the control of the Manager and/or Scheme as a result of market movements and not as a direct result of any additional acquisitions in the named underlying holdings.
- over-exposure in the investment restriction parameters of the holdings in MIA Equity Holding for 5.1% over the limit of 20% of the NAV of Sub Fund Malta Privatization and Equity Fund. This over-exposure occurred for reasons beyond the control of the Manager and/or Scheme as a result of market movements and not as a direct result of any additional acquisitions in the named underlying holdings.

As the date of this report the above listed over-exposures were rectified.

Recommendations

In the opinion of the Manager, the Fund would benefit from the proposed amalgamation of two sub-funds (Global Bond Fund Plus – Melita International Equity Fund). The amalgamation should have a positive impact on the management of the Fund reducing the costs and improving the assets diversification with a reduction of the risks for the Investors.

Furthermore, the Manager believes that the only way to relaunch the SICAV is to improve the distribution of the Fund on the local market. The Manager would intend to use the following distribution channels: a) GCFM's distribution unit; b) Third parties distributors (local brokers and investment firms). The proposed relaunch plan will be subject to the MFSA's approval.

Finally, the Manager has worked on a cost reduction plan which should also include the reduction of the fees of all service providers. The Manager has started reducing its own management fees of an amount equal to 30% of the agreed fees. In the best interest of the Investors the expectation of the Manager is that the other service providers will reduce their fee of the same proportion.

MANAGER'S REPORT - continued

Conclusion

In light of the above analysis, the Manager remarks the following considerations. (1) The Investment objectives of the three sub funds appear to be still current as shown in the present report. The proposed amalgamation should further enforce the umbrella fund structure. (2) The supposed relaunch plan of the Fund based on three main areas: a) Cost reduction; b) Marketing and distribution improvement; c) New projects should favor the growth of the Fund both in terms of new investors and volume should help the SICAV to meet its investments objectives. (3) The non-binding commitments received by the Manager from potential new Investors who have directly requested information about the Scheme show that the Maltese fund industry market remains historically attractive and that the Fund could play a role in this market also according to the confirmed intention of the significant shareholder to stay in the fund.

REPORT OF THE DIRECTORS

The Directors are hereby laying their Annual Report and Financial Statements of the Company for the year ended 31 July 2018 at this Annual General Meeting, for the shareholders' careful consideration and eventual approval.

Principal Activities

Global Funds SICAV p.l.c. is organised under the laws of Malta as a multi-class investment company with variable share capital (SICAV). The Company was registered on 17 September 1998 and is licenced as a Collective Investment Scheme under the Investment Services Act, 1994 (Chapter 370 Laws of Malta). The Company currently consists of three Sub-Funds: the Global Bond Fund Plus, the Malta Privatisation & Equity fund and the Melita International Equity Fund (the "Funds"). The Company has no employees.

Suspension of Determination of Net Asset Value

The Board notes that the suspension on the determination of the Net Asset Value ("NAV") in respect of the Funds of the Company, imposed by the Directors on 5 May 2015, is still in force to date. The suspension in place involves determination of NAV of the relevant Funds, but does not directly affect trading of assets within the Funds' portfolios.

The suspension on the determination of the NAV is expected to be lifted immediately after obtaining the necessary comfort that the process will be managed and controlled in a suitable manner by the Company's service providers, having all investors equally and fairly treated. This is part of an urgent exercise being conducted by the Directors as is reported hereunder.

In view of anticipated redemption of shares following the lifting of the suspension, the Board of Directors may exercise its powers at law and those available in the Prospectus of the Company. These powers may be used as may be necessary, in order to guarantee an equitable and impartial treatment to all the shareholders irrespective of the size of their shareholding.

Important Events Affecting the Company Since the End of the Accounting Period ended 31 July 2017

The Directors wish to bring to the attention of the shareholders three particular important processes which can be considered as important events affecting the Company since 31 July 2017:

a. Reconstitution of the Board of Directors and re-structuring of the Company Funds for re-launch

Following the resignation of most members of the Board of Directors as well as the Company Secretary on 24 November 2017, representatives of the body of shareholders approached Dr. Tonio Fenech to retain his directorship, as part of a drive to reconstitute the Board. This in an effort to re-structure and re-launch the Funds of the Company.

This led to the re-constitution of the Board as presently constituted on 27 April 2018. The re-constituted Board has been working with GlobalCapital Financial Management Limited ("GCFM") since its reconstitution with two broad areas of focus: the first has been a concerted effort to ensure that investors have a clearer view of the current financial situation of the scheme, and the second area of focus has been that of presenting investors with a vibrant and positive prospective outlook for the Company in conjunction with its efforts to lift the current suspension on the determination of the NAV, which has now become imperative.

In order to ensure that the exercise is as comprehensive as circumstances permit, the Board requested GCFM to propose various angles of development. In the meantime, it has also proceeded with a Service Provider Review, in parallel with commencing discussions with possible alternative service providers, in order to ensure that no stone is left unturned in the search for optimal avenues forward.

REPORT OF THE DIRECTORS - continued

Important Events Affecting the Company Since the End of the Accounting Period ended 31 July 2017 - continued

b. Service Provider Review

A Service Provider Review was commissioned by the Board, also consequent to a request from the Malta Financial Services Authority (the "MFSA"). The MFSA requested the Board to report on any deficiencies identified at an operational level within GCFM, and to outline the manner in which such deficiencies, if any, are being addressed by the Board of Directors.

The Service Provider Review, which is work in progress as at the date of this Report, will assist the Directors to establish whether or not GCFM has the competence, knowledge and infrastructure to fulfill their contractual obligations in a suitable manner with respect to the Funds.

c. Proposed Re-launch of the Company and Funds

During the Annual General Meeting held on 5 October 2018, a Re-launch Plan was presented by GCFM to the Shareholders. It was noted that the objectives of the proposed Re-Launch Plan focus primarily on reduction of costs and the enhanced promotion of the Company Funds. The recommendations made by GCFM are presently being considered by the Directors as part of the general exercise currently in progress.

Review of Business

Shareholders' funds as at 31 July 2018 stood at €4 million resulting in a decrease of 3% from that registered as at 31 July 2017, which stood at €4.12 million.

Compliance with Standard Licence Conditions

The Board of Directors corrected the following breaches of the Standard Licence Conditions, namely:

- SLC 10.7 of the Investment Services Rules for Retail Collective Investment Schemes, arising from the delay in the submission of the submission of audited annual financial statement for the periods ending July 2016 and July 2017 with the Malta Financial Services Authority; and
- Four individual over-exposures in the Company's Sub-Funds (Melita International Equity Fund (2), Malta Privatisation and Equity Fund (1) and Global Bond Fund Plus (1)) due to positive market movement.

The Board of directors is aware of the following breaches of the Standard Licence Conditions, namely:

- The suspension on the determination of the Net Asset Value and on dealings imposed by the Board of Directors by virtue of Article 12 of the Prospectus of the Company on the 05 May 2015 is no longer considered temporary in nature;
- An overexposure of 0.20% of NAV, in one of the Company's Sub-Funds, the Malta Privatisation and Equity Fund, which became present due to positive market movement;
- Standard Licence Condition 10.7 of the Investment Services Rules for Retail Collective Investment Schemes, arising from the delay the submission of the interim financial statements for the periods ending 31 January 2017 and 31 January 2018 with the Malta Financial Services Authority; and
- Standard Licence Condition 3.5 of the Investment Services Rules for Retail Collective Investment Schemes, which requires the Compliance Officer of the Company to prepare a Compliance Report on a six-monthly basis.

The Board of Directors is working with the Fund Manager to ensure timely rectification of said breaches prior to lifting the suspension on the determination of NAV and dealing.

REPORT OF THE DIRECTORS - continued

Results and Dividends

The results of the year under review can be found on the Statements of Comprehensive Income on page 28.

No dividends are being recommended by the Board of Directors for the year under review.

Directors

The current Directors of the Company are listed on page 2.

Statement of Directors' responsibilities for the financial statements

The Directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements, which give a true and fair view of the state of affairs of the Company as at the end of each financial period and of the profit and loss for that period.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Global Funds SICAV p.l.c. for the year ended 31 July 2018 are included in the Annual Report 2018 which is published in hard-copy printed form and may be made available on the Manager's website.

On behalf of the Board



Tonio Fenech
Chairman

17 December 2018



Alexia Farrugia
Director



Independent auditor's report

To the Shareholders of Global Funds SICAV p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- Global Funds SICAV p.l.c.'s financial statements give a true and fair view of the company's financial position as at 31 July 2018, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the directors.

What we have audited

Global Funds SICAV p.l.c.'s financial statements, set out on pages 26 to 50, comprise:

- the statements of financial position as at 31 July 2018;
- the statements of changes in equity for the year then ended;
- the statements of comprehensive income for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

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



Independent auditor's report – continued.

To the Shareholders of Global Funds SICAV p.l.c.

Basis for opinion - continued

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the Company, in the period from 1 August 2017 to 31 July 2018, are disclosed in Note 8 to the financial statements.

Material Uncertainty Relating to Going Concern

We draw attention to Note 3 to these financial statements, which refers to the suspension of each sub-fund with effect from 6 May 2015. We note that there are uncertainties surrounding the implementation of a plan that the Company is currently developing for a way forward for these sub-funds. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern should this plan not be implemented successfully. Our opinion is not qualified in respect of this matter.

Our audit approach

Overview



Overall materiality: 1% of net asset value (“NAV”) for each of the company’s sub-funds.

- The company is an open-ended collective investment scheme organised as a multi-fund limited liability investment company with variable share capital and with three segregated sub-funds, each constituting a patrimony separate from each other. It engages GlobalCapital Financial Management Limited (the “Manager”) to manage certain duties and responsibilities with regards to the day-to-day management of the Company.
 - The Company’s accounting is delegated to the Administrator, GlobalCapital Financial Management Limited, who maintains its own accounting records and controls and reports to the Manager and the Directors.
 - We tailored the scope of our audit taking into account the types of investments held by the sub-funds, the involvement of the third parties referred to above, the accounting processes and controls and the industry in which the company operates.
-
- Valuation and existence of financial assets at fair value through profit or loss
 - Effectiveness of internal control



Independent auditor's report - continued

To the Shareholders of Global Funds SICAV p.l.c.

Our audit approach - continued

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of resources and effort, are identified in the table below as key audit matters.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality and how we determined it

1% of NAV for each of the sub-funds of the company.

Rationale for the materiality benchmark applied

We have applied this benchmark as we consider it to be one of the principal considerations for principal users in assessing the financial performance of the company and the sub-funds. We also believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the directors that we would report to them misstatements identified during our audit above 0.1% of each of the sub-funds' NAV as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.



Independent auditor's report - continued

To the Shareholders of Global Funds SICAV p.l.c.

