

**MERILL
SICAV PLC**

SV 384

**Interim report and unaudited
financial statements**

For the period ended
31 January 2017

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MANAGEMENT AND ADMINISTRATION

| | |
|--|---|
| DIRECTORS | <p>Mr. Jesmond Mizzi Campbell Close G2 Triq San Pawl Attard, Malta</p> <p>Dr. Mark Azzopardi 38, Ivoire Paul Borg Street Attard, Malta</p> <p>Mr. John Bonett 37/8 Sunsea Mansions Nicolo Isouard Street Sliema, Malta</p> <p>Mr. Paul Mercieca 20, Casa Tidapah Triq Cafcaf, Madliena, Malta</p> |
| INVESTMENT COMMITTEE | <p>Mr. Jesmond Mizzi Mr. John Catania Dr. Mark Azzopardi Mr. Gianmarco Guadalupi</p> |
| COMPANY SECRETARY | <p>BOV Fund Services Limited (formerly Valletta Fund Services Limited) TG Complex Suite 2, Level 3, Brewery Street Mriehel, BKR 3000 Malta</p> |
| INVESTMENT MANAGER | <p>Jesmond Mizzi Financial Advisors Limited 67, Level 3 South Street Valletta, Malta</p> |
| CUSTODIAN | <p>Bank of Valletta p.l.c. BOV Centre Canon Road Santa Venera, SVR9030 Malta</p> |
| GLOBAL CUSTODIAN | <p>RBC Investor Services Trust, London Branch Riverbank House, 2 Swan Lane London EC4R 3AF United Kingdom</p> |
| ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT | <p>BOV Fund Services Limited (formerly Valletta Fund Services Limited) TG Complex Suite 2, Level 3, Brewery Street Mriehel, BKR 3000 Malta <i>Recognised to provide Fund Administration services by the Malta Financial Services Authority</i></p> |

MANAGEMENT AND ADMINISTRATION – (continued)

AUDITORS

PricewaterhouseCoopers
78 Mill Street
Qormi, QRM 3101
Malta

LEGAL ADVISORS

Mamo TCV Advocates
Palazzo Pietro Stiges, 103, Strait Street
Valletta, VLT 1436
Malta

DESCRIPTION

Merill SICAV p.l.c. (“the Company”) is an open-ended collective investment scheme organised as a multi-fund public limited liability investment company with variable share capital under the laws of the Republic of Malta and licensed by the Malta Financial Services Authority (“MFSA”) under the Investment Services Act (Chapter 370 of the Laws of Malta), and qualifying as a self-managed “Maltese UCITS” in terms of the Investment Services Act (Marketing of UCITS) Regulations (Legal Notice 241 of 2011, as amended from time to time)

The principal investment objective of