Our audit approach - continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p><i>Valuation and existence of financial assets at fair value through profit or loss</i></p> <p>The financial assets at fair value through profit or loss as described in Note 4 are held in the name of each respective sub-fund. The valuation of these assets is the key driver of the Company's net asset value and investment return.</p> <p>We focused on this area as incorrect valuation and existence of assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.</p> <p>Global Bond Fund Plus and Malta Privatisation and Equity Fund, still hold GlobalCapital shares in their portfolio, 2.27% and 6.43% respectively. The valuation of these securities is a focus area of our audit given the illiquid nature of these securities in the local market.</p> <p>Accordingly, its current carrying value may be different to the value that may ultimately be realised on redemption.</p>	<p>We tested the valuation of the investments by agreeing the prices used in their valuation to independent pricing sources.</p> <p>We agreed the exchange rates used to translate the year end valuation of non-Euro denominated investments to external sources. We recalculated the value of investments in foreign currencies to verify the accuracy of the corresponding Euro balances.</p> <p>We agreed all investment holdings to independent third party confirmations</p> <p>We tested the valuation of the GlobalCapital shares by making reference to the price at which the latest trades in GlobalCapital p.l.c. were carried out as at year end. We also considered the extent of trading occurring during and after the year end and the prices at which these trades took place. The incidence of trading was more pronounced than in previous years and the price at which these trades were concluded supports the 30 Euro cents value at which the investment is being carried.</p> <p>In addition, we evaluated the adequacy of the disclosures made in Notes 4 and 12 of the financial statements.</p> <p>The results of our procedures did not identify any material misstatements.</p>



Independent auditor's report - continued

To the Shareholders of Global Funds SICAV p.l.c.

Our audit approach - continued

Key audit matters – continued

Key audit matter	How our audit addressed the Key audit matter
<p><i>Effectiveness of internal controls</i></p> <p>During the financial year under review there were several resignations of important staff members at GlobalCapital Financial Management Limited (GCFM). This increases the risk of error due to the potential impact on the functioning of controls and record keeping of the company.</p> <p>The Company is particularly subject to the risk of management override of controls because of limited segregation of duties both within the company and at the level of the various service providers, such as the transfer agent, the finance department and the investment manager, all of which are related parties.</p>	<p>As a result of the increased audit risk we performed additional audit procedures designed to identify and mitigate the related risks and incorporated a greater emphasis on substantive testing and completeness of transactions and balances. These procedures included:</p> <ul style="list-style-type: none">• We applied a higher level of professional scepticism and placed more reliance on substantive work;• Detailed discussions with management and the Board of Directors throughout the audit;• Thorough review of agreements in place, Board minutes and correspondence with the Malta Financial Services Authority during and after the financial year;• Obtaining independent external confirmations in relation to the existence of the underlying investments held by the custodian;• Tracing any trades in investments which took place during the year;• Review of key accounting estimates;• Ensuring that no creations and redemptions took place during the year; and• Testing on expenses incurred during the financial year. <p>Control deficiencies will be communicated formally to the Board by way of a management letter.</p>



Independent auditor's report - continued

To the Shareholders of Global Funds SICAV p.l.c.

Our audit approach - continued

How we tailored our audit scope

As at 31 July 2018, the Company had three segregated sub-funds, each constituting a patrimony separate from each other. We looked at each sub-fund at an individual level.

In establishing the overall approach to our audit, we assessed the risk of material misstatement at a sub-fund level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the nature of the investments, the involvement of the Manager and Administrator, the accounting processes and controls in place, and the industry in which the Company operates. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Other information

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

Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap.386).

Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.



Independent auditor's report - continued

To the Shareholders of Global Funds SICAV p.l.c.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



Independent auditor's report - continued

To the Shareholders of Global Funds SICAV p.l.c.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.



Independent auditor's report - continued

To the Shareholders of Global Funds SICAV p.l.c.

Appointment

We were first appointed as auditors of the Company on for the financial period ended 31 July 1999. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 19 years.

PricewaterhouseCoopers

78, Mill Street
Qormi
Malta

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

Simon Flynn
Partner

17 December 2018

The Directors
Global Funds SICAV p.l.c.
Testaferrata Street,
TA' XBIEX XBX1403
Malta

26th November 2018

Custodian's Report

As Custodian to *Global Bond Fund Plus*, *The Malta Privatisation & Equity Fund* and the *Melita International Equity Fund* ("the sub-funds"), as sub-funds of the GLOBAL FUNDS SICAV P.L.C. ("the Scheme"), we hereby confirm having enquired into the conduct of the Scheme in relation to the above mentioned sub-funds for the period **01st August 2017** until **31st July 2018** and confirm that during this period:

- I. The sub-funds were managed in accordance with the limitations imposed on the investment and borrowing powers of the respective sub-fund by its constitutional documents and by the Malta Financial Services Authority with the exception of the following events :
 - On the 5th May 2015, the company gave notification of its decision to suspend the determination of the Net Asset Value in respect of all sub-funds within the Scheme. As at the end of the period under review, the suspension had not been lifted and thus should no longer be considered temporary in nature.
 - Reference is made to the Global Funds SICAV plc Prospectus dated 1st March 2010, Malta Privatisation & Equity Fund Investment Restrictions Section (page 16) where it states that:
"The Fund may not invest more than 15% of its Net Asset Value in listed securities issued by the same issuer... at the time of the purchase unless the market capitalization of the issuer exceeds EUR 58,234,334.96 (Lm 25,000,000), in which case the maximum percentage permitted will be 20%."

Based on the latest available Net Asset Value dated 31st July 2017, the Custodian noted that the sub-fund exceeded the above threshold resulting in an overexposure to Malta International Airport Shares (ISIN MT0000250101) as at 31st July 2018.

As the date of this report the above listed over-exposure was rectified.

- Reference is made to the Global Funds SICAV plc Prospectus dated 1st March 2010, Melita International Equity Fund Investment Restrictions Section (page 19) where it states that: *"The Fund may invest up to 20% of its NAV in any one open-ended collective investment Scheme (or sub-fund) having no track record or having a track record of less than 3 years, provided that the Fund may invest up to 25% of its NAV in any one open-ended collective investment scheme (or sub-fund) having a track record of at least 3 years."*

Based on the latest available Net Asset Value dated 31st July 2017, the Custodian noted that the sub-fund exceeded the above threshold resulting in an overexposure to Raiffeisen Osteuropa Aktien Miteigentumsfonds Class R (ISIN AT0000785241) and JPMorgan Funds SICAV - JPMorgan Emerging Middle East Equity Fund D (Acc.) (ISIN LU0117896257) as at 31st July 2018.

As the date of this report the above listed over-exposures were rectified.

- Reference is made to the Global Funds SICAV plc Prospectus dated 1st March 2010, Global Bond Fund Plus Investment Restrictions Section (page 13) where it states that: *"The Fund may not invest more than 25% of its Net Asset Value in a single collective investment Scheme."*

Based on the latest available Net Asset Value dated 31st July 2017, the Custodian noted that during the period under review the sub-fund exceeded the above threshold resulting in an overexposure to Aberdeen Global SICAV – Select Euro High Yield Bond Fund Class A1 (ISIN LU0119174026).

As the date of this report the above listed over-exposures was rectified.

II. And in accordance with the provisions of the constitutional documents and the Scheme's licence conditions with the exception of the following outstanding requirements:

- Based on *Investment Services Rules for Retail Collective Investment Schemes, Part B – Standard Licenced Conditions 3.5*, the Compliance Officer of the Scheme should have prepared a "Compliance Report" at least on a six monthly basis. As at the end of the period under review the Custodian has not been provided or informed of the submission of this report.
- Based on *Investment Services Rules for Retail Collective Investment Schemes, Part B – Standard Licenced Conditions 10.7*, "The Scheme shall submit half-yearly and annual reports to the MFSA, [...] within two and four months respectively of the end of the period concerned." Insofar as the Custodian is aware, the interim financial statements for the period ending January 2017 were not filed and the submission of the interim financial statements for the period ending 31 January 2018 with the Malta Financial Services Authority was delayed.

- As from 24th November 2017 to 27th April 2018, the number of Directors of the SICAV was below the minimum statutory threshold established by Article 6.0 of the Memorandum of Association of the Company, which states that “the affairs of the Company shall be managed by a Board of Directors composed of not less than two (2) and not more than seven (7) directors”.

As the date of this report the Board of Directors was re-constituted.



Paul Mifsud
Managing Director

o.b.o.

Sparkasse Bank Malta plc.
101, Townsquare
Ix-Xatt ta' Qui-Si-Sana,
Sliema SLM3112,
Malta



Anna Mironova
Manager – Securities & Custody

Statements of Financial Position

as at 31 July 2018

	Global Funds SICAV p.l.c. Combined Statement		Global Bond Fund Plus		Malta Privatisation & Equity Fund		Melita International Equity Fund	
	31.07.2018	31.07.2017	31.07.2018	31.07.2017	31.07.2018	31.07.2017	31.07.2018	31.07.2017
	€	€	€	€	€	€	USD	USD
ASSETS								
Financial assets at fair value through profit or loss (note 4)	3,859,208	3,896,785	909,128	949,031	2,642,064	2,656,714	361,488	341,301
Accrued income	1,933	2,204	1,829	2,101	103	103	-	-
Other receivables and prepayments	10	10	-	-	10	10	-	-
Cash and cash equivalents (note 11)	393,791	350,667	276,005	269,869	68,838	53,654	24,566	31,831
Total assets	4,254,942	4,249,666	1,186,962	1,221,001	2,711,015	2,710,481	386,054	373,132
EQUITY								
Capital and reserves attributable to equity holders	4,237,237	4,357,829	1,127,278	1,186,787	2,570,901	2,627,327	354,856	360,420
Currency translation reserve	(236,691)	(236,370)	-	-	-	-	-	-
Total equity	4,000,546	4,121,459	1,127,278	1,186,787	2,570,901	2,627,327	354,856	360,420
LIABILITIES								
Accrued expenses (note 5)	254,396	128,207	59,684	34,214	140,114	83,154	31,198	12,712
Total liabilities	254,396	128,207	59,684	34,214	140,114	83,154	31,198	12,712
Total equity & liabilities	4,254,942	4,249,666	1,186,962	1,221,001	2,711,015	2,710,481	386,054	373,132

Salient statistics

Shares in issue as at 31 July 2018 (note 6)

358,888,480

1,452,592,455

632,642,400

Accumulator

€

€

USD

Net asset value as at 31 July 2018

Net asset value as at 31 July 2017

Net asset value as at 31 July 2016

1,127,278

1,186,787

1,177,716

2,570,901

2,627,327

2,639,169

354,856

360,420

314,703

Net asset value per share as at 31 July 2018 – Accumulator (note 7)

Net asset value per share as at 31 July 2017 – Accumulator

Net asset value per share as at 31 July 2016 – Accumulator

3.1410

3.3068

3.2816

1.7699

1.8087

1.8169

0.5609

0.5697

0.4974

These financial statements on pages 26 to 60 were authorised for issue by the Board of Directors on 17 December 2018 and were signed on its behalf by:

Tonio Fenech
Director

Alexia Farrugia
Director

Statements of Changes in Equity
for the year ended 31 July 2018

	Global Funds SICAV p.l.c. Combined Statement		Global Bond Fund Plus	Malta Privatisation & Equity Fund	Malta International Equity Fund
	Capital and reserves attributable to equity holders	Currency translation reserve	Total	Capital and reserves attributable to equity holders	USD
	€	€	€	€	USD
At 31 July 2016	4,318,801	(218,732)	4,100,069	1,177,716	314,703
Comprehensive income:					
Profit/(Loss) for the year	39,028	-	39,028	9,071	45,717
Other comprehensive income:					
Currency translation differences arising on aggregation	-	(17,638)	(17,638)	-	-
Total comprehensive income	39,028	(17,638)	21,390	(11,842)	45,717
At 31 July 2017	4,357,829	(236,370)	4,121,459	1,186,787	360,420
Comprehensive income:					
Profit/(Loss) for the year	(120,592)	-	(120,592)	(59,509)	(5,564)
Other comprehensive income:					
Currency translation differences arising on aggregation	-	(321)	(321)	-	-
Total comprehensive income	(120,592)	(321)	(120,913)	(59,509)	(5,564)
At 31 July 2018	4,237,237	(236,691)	4,000,546	1,127,278	354,856

Statements of Comprehensive Income
for the year ended 31 July 2018

	Global Funds SICAV p.l.c. Combined Statement		Global Bond Fund Plus		Malta Privatisation & Equity Fund		Meilita International Equity Fund	
	31.07.2018	31.07.2017	31.07.2018	31.07.2017	31.07.2018	31.07.2017	31.07.2018	31.07.2017
	€	€	€	€	€	€	USD	USD
Income								
Interest from loans and receivables	3,409	3,409	2,574	2,574	835	835	-	-
Dividend income	127,286	123,798	33,950	41,113	87,526	80,537	6,942	2,351
Other net fair value movements on financial assets at fair value through profit or loss	(27,286)	77,445	(39,903)	(5,992)	(4,277)	39,831	20,187	47,696
Management fee rebates	-	10,743	-	10,743	-	-	-	-
	<u>103,409</u>	<u>215,395</u>	<u>(3,379)</u>	<u>48,438</u>	<u>84,084</u>	<u>121,203</u>	<u>27,129</u>	<u>50,047</u>
Expenses								
Management and advisory fees (notes 8a and 8b)	(62,627)	(64,618)	(17,485)	(17,937)	(32,567)	(33,574)	(15,026)	(14,337)
Registrar fees (note 8c)	(4,123)	(4,262)	(1,166)	(1,206)	(2,592)	(2,710)	(436)	(379)
Custodian fees (note 8d)	(11,342)	(11,528)	(3,000)	(3,000)	(5,336)	(5,494)	(3,592)	(3,317)
Transaction costs	(1,058)	(1,050)	(374)	(510)	(654)	(379)	(36)	(175)
Directors' remuneration	(16,067)	(17,930)	(4,574)	(4,858)	(10,297)	(12,255)	(1,429)	(892)
Professional fees	(79,662)	(63,237)	(22,863)	(18,030)	(50,804)	(40,493)	(7,164)	(5,156)
General administrative costs	(22,058)	12,846	(6,668)	(6,174)	(12,052)	(12,304)	(3,987)	20,749
	<u>(196,937)</u>	<u>(149,779)</u>	<u>(56,130)</u>	<u>(39,367)</u>	<u>(114,302)</u>	<u>(107,209)</u>	<u>(31,670)</u>	<u>(3,507)</u>
Operating profit/(loss)	(93,528)	65,616	(59,509)	9,071	(30,218)	13,994	(4,541)	46,540
Tax expense (note 9)	(27,064)	(26,588)	-	-	(26,208)	(25,836)	(1,023)	(823)
Total comprehensive income/(loss)	(120,592)	39,028	(59,509)	9,071	(56,426)	(11,842)	(5,564)	45,717

Statements of Cash Flows
for the year ended 31 July 2018

	Global Funds SICAV p.l.c. Combined Statement		Global Bond Fund Plus		Malta Privatisation & Equity Fund		Meiita International Equity Fund	
	31.07.2018 €	31.07.2017 €	31.07.2018 €	31.07.2017 €	31.07.2018 €	31.07.2017 €	31.07.2018 USD	31.07.2017 USD
Cash flows from operating activities								
Interest received	3,409	3,408	2,574	2,574	835	835	-	-
Dividend income received	127,557	128,555	34,222	45,871	87,526	80,537	6,942	2,351
Operating expenses paid	(70,760)	(114,095)	(30,660)	(32,162)	(57,342)	(61,968)	(13,184)	(21,468)
Tax paid	(27,064)	(26,588)	-	-	(26,208)	(25,836)	(1,023)	(823)
Proceeds from sale of investments	10,374	18,954	-	12,340	10,374	1,500	-	5,775
Net cash generated from operating activities	43,516	10,234	6,136	28,623	15,185	(4,932)	(7,265)	(14,165)
Movements in cash and cash equivalents								
Cash and cash equivalents at beginning of year	43,516	10,234	6,136	28,623	15,185	(4,932)	(7,265)	(14,165)
Effect of exchange rate changes	(392)	(787)	-	-	53,653	58,585	31,831	45,996
Cash and cash equivalents at end of year (note 11)	393,791	350,667	276,005	269,869	68,838	53,653	24,566	31,831

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Global Funds SICAV p.l.c. ("the Company") is an open-ended investment company and was incorporated as a public company with limited liability in Malta on 17 September 1998. The Company's Funds are licensed by the Malta Financial Services Authority as Collective Investment Schemes under the Investment Services Act. The shares of all the Funds are listed on the Official List of the Malta Stock Exchange.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted for use in the European Union, and comply with the Maltese Companies Act (Cap. 386). They have also been prepared in accordance with the requirements of the Malta Financial Services Authority's Investment Services Rules for Retail Collective Investment Schemes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires Directors to exercise their judgement in the process of applying its accounting policies (note 3 – Critical accounting estimates and judgements).

As at 31 July 2018, the Company had three sub-funds: the Global Bond Fund Plus, the Malta Privatisation & Equity Fund and the Melita International Equity Fund. Each participating share which the Company issues is allocated to a class representing a particular Fund. The Company maintains a separate account for each Fund, to which the proceeds are credited, and against which the expenses allocated are charged. Upon redemption, shareholders are entitled only to their proportion of the net assets held in the account relating to the Fund in which their participating shares are designated.

Separate Statements of Financial Position, Statements of Changes in Equity, Statements of Comprehensive Income and Statements of Cash Flows have accordingly been prepared for each Fund. All references to net assets throughout this document refer to net assets attributable to shareholders.

The Statements of Financial Position present assets and liabilities in increasing order of liquidity and does 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 Advisor's recommendations. All other assets and liabilities are expected to be realised within one year.

NOTES TO THE FINANCIAL STATEMENTS - continued

1. ACCOUNTING POLICIES - continued

2.1 BASIS OF PREPARATION – continued

Standards, interpretations and amendments to published standards effective 1 August 2017.

a) *Standards and amendments to existing standards effective 1 August 2017*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 August 2017 that would be expected to have a material impact on the Fund.

b) *New standards, amendments and interpretations effective after 1 August 2017 and which have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 August 2017, and have not been applied in preparing these financial statements.

The company's directors are of the opinion that with the exception of IFRS 9 Financial Instruments, there are no requirements that will have a possible significant impact on the Company's financial statements in the year of initial application. IFRS 9 Financial Instruments issued in July 2014 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard supersedes all previous versions of IFRS 9. The standard introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single, forward-looking 'expected loss' impairment model that will require more timely recognition of expected credit losses.

IFRS 9 introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. The effective date for IFRS 9 is 1 January 2018.

2.2 FOREIGN EXCHANGE TRANSLATION

The Company's designated currency is Euro, which is the presentation currency used for the Combined Statements. Exchange rate differences arising on the translation of the Shareholders' Funds at the beginning of the period not denominated in Euro are taken to the Combined Statement of Changes in Equity and are shown within 'currency translation differences arising on aggregation'.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. ACCOUNTING POLICIES - continued

2.2 FOREIGN EXCHANGE TRANSLATION - continued

The Funds' functional currency is the currency of denomination of each Fund as stipulated in the Prospectus. Transactions carried out in currencies other than the base currency of each Fund, are translated at exchange rates ruling at the transaction dates. Assets and liabilities designated in currencies other than the base currency are translated into the base currency at exchange rates ruling at the Company's reporting date. All resulting differences are taken to the Statements of Comprehensive Income.

Translation differences on financial assets held at fair value through profit or loss are reported as part of 'other net fair value movements on financial assets at fair value through profit or loss'.

2.3 FINANCIAL ASSETS

(a) Classification

The Fund classifies its investments in financial assets into the following categories: financial assets at fair value through profit or loss, and loans and other receivables. The classification is dependent on the purpose for which the investments were acquired. The Directors determine the appropriate classification of investments at the time of purchase and re-evaluate such designation at the reporting date.

- (i) Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy.
- (ii) Other receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Other receivables consist of accrued income, other receivables and cash and cash equivalents.

(b) Recognition, de-recognition and measurement

Regular purchases and sales of investments are recognised on the trade date, the date on which the Fund commits to purchase or sell the investment. Financial assets 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 at fair value through profit or loss are measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are presented in the Statement of Comprehensive Income within 'other net fair value movements on financial assets at fair value through profit or loss' in the year in which they arise.

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 assets and liabilities traded in active markets are based on quoted market prices at the reporting date. The quoted market price used for financial instruments held by the Company is the current market close price.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. ACCOUNTING POLICIES - continued

2.3 FINANCIAL ASSETS - continued

Valuation of investments in other funds

The Fund's investments in other funds (Investee Funds) are subject to the terms and conditions of the respective Investee Fund's offering documentation. The investments in Investee Funds are primarily valued based on the latest available redemption price of such units for each Investee Fund, as determined by the administrator of such Investee Fund. The Fund reviews the details of the reported information obtained from the Investee Funds and considers: (i) the liquidity of the Investee Fund or its underlying investments, (ii) the value date of the net asset value (NAV) provided, (iii) any restrictions on redemptions, and (iv) the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investee Fund's advisors. If necessary, the Fund makes adjustments to the NAV of various Investee Funds to obtain the best estimate of fair value. Other net fair value movements on financial asset at fair value through profit or loss in the Statement of Comprehensive Income includes the change in fair value of each Investee Fund.

2.4 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.5 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 for other receivables. A provision for impairment of amounts due is established when there is objective evidence that the fund will not be able to collect all amounts due. These are recognised within the Statements of Comprehensive Income.

2.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in liabilities in the Statements of Financial Position.

2.7 ACCRUED EXPENSES

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.8 REDEEMABLE SHARES

The Fund issues redeemable shares, which are redeemable at the holder's option and are classified as equity in accordance with the IAS 32 (amendment) that meet the definition of a financial liability to be classified as equity where certain strict criteria are met.

Should the redeemable shares' terms or conditions change such that they do not comply with the strict criteria contained in the Amendment, the redeemable shares would be reclassified to financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. ACCOUNTING POLICIES - continued

2.8 REDEEMABLE SHARES - continued

Redeemable shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's trading net asset value calculated in accordance with the Fund's regulations. Redeemable shares are issued and redeemed at the holders' option at prices based on the Fund's net asset value per share at the time of issue or redemption.

In accordance with the provision of the Fund's regulations investment positions are valued based on the last traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions.

2.9 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 up to the Company's year-end. Interest income from financial assets not classified as fair value through profit or loss is recognised using the effective interest method. Other gains or losses, including interest income, arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the Statements of Comprehensive Income within "other net fair value movements on financial assets at fair value through profit or loss" in the year in which they arise.

2.10 TRANSACTION COSTS

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the Statements of Comprehensive Income as an expense.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

On the 5 May 2015 the Board of Directors of the Company resolved that on account of developments concerning GlobalCapital p.l.c., the price and value of the Company's holdings in GlobalCapital p.l.c. could not be reasonably, promptly or accurately ascertained, and in exercise of their powers under the Articles of Association and Prospectus of the Company, the Directors decided to suspend with effect from the 6 May 2015, the determination of the Net Asset Value in respect of each of the Global Bond Fund Plus, the Malta Privatisation and Equity Fund and the Melita International Equity Fund, all of which held holdings in GlobalCapital p.l.c. at the time.

During the year ended 31 July 2017, shares in GlobalCapital p.l.c. were last traded on the Malta Stock Exchange at a price of €0.30 per share on a volume of 1,518,107 shares. The Board of Directors notes that the volume of shares in GlobalCapital p.l.c. being traded on the Malta Stock Exchange, increased compared to the prior financial period and thus the carrying value of €0.30 per share constitutes a fair reflection of the value of GlobalCapital p.l.c. shares.

During the year under review, shares in GlobalCapital p.l.c. were last traded on the Malta Stock Exchange at €0.30 per share. The Board of Directors believes that this constitutes a fair value at at year end.

As at period end, the Global Bond Fund Plus and Malta Privatisation and Equity Fund held 2.27% and 6.43% respectively of the net asset value of these sub-funds in GlobalCapital p.l.c shares.

NOTES TO THE FINANCIAL STATEMENTS - continued

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Global Bond Fund Plus	Fair value 2018	% of net assets	Fair value 2017	% of net assets
	€		€	
Quoted Local Equities	25,553	2.27	25,553	2.15
Quoted Local Corporate Bonds	50,946	4.52	51,299	4.32
Foreign Collective Investment Schemes	832,629	73.86	872,179	73.49
	909,128	80.65	949,031	79.96

Malta Privatisation & Equity Fund	Fair value 2018	% of net assets	Fair value 2017	% of net assets
	€		€	
Quoted Local Equities	2,619,858	101.90	2,634,612	100.28
Quoted Local Corporate Bonds	15,834	0.62	16,029	0.61
Quoted Foreign Equities	6,372	0.25	6,073	0.23
	2,642,064	102.77	2,656,714	101.12

Melita International Equity Fund	Fair value 2018	% of net assets	Fair value 2017	% of net assets
	USD		USD	
Quoted Local Equities	62,161	17.52	62,598	17.36
Quoted Foreign Equities	2,869	0.81	2,732	0.76
Foreign Collective Investment Schemes	296,458	83.54	275,971	76.58
	361,488	101.87	341,301	94.70

5. ACCRUED EXPENSES

	Global Bond Fund Plus		Malta Privatisation & Equity Fund		Melita International Equity Fund	
	2018	2017	2018	2017	2018	2017
	€	€	€	€	USD	USD
Accrued expenses						
Management and advisory fees	14,484	3,269	26,947	6,050	12,394	2,726
Registrar fees	1,884	210	2,730	470	2,015	72
Custodian fees	357	357	437	450	292	295
Performance fees	189	189	-	-	337	-
Legal and secretarial fees	13,379	2,164	38,401	13,509	-	-
Other accrued expenses	29,391	28,025	71,599	62,675	16,160	9,619
	59,684	34,214	140,114	83,154	31,198	12,712

NOTES TO THE FINANCIAL STATEMENTS - continued

6. SHARE CAPITAL

The Fund's capital is represented by the redeemable shares of the unit holders with no par value and with each carrying one vote.

All shares may be issued and redeemed at prices based on the Fund's net asset value in accordance with its Articles of Association.

a) Authorised share capital

	2018 Shares	2017 Shares
Authorised shares	<u>500,000,000</u>	<u>500,000,000</u>

b) Issued and fully paid

	Global Bond Fund Plus	
	2018 Shares	2017 Shares
Shares in issue at beginning and end of year	<u>358,888.480</u>	<u>358,888.480</u>

b) Issued and fully paid - continued

	Malta Privatisation & Equity Fund	
	2018 Shares	2017 Shares
Shares in issue at beginning and end of year	<u>1,452,592.455</u>	<u>1,452,592.455</u>

	Melita International Equity Fund	
	2018 Shares	2017 Shares
Shares in issue at beginning and end of year	<u>632,642.400</u>	<u>632,642.400</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. Once suspension of net asset value has been lifted, the amount of net assets attributable to holders of redeemable shares can change significantly on a daily basis, as most of the sub-funds are subject to daily subscriptions and redemptions at the discretion of shareholders.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitor the level of daily subscriptions and redemptions relative to the assets it expects to be able to liquidate within 7 days and adjust the amount of distributions the Fund pays to redeemable shareholders.
- Redeem and issue new shares in accordance with the constitutional documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Manager monitors capital on the basis of the value of net assets attributable to redeemable shareholders.

The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of shares.

The relevant movements are shown above and in the Statements of Changes in Equity. In accordance with the objectives outlined in the prospectus and the risk management policies in note 12, the Company endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowing or disposal of listed securities where necessary.

6. NET ASSET VALUE

The consideration received or paid for units issued or re-purchased respectively is based on the value of the Funds' net asset value per redeemable share at the date of the transaction. The Funds' net asset value per redeemable unit is calculated by dividing the Funds' net assets with the total number of outstanding units in issue.

In accordance with the provisions of the Funds' regulations, investment positions are valued based on the average traded weighted price for the purpose of determining the trading net asset value per share for subscriptions and redemptions for the prior day. The investment prices within the statement of financial position are in accordance with accounting policy 3 as at 31 July 2018. This creates a difference between the pricing NAV and the financial reporting NAV which is not material for the Fund.

NOTES TO THE FINANCIAL STATEMENTS - continued

7. FEES

(a) Management fees

The Manager receives a management fee of 1.05% (exclusive of advisory fees) per annum of the net asset value of the Global Bond Fund Plus, 0.80% (exclusive of advisory fees) per annum of the net asset value of the Malta Privatisation & Equity Fund and 0.60% (exclusive of advisory fees) per annum of the net asset value of the Melita International Equity Fund subject to a minimum of USD 10,000 per annum.

(b) Advisory fees

Following the merger between GlobalCapital Fund Advisors Limited with GlobalCapital Financial Management Limited on 22 July 2010, the Investment Advisor, GlobalCapital Financial Management Limited, receives an advisory fee of 0.45% per annum of the net asset value of the Global Bond Fund Plus and the Malta Privatisation & Equity Fund, and 1.15% per annum of the net asset value of the Melita International Equity Fund.

(c) Registrar fees

The Manager receives for its services as Registrar of the Company a fee of 0.10% per annum of the net asset value of each Fund.

(d) Custodian fees

The Custodian receives a custody fee of 0.2% calculated as a percentage per annum of the value of the investments of each Fund, subject to a minimum annual fee of €3,000.

(e) Performance fees

The Investment Advisor shall, in addition to the investment advisory fee received from the Manager, be entitled to a fee based on the performance of each Fund, payable by the Company with respect to the Fund concerned, as follows:

The performance fee in respect of the Malta Privatisation & Equity Fund and the Melita International Equity Fund shall become payable to the Investment Advisor in the event that the relevant Fund outperforms the relevant index (as defined below) for that Fund in any one financial year.

The performance fee payable will be calculated as at the annual accounting reference date each year by taking the increase in the net asset value per share for the relevant Fund during that financial year as on the last dealing day of that annual accounting period (before deduction of the performance fee) and comparing this with the relevant index for that Fund for that period. The performance fee payable will be equal to 25% of the amount by which the increase in the net asset value per share of the relevant Fund has outperformed the relevant index for that Fund, multiplied by the average number of shares in issue in that Fund, taken at each valuation point, during that annual accounting period.

NOTES TO THE FINANCIAL STATEMENTS - continued

8. FEES - continued

(e) Performance fees - continued

If a Fund has underperformed the relevant index in any preceding financial year such under performance shall be recouped before a performance fee shall become payable in any subsequent financial year with respect to that Fund. Provided further that no performance fee will be paid in any financial year if the net asset value per share of the Fund concerned is below that Fund's initial offer price at the end of that financial year.

The relevant index for the purpose of the payment of the performance fee is:

- a. in so far as the Malta Privatisation & Equity Fund is concerned, the MSE Index;
- b. in so far as the Melita International Equity Fund is concerned, the Morgan Stanley Capital International (MSCI) World Local Index.

The performance fee in respect of the Global Bond Fund Plus shall become payable to the Investment Advisor in the event that the Fund outperforms the relevant benchmark (as defined below) in any one financial year.

The performance fee payable will be calculated as at the annual accounting reference date each year by taking the increase in the net asset value per share for the Fund during that financial year as on the last dealing day of that annual accounting period (before deduction of the performance fee) and comparing this with the relevant benchmark for that period. The performance fee payable will be equal to 25% of the amount by which the increase in the net asset value per share for the Fund has outperformed the relevant benchmark, multiplied by the average number of shares in issue in the Fund, taken at each valuation point, during that annual accounting period. No performance fee in respect of the Fund shall be paid or accrued until the net asset value per share of the Fund exceeds the "water mark", that is, the highest of the previous highest net asset value per share for the Fund on which the performance fee was paid (if any), the initial offer price, or the relevant benchmark. In any financial year the performance fee shall only be payable on the increase over the "water mark".

The performance fee payable for the year by Global Bond Fund Plus amounted to €Nil (2017 - €Nil).

The relevant benchmark for the purpose of the payment of the performance fee in respect of the Fund shall be the BBA 3 Month Libid Euro Rate being the British Bankers' Association London Interbank Bid Rate for EURO for a three (3) month period. This rate is based upon the British Bankers' Association LIBOR and is determined by subtracting one eighth (0.125) from the British Bankers' Association 3 Month Libor Euro Rate as of 11.00a.m. GMT on each dealing day.

f) Auditor's remuneration

Fees charged by the auditor for services rendered during the financial year ended 31 July relate to:

	2018	2017
	€	€
Annual statutory audit	26,250	41,000
Taxation services	800	750
	27,050	41,750

NOTES TO THE FINANCIAL STATEMENTS - continued

9. TAX EXPENSE

The Maltese tax regime for collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001 as amended. In general, a prescribed fund is defined as a resident fund, which has declared that the value of its assets situated in Malta amount to at least 85% of the value of the total assets of the fund. A non-prescribed fund is a fund which does not qualify as a prescribed fund.

On the basis that the Malta Privatisation & Equity Fund is currently classified as a prescribed fund for Maltese income tax purposes, it is subject to Maltese tax on its investment income as defined in the Income Tax Act at a rate of 10% or 15% depending on the nature of the income. No tax on capital gains should be incurred by Maltese resident investors upon the disposal of units in such funds on the basis that such funds would be listed on the Malta Stock Exchange.

On the other hand the Global Bond Fund Plus and the Melita International Equity Fund are currently classified as non-prescribed funds for Maltese income tax purposes and therefore these Funds should not be subject to Maltese income tax on their income or gains derived by such funds in terms of the Income Tax Act (Cap. 123 of the Laws of Malta) other than on any income from immovable property situated in Malta (if any). However, Maltese resident investors therein may be subject to a 15% final withholding tax on capital gains realised on any redemption, liquidation or cancellation of units in these Funds. Nevertheless, the Maltese resident investor may request the Funds not to effect the deduction of the said 15% final withholding tax. In this latter case Maltese resident investors would be required to declare the gains in their income tax returns and will be subject to tax at the normal rates of tax.

Any gains or profits derived on the transfer of units in the Funds by investors who are not resident in Malta, whether in respect of units in prescribed or non-prescribed Funds should be exempt from Maltese income tax subject to the satisfaction of the applicable statutory conditions.

No distributions were made by the Funds during this financial year and therefore no Maltese tax considerations should arise in this respect.

In case of the Fund's foreign investments, any capital gains, dividends, interest and other gains or profits may be subject to tax imposed by the country of origin concerned and such taxes may not be recoverable by the Fund or by its shareholders under Maltese domestic tax law. This could, inter alia, be the case for the Global Bond Fund Plus and the Melita International Equity Fund.

10. 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.

Under the terms of an agreement dated 17 September 1998, the Manager appointed GlobalCapital Financial Management Limited (GCFM) as Investment Advisor to the Company. By an agreement dated 28 February 2000, the Manager substituted GlobalCapital Financial Management Limited with GlobalCapital Fund Advisors Limited as Advisor to the Company.

Following the merger between GlobalCapital Fund Advisors Limited with GlobalCapital Financial Management Limited on the 22 July 2010, GlobalCapital Fund Advisors Limited has now ceased to exist and GlobalCapital Financial Management Limited has taken over the responsibility as advisor.

The advisory fees and performance fees due for the reporting year are disclosed in the Statements of Comprehensive Income and the outstanding advisory fees and performance fees are detailed in note 6.

NOTES TO THE FINANCIAL STATEMENTS - continued

10. RELATED PARTIES - continued

The registrar fees due payable to GCFM for the reporting period are disclosed in the Statements of Comprehensive Income and the outstanding registrar fees are detailed in note 5.

During the year ended 31 July 2018, sales of local investment securities for all the Funds were transacted through GlobalCapital Financial Management Limited.

The commissions payable to GlobalCapital Financial Management Limited amounted to €NIL (2017: €NIL) for Global Bond Fund Plus.

The following financial assets were held with GlobalCapital p.l.c.:

	2018	2017
Global Bond Fund Plus	€25,553	€25,553
Malta Privatisation & Equity Fund	€165,364	€165,364

The following shares were held in the sub-funds by companies forming part of GlobalCapital p.l.c.:

	Shares 2018	2018 % of total shares	Shares 2017	2017 % of total shares
Global Bond Fund Plus	68,904.016	19.20	68,904.016	19.20
Malta Privatisation & Equity Fund	349,465.354	24.06	349,465.354	24.06
Melita International Equity Fund	372,347.190	58.86	372,347.190	58.86

The following shares were held through GlobalCapital Financial Management Limited as nominees:

	Shares 2018	2018 % of total shares	Shares 2017	2017 % of total shares
Global Bond Fund Plus	157,832.037	43.98	157,832.037	43.98
Malta Privatisation & Equity Fund	196,985.074	13.56	196,985.074	13.56
Melita International Equity Fund	138,552.005	21.90	138,552.005	21.90

11. CASH AND CASH EQUIVALENTS

The year-end cash and cash equivalents comprise bank balances held at call and bank overdraft balances as follows:

	2018	% of net assets	2017	% of net assets
Global Bond Fund Plus	€276,005	24.48	€269,869	22.74
Malta Privatisation & Equity Fund	€68,838	2.68	€53,653	2.04
Melita International Equity Fund	USD24,566	6.92	USD31,831	8.83

NOTES TO THE FINANCIAL STATEMENTS - continued

12. FINANCIAL INSTRUMENTS

Risk Management

The Funds' activities expose them to a variety of financial risks: market risk (including price risk, interest rate risk and currency risk), credit risk and liquidity risk.

Price Risk

The Funds trade in financial instruments, taking positions in traded instruments. All securities present a risk of loss of capital. The Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Funds' overall market positions are monitored on a regular basis by the Funds' Manager.

The Funds' equity and debt securities are susceptible to market price risk arising from uncertainties about future prices of securities.

The Funds are exposed to equity price risk either through their direct investment in equity securities or indirectly through the assets held by the respective underlying collective investment schemes.

The Funds' exposures are summarised in the table below, which provides an analysis on the impact of the Funds' net assets attributable to holders of redeemable shares (gross of expenses), and of a reasonable possible change in the relevant index, with all other variables held constant.

	Exposure (as a % of net assets)		Relevant index	Reasonable possible change		+/- Impact on NAV	
	2018	2017		2018	2017	2018	2017
Global Bond Fund Plus	2.27	2.15	General price	5%	5%	€1,278	€1,278
Malta Privatisation & Equity Fund	102.15	100.51	MSE Index	10%	10%	€191,376	€107,531
Melita International Equity Fund	101.87	94.70	MSCI World Local Index	10%	10%	\$12,289	\$17,509

Debt securities are affected by interest rate movements, which are covered below.

The portfolio of the Malta Privatisation and Equity Fund has a concentration towards equity securities listed on the Malta Stock Exchange. As at 31 July 2018, 76.07% (2017: 78.43%) of the net asset value of the Fund was invested in five (2017: five) equity securities. This concentration of market risk is managed by ensuring that such investments are held with reputable counterparties and by monitoring against the investment restrictions as stipulated in the Prospectus. If any of the investment restrictions is exceeded, the manager seeks to remedy the situation in the shortest time possible.

The Melita International Equity Fund portfolio's main concentration is towards two (2017: two) foreign collective investment schemes amounting to 53.84% (2017: 49.79%) of the net asset value of the Fund. In addition, the fund invests in a number of securities listed on the Malta Stock Exchange. As at 31 July 2017, 17.452% (2017: 17.37%) of the net asset value of the Fund was invested in four (2017: four) securities.

NOTES TO THE FINANCIAL STATEMENTS - continued

12. FINANCIAL INSTRUMENTS - continued

Interest Rate Risk

The Funds are exposed to interest rate risk either through directly holding interest-bearing financial assets or indirectly through interest-bearing financial assets held by the respective underlying collective investment schemes.

Assets earning interest at variable rates expose the Funds to cash flow interest rate risk, whereas assets earning interest at fixed rates expose the Funds to fair value interest rate risk. The Funds' exposure to interest rate risk is summarised in the table below.

	Assets held at fixed rates (as a % of NAV)		Assets held at variable rates (as a % of NAV)	
	2018	2017	2018	2017
Global Bond Fund Plus	4.52	4.32	24.48	22.74
Malta Privatisation & Equity Fund	0.62	0.61	2.68	2.04
Melita International Equity Fund	-	-	6.91	8.83

a) Global Bond Fund Plus

The above exposure of the Global Bond Fund Plus includes a direct exposure to interest rate risk through its investments held in corporate bonds, which in total amount to 4.52% (2017: 4.32%) of the Fund's net asset value.

At 31 July 2018, should interest rates have lowered/increased by 25 (2017: 25) basis points with all other variables remaining constant, the increase/decrease in net assets attributable to holders of redeemable shares for the year would amount to approximately €4,150 (2017: €4,090), arising from the change in market values of these corporate and sovereign bonds and changes in cash flow arising on assets held at variable rates including cash. The direct exposure in interest rate risk is managed through investment in debt securities with different maturity dates over the time bands as illustrated in the tables below. In addition, investment limits in interest-bearing securities are prescribed in the Prospectus. The Manager monitors such exposure against these limits on a regular basis.

	Time Bands	
	1 to 5 years	5 to 15 years
Maturities of debt securities as at 31 July 2018	€30,000	€20,945

	Time Bands	
	1 to 5 years	5 to 15 years
Maturities of debt securities as at 31 July 2017	€30,600	€20,699

The Global Bond Fund Plus is also indirectly exposed to a level of interest rate risk through its investments in underlying collective investment schemes, which amounts to 73.70% (2017: 73.49%) of the Fund's net asset value. The strategy of the underlying collective schemes is diversified. These collective investment schemes invest in assets exposed to both fixed and floating rates of interest within different industry sectors, as well as in different regions or countries and having different maturities in order to mitigate and diversify risks arising from macroeconomic cycles, geopolitical hazards, currency exposure, and debt interest rates amongst others. During the year under review, these collective investment schemes, in fact, experienced a low yield movement and accordingly, a sensitivity analysis for interest rate risk disclosing how the net assets attributable to holders of redeemable shares for the year would have been affected by changes in interest rates that were reasonably possible at the reporting date is not deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS - continued

12. FINANCIAL INSTRUMENTS - continued

Interest Rate Risk - continued

b) Malta Privatisation and Equity Fund

The Malta Privatisation and Equity Fund does not have a material exposure to interest rate risk and accordingly, a sensitivity analysis for interest rate risk disclosing how the net assets attributable to holders of redeemable shares for the year would have been affected by changes in interest rates that were reasonably possible at the reporting date is not deemed necessary.

c) Melita International Equity Fund

The Melita International Equity Fund does not have a material exposure to interest rate risk and accordingly, a sensitivity analysis for interest rate risk disclosing how the net assets attributable to holders of redeemable shares for the year would have been affected by changes in interest rates that were reasonably possible at the reporting date is not deemed necessary.

Currency fluctuations between the functional currency of the Funds and the currency of the underlying investments of the Funds, may adversely affect the value of investments and the income derived there from. Up to the reporting date, the Company did not have any hedging policy with respect to foreign exchange risk.

Currency Risk

The table below summarises the Funds' principal exposures to foreign currencies. The Malta Privatisation & Equity Fund does not have a material exposure to currency risk and has been excluded from the tables below.

As at 31 July 2018	Functional currency	EURO % of net assets	GBP % of net assets	USD % of net Assets
Global Bond Fund Plus	EURO	N/A	24.42	23.85
Melita International Equity Fund	USD	44.57	0.81	N/A

As at 31 July 2017	Functional currency	EURO % of net assets	GBP % of net assets	USD % of net Assets
Global Bond Fund Plus	EURO	N/A	24.00	24.24
Melita International Equity Fund	USD	43.04	0.76	N/A

The table below provides an analysis on the impact of the Funds' net assets attributable to holders of redeemable shares (gross of expenses), and of a reasonable possible change in exchange rates, with all other variables held constant.

	Functional currency	Exposure to currency	Reasonable possible change		+/- Impact on NAV		
				2018	2017	2018	2017
Global Bond Fund Plus	EURO	USD	7%	7%	8%	€18,820	€28,768
Global Bond Fund Plus	EURO	GBP	7%	7%	9%	€19,270	€34,182
Melita International Equity Fund	USD	EURO	7%	7%	8%	\$11,071	\$15,514

NOTES TO THE FINANCIAL STATEMENTS - continued

12. FINANCIAL INSTRUMENTS - continued

Currency Risk - continued

In accordance with the Fund's policy, the Manager monitors the Funds' currency position on a regular basis.

The Global Bond Fund Plus and Melita International Equity Fund are also exposed to an unknown level of foreign exchange risk in relation to the underlying assets of its investments in collective investment schemes. As disclosed in the interest rate risk section, the risks arising from these collective investment schemes is managed through the wide diversification of its underlying assets.

Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. Financial assets, which potentially subject the Funds to credit risk, consist principally of debt securities and cash and cash equivalents.

All financial assets are classified as fully performing assets. The Funds have no history of past default associated with their portfolio and do not hold any impaired assets as at the end of the reporting date. The Funds mainly invest in financial assets, which have an investment grade as rated by a well-known rating agency.

The following tables provide information regarding the Funds' aggregated credit risk exposure with external credit ratings.

Global Bond Fund Plus

As at 31 July 2018

	BBB+	BBB	Not rated	Carrying value €
Other receivables	-	-	100%	1,829
Cash and cash equivalents	-	-	100%	276,005
				<u>277,834</u>
Debt securities classified as fair value through profit or loss	-	59%	41%	50,946
				<u>328,780</u>

As at 31 July 2017

	BBB+	BBB	Not rated	Carrying value €
Other receivables	-	-	100%	2,101
Cash and cash equivalents	-	-	100%	269,869
				<u>271,970</u>
Debt securities classified as fair value through profit or loss	-	60%	40%	51,299
				<u>323,269</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

12. FINANCIAL INSTRUMENTS - continued

Credit Risk - continued

Malta Privatisation and Equity Fund

As at 31 July 2018

	BBB+	BBB	Not rated	Carrying value €
Other receivables	-	-	100%	113
Cash and cash equivalents	-	-	100%	<u>68,838</u>
				68,951
Debt securities classified as fair value through profit or loss	-	100%	-	<u>15,834</u>
				<u>84,785</u>

As at 31 July 2017

	BBB+	BBB	Not rated	Carrying value €
Other receivables	-	-	100%	113
Cash and cash equivalents	-	-	100%	<u>53,654</u>
				53,767
Debt securities classified as fair value through profit or loss	-	100%	-	<u>16,029</u>
				<u>69,796</u>

Melita International Equity Fund

As at 31 July 2018

	Not rated	Carrying value USD
Cash and cash equivalents	100%	<u>24,566</u>

As at 31 July 2017

	Not rated	Carrying value USD
Cash and cash equivalents	100%	<u>31,831</u>

The carrying amounts disclosed above represent the maximum exposure to credit risk. The Funds do not hold any collateral as security.

NOTES TO THE FINANCIAL STATEMENTS - continued

12. FINANCIAL INSTRUMENTS - continued

Credit Risk - continued

As at 31 July 2018, the Global Bond Fund Plus had 4.51% (2017: 4.32%) of the net asset value invested in debt securities. This concentration of credit risk is managed by ensuring that such assets are held with institutions that are considered to be reputable counterparties.

The Global Bond Fund Plus is also indirectly exposed to credit risk through its investments in collective investment schemes that in turn invest in high yield bonds. These amount to 25.54% (2017: 25.25%) of its net asset value. These bonds carry a higher risk as to the issuer's ability to make payments of principal and interest since they invest predominantly in securities which do not constitute investment grade securities.

Issuers of high yield debt securities may be highly leveraged and the issuer's ability to service its debt obligations may be adversely affected by specific issuer developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. 48.16% (2017: 48.24%) of the net asset value of the Global Bond Fund Plus is invested in underlying collective investment schemes, which in turn have investments in emerging markets where the legal, judicial and regulatory infrastructure is still developing and there is legal uncertainty both for local market participants and their overseas counterparties.

The Investment Manager assesses the risk associated with these investments by prior financial analysis of the relevant collective investment schemes and by assessing the reputation of the relevant fund manager as part of their normal scrutiny of prospective investments.

As at 31 July 2018, bank balances held by the Global Bond Fund Plus, Melita International Equity Fund and the Malta Privatisation and Equity Fund were all held with Sparkasse Bank Malta p.l.c. This credit risk is managed by ensuring that such assets are held with institutions that are considered to be reputable and/or enjoy a high credit standing.

Generally, concentration of credit risk is also managed by ensuring adherence to the investment restrictions as stipulated in the prospectus. The Manager monitors the Funds' investment restrictions on a regular basis and if any of the investment restrictions is exceeded, the Manager seeks to remedy the situation in the shortest time possible.

All transactions in listed debt securities are settled upon delivery through clearing houses. The risk of default is considered minimal, as delivery of securities sold is only made once the clearing house has received payment. Payment is made on a purchase once the securities have been received by the clearing house. The trade will fail if either party fails to meet its obligation.

Liquidity Risk

The Funds' listed securities are considered to be readily realisable as they are listed on recognised stock exchanges. The Funds have the ability to borrow to meet short term liquidity requirements.

In respect of securities listed on the Malta Stock Exchange, despite the fact that such securities are listed, the market in such securities may be illiquid in view of the fact that the trading volumes on the Malta Stock Exchange, which is a relatively small market when compared to more established markets, are limited.

The Global Bond Fund Plus is also exposed to an unknown level of liquidity risk in view of its underlying collective investment schemes which have investments in high yield bonds and/or securities in emerging markets. As disclosed in the interest rate risk section, risks arising from these collective investment schemes is managed through the wide diversification of its underlying assets.

NOTES TO THE FINANCIAL STATEMENTS - continued

12. FINANCIAL INSTRUMENTS - continued

Liquidity Risk - continued

The Manager monitors the Funds' liquidity position on a regular basis. Redeemable shares are redeemed on demand at the holder's option. All other liabilities are due within less than one year.

Fair values

The fair value of publicly traded investments classified as financial assets through profit or loss is based on quoted market prices at the reporting date. At 31 July 2018 and 2017, the carrying amount of the Funds' financial assets approximated their fair values.

Fair value estimation

The Company adopted the amendment to IFRS 7, effective 1 January 2009. This requires the Company 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets that are measured at fair value at 31 July 2018:

	Level 1	Level 2	Level 3	Total
Global Bond Fund Plus	€	€	€	€
Assets				
Fair value through profit or loss				
- equity securities	-	25,553	-	25,553
- debt securities	30,000	20,946	-	50,946
- collective investment schemes	-	832,629	-	832,629
	<u>30,000</u>	<u>879,128</u>	<u>-</u>	<u>909,128</u>
Malta Privatisation and Equity Fund	€	€	€	€
Assets				
Fair value through profit or loss				
- equity securities	2,023,027	603,203	-	2,626,230
- debt securities	15,834	-	-	15,834
	<u>2,038,861</u>	<u>603,203</u>	<u>-</u>	<u>2,642,064</u>
Melita International Equity Fund	USD	USD	USD	USD
Assets				
Fair value through profit or loss				
- equity securities	65,030	-	-	65,030
- collective investment schemes	-	296,458	-	296,458
	<u>65,030</u>	<u>296,458</u>	<u>-</u>	<u>361,488</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

12. FINANCIAL INSTRUMENTS - continued

Fair value estimation - continued

The following table presents the Company's assets that are measured at fair value at 31 July 2017:

	Level 1	Level 2	Level 3	Total
Global Bond Fund Plus	€	€	€	€
Assets				
Fair value through profit or loss				
- equity securities	-	25,553	-	25,553
- debt securities	30,600	20,699	-	51,299
- collective investment schemes	-	872,179	-	872,179
	<u>30,600</u>	<u>918,431</u>	<u>-</u>	<u>949,031</u>
Malta Privatisation and Equity Fund	€	€	€	€
Assets				
Fair value through profit or loss				
- equity securities	2,033,116	607,570	-	2,640,685
- debt securities	16,029	-	-	16,029
	<u>2,049,145</u>	<u>607,570</u>	<u>-</u>	<u>2,656,714</u>
Melita International Equity Fund	USD	USD	USD	USD
Assets				
Fair value through profit or loss				
- equity securities	65,330	-	-	65,330
- collective investment schemes	-	275,971	-	275,971
	<u>65,330</u>	<u>275,971</u>	<u>-</u>	<u>341,301</u>

There were no transfers between levels for the year ended 31 July 2018.

The following table presents the transfers between levels for the year ended 31 July 2017:

Global Bond Fund Plus	Level 2	Level 3
	€	€
Transfers between Level 2 and 3:		
<i>Equity securities</i>		
Global Capital p.l.c.	25,553	(25,553)
Malta Privatisation and Equity Fund	Level 2	Level 3
	€	€
Transfers between Level 2 and 3:		
<i>Equity securities</i>		
Global Capital p.l.c.	165,364	(165,364)

NOTES TO THE FINANCIAL STATEMENTS - continued

12. FINANCIAL INSTRUMENTS - continued

Fair value estimation - continued

The following table presents the movement in level 3 instruments for the year ended 31 July 2018 and 2017:

Global Bond Fund Plus

	2018	2017
	€	€
Opening balance	-	34,071
Transfers into Level 2	-	(25,553)
Net losses recognised in other net fair value movements on financial assets at fair value through profit or loss	-	(8,518)
Closing balance	-	-
Change in unrealised gains or losses for level 3 assets held at year end and included in other net fair value movements on financial assets at fair value through profit or loss	-	-

Malta Privatisation and Equity Fund

	2018	2017
	€	€
Opening balance	-	221,819
Sales	-	(1,500)
Transfers into Level 2	-	(165,364)
Net losses recognised in other net fair value movements on financial assets at fair value through profit or loss	-	(54,955)
Closing balance	-	-
Change in unrealised gains or losses for level 3 assets held at year end and included in other net fair value movements on financial assets at fair value through profit or loss	-	-

Malta International Equity Fund

	2018	2017
	USD	USD
Opening balance	-	4,890
Sales	-	(4,491)
Transfers into Level 2	-	-
Net losses recognised in other net fair value movements on financial assets at fair value through profit or loss	-	(399)
Closing balance	-	-
Change in unrealised gains or losses for level 3 assets held at year end and included in other net fair value movements on financial assets at fair value through profit or loss	-	-

Portfolio Statements
as at 31 July 2018

	Market Value	% of net assets
	31.07.2018	
Global Bond Fund Plus	€	
Quoted Local Equity		
GlobalCapital p.l.c.	25,553	2.27
Quoted Local Corporate Bond		
4.80% Bank of Valletta Notes 2018	30,000	2.66
6.00% AX Investments p.l.c. 2024	13,938	1.24
6.00% Island Hotels Group Holdings p.l.c 2024	7,008	0.62
Foreign Collective Investment Schemes		
Aberdeen Global Select Emerging Markets Bond Fund – A1	268,832	23.85
Aberdeen Global Select Euro High Yield Bond Fund – A1	288,547	25.60
Aberdeen Global Select Euro High Yield Bond Fund – D1	275,250	24.42
Malta Privatisation & Equity Fund	€	
Quoted Local Equities		
Bank of Valletta p.l.c.	272,298	10.59
GlobalCapital p.l.c.	165,364	6.43
GO p.l.c.	342,000	13.30
Malta Properties Company p.l.c.	50,000	1.94
Grand Harbour Marina p.l.c.	143,370	5.58
HSBC Bank Malta p.l.c.	47,539	1.85
International Hotel Investments p.l.c.	151,397	5.89
Lombard Bank Malta p.l.c.	506,069	19.68
Malta International Airport p.l.c.	647,353	25.18
Mapfre Middlesea p.l.c.	294,468	11.45
Quoted Local Corporate Bond		
5.35% BOV Bond 2019	15,834	0.62
Quoted Foreign Equity		
Royal Bank of Scotland	6,372	0.25
Melita International Equity Fund	USD	
Quoted Local Equities		
Bank of Valletta p.l.c.	8,180	2.31
HSBC Bank Malta p.l.c.	16,258	4.58
Lombard Bank Malta p.l.c.	15,542	4.38
Malta International Airport p.l.c.	22,181	6.25
Quoted Foreign Equity		
Royal Bank of Scotland	2,869	0.81
Foreign Collective Investment Schemes		
JP Morgan Emerging Middle East Equity D (acc) Fund	95,061	26.79
Raiffeisen Eastern European Equities Fund	95,996	27.05
Kames Global Equity Fund	70,184	19.78
BGF Global Small Cap Fund – A2	35,217	9.92

Statement of Changes in the Composition of the Portfolios

The composition of the portfolio, detailed in Portfolio Statements on page 51, in comparison with the Portfolio Statements as at 31 July 2017 stood as follows:

	% of net assets 31.07.2018	% of net assets 31.07.2017
Global Bond Fund Plus		
Quoted Local Equities	2.27	2.15
Quoted Local Corporate Bonds	4.52	4.32
Foreign Collective Investment Schemes	73.86	73.49
Malta Privatisation & Equity Fund		
Quoted Local Equities	101.90	100.28
Quoted Local Corporate Bonds	0.62	0.61
Quoted Foreign Equities	0.25	0.23
Melita International Equity Fund		
Quoted Local Equities	17.52	17.36
Quoted Foreign Equity	0.81	0.76
Foreign Collective Investment Schemes	83.54	76.58

INFORMATION ABOUT THE SCHEME

1. Authorisation

The Company is licensed by the Malta Financial Services Authority as a Collective Investment Scheme pursuant to Section 6 of the Investment Services Act, 1994.

2. Income

No distributions are made in either of the sub-funds. Instead, all income is accumulated within the price of the shares, and therefore no equalisation is required.

3. Current Taxation

The tax regime for collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001. In general, a prescribed fund is defined as a resident fund, which has declared that the value of its assets situated in Malta amount to at least eighty-five percent of the value of the total assets of the fund. On the basis that the Malta Privatisation & Equity Fund is currently classified as a prescribed fund for income tax purposes, it is subject to Maltese tax on its investment income as defined in the Income Tax Act at a rate of 10% or 15% depending on the nature of the income. No tax on capital gains should be incurred by resident investors upon the disposal of units in such fund.

The Global Bond Fund Plus and the Melita International Equity Fund are currently classified as non-prescribed funds for income tax purposes and therefore these funds would not be subject to tax on their income or gains but resident investors therein may be subject to a 15% final withholding tax on capital gains realised on redemptions of units. However, the investor may request the Company not to effect the deduction of the said 15% withholding tax in which case the investor would be required to declare the gains in his income tax return and will be subject to tax at the normal rates of tax.

In case of the Company's foreign investments, any capital gains, dividends, interest and other gains or profits may be subject to tax imposed by the country of origin concerned and such taxes may not be recoverable by the Company or by its shareholders. This could, inter alia, be the case for the Global Bond Fund Plus and the Melita International Equity Fund. exstatic

4. Up-front Charges and other Fees

	Initial charge	Management Fee as a % per annum of the Net Asset Value of each Fund	Custody Fee as a % per annum of the Value of Investments of each Fund	Registrar Fee as a % per annum of the Net Asset Value of each Fund
Global Bond Fund Plus	A spread between the Offer Price and the Bid Price of up to 5%, currently discounted to 3%	1.5 % (<i>inclusive of the Investment Advisory Fee</i>)	0.2%, subject to a minimum of €3,000	0.1%
Malta Privatisation & Equity Fund	A spread between the Offer Price and the Bid Price of up to 4%, currently discounted to 3%	1.25 % (<i>inclusive of the Investment Advisory Fee</i>)	0.2%, subject to a minimum of €3,000	0.1%
Melita International Equity Fund	An initial charge of up to 5%, currently set at 5% on the amount invested	0.60% * + 1.15% **	0.2%, subject to a minimum of €3,000	0.1%

INFORMATION ABOUT THE SCHEME - continued

4. Up-front Charges and other Fees - continued

* This part of the Management Fee is retained by the Manager, and is subject, in the aggregate, to a minimum fee payable to the Manager of USD10,000 with respect to Melita International Equity Fund only.

**This part of the Management Fee is payable by the Manager to the Investment Advisor as an Investment Advisory Fee.

Performance fees

With effect from 1 October 2007, the Performance Fee payable to the Investment Advisor has been amended in accordance with the Investment Services Act (Performance Fees) Regulations, (Legal Notice 239 of 2006).

The Investment Advisor shall, in addition to the Investment Advisory Fee received from the Manager, be entitled to a fee based on the performance of each Fund (the "**Performance Fee**"), payable by the Company with respect to the Fund concerned, as follows:

(i) The Performance Fee in respect of the Malta Privatisation & Equity Fund and the Melita International Equity Fund shall become payable to the Investment Advisor in the event that the relevant Fund outperforms the Relevant Index (as defined below) for that Fund in any one Financial Year. The Performance Fee shall be equal to 25% of the return made by the Fund concerned over the Relevant Index for that Fund in any one Financial Year. This Performance Fee will be paid quarterly to the Investment Advisor within three (3) months from the end of the quarter to which it relates.

At the end of each Financial Year, the Performance Fee properly due for that Financial Year with respect to the relevant Fund shall be determined on the basis of the actual performance of the Fund concerned during that Financial Year on the basis of the audited financial statements of the Company. If, at the end of the Financial Year, it results that the Investment Advisor has received an overpayment of the fee with reference to the relevant Fund, such amount as has been overpaid shall be repaid to the Fund concerned within three (3) months from the date of determination of the Performance Fee properly due to the Investment Advisor with respect to that Fund. In the event that after determination of the Performance Fee properly due and payable to the Investment Advisor with respect to the Fund concerned it results that the Investment Advisor has received an underpayment of such fee, then the Fund concerned shall pay the difference of such underpayment within three (3) months from the date of the determination of the Performance Fee properly due to the Investment Advisor with respect to that Fund.

The Performance Fee payable will be calculated as at the annual accounting reference date each year by taking the increase in the Net Asset Value per Share for the relevant Fund during that Financial Year as on the last Dealing Day of that annual accounting period (before deduction of the Performance Fee) and comparing this with the Relevant Index for that Fund for that period. The Performance Fee payable will be equal to 25% of the amount by which the increase in the Net Asset Value per Share of the relevant Fund has outperformed the Relevant Index for that Fund, multiplied by the average number of Shares in issue in that Fund, taken at each valuation point, during that annual accounting period.

Provided that if a Fund has underperformed the Relevant Index in any preceding Financial Year such under performance shall be recouped before a Performance Fee shall become payable in any subsequent Financial Year with respect to that Fund. Provided further that no Performance Fee will be paid in any Financial Year if the Net Asset Value per Share of the Fund concerned is below that Fund's Initial Offer Price at the end of that Financial Year.

INFORMATION ABOUT THE SCHEME - continued

4. Up-front Charges and other Fees - continued

Performance fees - continued

The **Relevant Index** for the purpose of the payment of the Performance Fee is:

- (a) in so far as the Malta Privatisation & Equity Fund is concerned, the MSE Index (as defined below);
- (b) in so far as the Melita International Equity Fund is concerned, the Morgan Stanley Capital International (MSCI) World Local Index (as defined below).

"MSE Index" means the index maintained and produced by the Malta Stock Exchange as the official equity index of the Malta Stock Exchange (as displayed on either of the Malta Stock Exchange website (www.borzamalta.com.mt) or the relevant page of the Bloomberg screen with the code *MALTEX Index*) as of close of business on the latest day immediately preceding each Dealing Day (or, if the said rate is not available at such time or on such day, as of the latest available time and day. If both of the MSE and Bloomberg codes are replaced or if both these services cease to be available, the Investment Advisor shall notify the Manager and the Company of such other Bloomberg code or of such other service displaying the appropriate index, if available).

"Morgan Stanley Capital International (MSCI) World Local Index" means the index maintained and produced by Morgan Stanley Capital International Inc. as the Morgan Stanley Capital International (MSCI) World Local index (as displayed on either of the relevant page of the Bloomberg screen with the code *MSDLWI Index* or the relevant page of the Reuters screen with the code *.CIWL*) as of close of business on the latest day immediately preceding each Dealing Day (or, if the said rate is not available at such time or on such day, as of the latest available time and day. If both of the Bloomberg and Reuters codes are replaced or if both of these services cease to be available, the Investment Advisor shall notify the Manager and the Company of such other code or of such other service displaying the appropriate index, if available).

The Investment Advisory Agreement further provides that if any Relevant Index ceases to be available, or if the Investment Advisor otherwise determines that adequate and fair means do not exist for ascertaining a Relevant Index or that such index has become inappropriate as a benchmark to measure a Fund's performance, by reference to that Fund's investment objective and asset allocation, then the Investment Advisor shall notify the Manager and the Company of that fact and:

(a) within five (5) Business Days of receipt of the notification, the Investment Advisor, the Manager and the Company shall enter into negotiations for a reasonable period with a view to agreeing an alternative basis for determining the method for the calculation of the Performance Fee for the Fund concerned in line with the Investment Services Act (Performance Fees) Regulations (L.N. 239 of 2006) (the "Regulations);

(b) an alternative basis for determining such Performance Fee may include any alternative index or indices which are published in an appropriate manner or benchmark and which are considered appropriate by the Investment Advisor, the Manager and the Company to measure a Fund's performance by reference to its investment objective and asset allocation, as long as such alternative shall be in line with the Regulations and without prejudice to the Company's obligations under the Regulations.

INFORMATION ABOUT THE SCHEME - continued

4. Up-front Charges and other Fees - continued

Performance fees - continued

(ii) The Performance Fee in respect of the Global Bond Fund Plus shall become payable to the Investment Advisor in the event that the Fund outperforms the Relevant Benchmark (as defined below) in any one Financial Year. The Performance Fee shall be equal to 25% of the return made by the Fund over the Relevant Benchmark in any one Financial Year. This Performance Fee will be paid quarterly to the Investment Advisor within three (3) months from the end of quarter to which it relates.

At the end of each Financial Year, the Performance Fee properly due for that Financial Year with respect to the Fund shall be determined on the basis of the actual performance of the Fund during that Financial Year on the basis of the audited financial statements of the Company. If, at the end of the Financial Year, it results that the Investment Advisor has received an overpayment of the fee with respect to the Fund, such amount as has been overpaid shall be repaid to the Fund within three (3) months from the date of determination of the Performance Fee properly due to the Investment Advisor. In the event that after determination of the Performance Fee properly due and payable to the Investment Advisor with respect to the Fund it results that the Investment Advisor has received an underpayment of such fee, then the Fund shall pay the difference of such underpayment within three (3) months from the date of the determination of the Performance Fee properly due to the Investment Advisor.

The Performance Fee payable will be calculated as at the annual accounting reference date each year by taking the increase in the Net Asset Value per Share for the Fund during that Financial Year as on the last Dealing Day of that annual accounting period (before deduction of the Performance Fee) and comparing this with the Relevant Benchmark for that period. The Performance Fee payable will be equal to 25% of the amount by which the increase in the Net Asset Value per Share for the Fund has outperformed the Relevant Benchmark, multiplied by the average number of Shares in issue in the Fund, taken at each valuation point, during that annual accounting period.

Provided that no Performance Fee in respect of the Fund shall be paid or accrued until the Net Asset Value per Share of the Fund exceeds the "water mark", that is, the highest of the previous highest Net Asset Value per Share for the Fund on which the Performance Fee was paid (if any), the Initial Offer Price, or the Relevant Benchmark. In any Financial Year shall only be payable on the increase over the "water mark".

The Relevant Benchmark for the purpose of the payment of the Performance Fee in respect of the Fund shall be the BBA 3 Month Libid Euro Rate being the British Bankers' Association London Interbank Bid Rate for EURO for a three (3) month period. This rate is based upon the British Bankers' Association LIBOR fixings (as displayed on either of the relevant page of the Bloomberg screen with the code EU0003M or the relevant page of the Reuters screen with code *LIBOR=*) and is determined by subtracting one eighth (0.125) from the British Bankers' Association 3 Month Libor Euro Rate as of 11.00a.m. GMT on each Dealing Day (or, if the said BBA 3 Month Libor Euro Rate is not available at such time or on such day, as of the latest available time and day. If both of the Bloomberg and Reuters codes are replaced or if both of these services cease to be, the Investment Advisor shall notify the Manager and the Company of such other code or of such other service displaying the appropriate index, if available).

INFORMATION ABOUT THE SCHEME - continued

4. Up-front Charges and other Fees - continued

Performance fees - continued

The Investment Advisory Agreement further provides that if any Relevant Benchmark ceases to be available, or if the Investment Advisor otherwise determines that adequate and fair means do not exist for ascertaining a Relevant Benchmark or that such index has become inappropriate as a benchmark to measure the Fund's performance, by reference to the Fund's investment objective and asset allocation, then the Investment Advisor shall notify the Manager and the Company of that fact and:

(a) within five (5) Business Days of receipt of the notification, the Investment Advisor, the Manager and the Company shall enter into negotiations for a reasonable period with a view to agreeing an alternative basis for determining the method for the calculation of the Performance Fee for the Fund in line with the Investment Services Act (Performance Fees) Regulations (L.N. 239 of 2006) (the "Regulations");

(b) an alternative basis for determining such Performance Fee may include any alternative index or indices which are published in an appropriate manner or benchmark and which are considered appropriate by the Investment Advisor, the Manager and the Company to measure the Fund's performance by reference to its investment objective and asset allocation, as long as such alternative shall be in line with the Regulations and without prejudice to the Company's obligations under the Regulations.

At the end of the first Accounting Period and in the event that the Investment Advisory Agreement shall terminate otherwise than at the end of an Accounting Period, the Performance Fee payable for any period less than a quarter shall be calculated proportionately and paid within three months from the end of the first Accounting Period or the termination of the Investment Advisory Agreement (as the case may be).

If the determination of the Net Asset Value of any Fund shall be suspended pursuant to the Articles or the Laws on any Dealing Day, the Performance Fee shall be calculated by reference to the Net Asset Value of such Fund on the Dealing Day immediately preceding such suspension.

5. Risk Warnings

Market Fluctuations

Investments in the Funds should be regarded as a long-term investment. 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 price of shares and the income from them (if any) can, from time to time, go down as well as up and investors may not realise the amount of their initial investment. Past performance is no guarantee of future performance. The value of the Funds, including the currencies in which they are denominated, may fall as well as rise.

Erosion of Capital

When an Investor redeems part of his/her holding, the Investor should be aware that these redemptions / payments will be made from the sale of Shares and may result in an erosion of capital.

Exchange Rate Fluctuations

Currency fluctuations between the base currency of a Fund, and,

(i) the investor's currency of reference, and

(ii) the currency of the underlying investments of that Fund,

may adversely affect the value of investments and the income derived therefrom.

INFORMATION ABOUT THE SCHEME - continued

5. Risk Warnings - continued

Investments on the Malta Stock Exchange

Some of the Funds, directly or indirectly through collective investment schemes, may invest in debt securities and equity securities quoted on the Malta Stock Exchange ("the MSE"). When compared to more established markets, the MSE is a relatively new market and, accordingly, the investments that can be made thereon are limited. This may lead to an exposure to a particular security or industry sector that is higher than that normally associated with a diversified portfolio. This may expose the Funds to higher levels of volatility and may adversely affect the performance of the Funds.

Despite the fact that such securities are listed, the market in such securities may be illiquid in view that the trading volumes on emerging stock exchanges such as the MSE, are substantially less than in the world's leading stock markets. Accordingly the buying and selling of securities may be time consuming and may need to be effected at unfavourable prices.

Investments in Smaller Companies

The Funds, directly or indirectly through collective investment schemes, may invest in the securities of smaller companies. Investments in the securities of smaller companies can involve greater risk than is customarily associated with investment in larger, more established companies.

In particular, smaller companies often have limited product lines, markets or financial resources, and may be dependent for their management on one or two key individuals. This may result in investments in such companies to be more volatile than in larger companies.

Investments in Companies Operating in Particular Industry Sectors

The Funds, directly or indirectly through collective investment schemes, may invest in companies operating in particular industry sectors. Such companies are subject to a higher degree of commercial and financial risk. This may result in investments in such companies being subject to higher levels of volatility and may adversely affect the performance of the Funds investing in such companies.

Investments in Unlisted Securities

The Funds, directly or indirectly through collective investment schemes, may invest in unlisted securities. Investment in unquoted securities can be subject to risks not normally associated with quoted securities. These risks mainly relate to the illiquidity of the market.

Foreign and Local Equity Investments

The Funds, directly or indirectly through collective investment schemes, may invest in foreign and local equity securities. Investment in equities is subject to certain risks inherent in the market that are attributable to general market conditions. Furthermore, equity investment is also subject to firm specific risk that reflects the risk peculiar to an individual firm. Investors should therefore be aware that Funds that invest part or their entire portfolio directly in equities are subject to both market and firm specific risk.

Investments in Sub-Investment Grade Securities

Some of the Funds, directly or indirectly through collective investment schemes, may invest a significant part of their assets in sub-investment grade debt securities. Sub-investment grade debt securities offer a very low level of protection insofar as the honouring of principal and interest payments by the issuers thereof is concerned. The lower the rating of a sub-investment grade debt security, the lower the protection (if at all) afforded against credit default by the respective issuer. In view of the special risks associated with investment in sub-investment grade securities, an investment in Funds investing in such securities should be regarded as involving a greater degree of risk.

INFORMATION ABOUT THE SCHEME - continued

5. Risk Warnings - continued

Specific Risks in respect of Funds investing in Emerging Markets

Some of the Funds, directly or indirectly through collective investment schemes, may invest a significant part of their assets in securities of issuers in emerging markets. Investments in emerging markets can be subject to risks not normally associated with more developed markets. These risks mainly relate to the instability of the economies of the countries concerned, political uncertainties and, in some cases, illiquidity of the market concerned. Such investments may also be adversely affected by higher counter-party risks, greater currency risks, higher price volatility and the effect of exchange control regulations or other governmental laws or restrictions. The supervision by governmental authorities and the legal environment of these economies may be less than adequate and some of these markets may not be subject to accounting, auditing and financial reporting standards comparable to those existing in more developed countries, thereby exposing the Funds to a greater degree of risk, including the risk of fraudulent securities. Furthermore, settlement and custody systems in emerging markets are not as well developed as those in more developed markets.

Investors should be aware that any downturn in the economies of emerging markets might adversely affect the servicing and ultimate repayment of the investments of the Funds. Additionally, market practices in relation to the settlement of securities transactions and the custody of assets in emerging markets can provide increased risk of loss to the Funds.

Investments in Collective Investment Schemes

The Funds invest in collective investment schemes that may in turn invest globally in a range of securities. As a result, these Funds are subject to the same risk factors as the underlying assets in which they invest. Some of the underlying collective investment schemes in which the Funds may be invested may be priced at intervals that are more than weekly. Accordingly, in pricing, the Manager may have to use a price that may be more than a week or fifteen days old. This could result in a higher or lower price for such investments than that which could be obtained on the day of pricing of such investments.

Performance Fee

The Performance Fees payable to the Investment Advisor may incentivise the Investment Advisor to take higher risks in the investment recommendations made by it to the Board of Directors. All investment decisions are taken by the Board of Directors or a sub-committee thereof.

The amount of Performance Fees payable to the Investment Advisor is not subject to any cap or maximum amount.

The increase in NAV which is used as a basis for the calculation of the Performance Fees may be comprised both of realised gains as well as unrealised gains as at the end of the calculation period and, as a result, Performance Fees may be paid on unrealised gains which may subsequently never be realised by the Company.

The Company does not operate an equalisation account nor any other method to ensure an equal treatment for the payment of the Performance Fees irrespective of the timing of the application for or redemption of Shares in the Company. Accordingly, Shareholders may, when purchasing and/or redeeming Shares in the Company, indirectly underpay or overpay an under-performance accrual or an over-performance accrual as the case may be.

6. Scheme Particulars

The above details are extracted from the latest version of the Global Funds SICAV p.l.c. Prospectus dated 1 March 2010, which is available upon request from the Manager and was current at the date of this Annual Report and Financial Statements. Persons wishing to invest in the shares should do so on the basis of the full information contained in the Prospectus.

INFORMATION ABOUT THE SCHEME - continued**7. Manager's Statement**

In the opinion of the Manager, the Annual Report and Financial Statements contains all the information required to enable the investors to make an informed judgement of the results and activities of the Company for the year ended 31 July 2018, and does not omit any matter or development of significance.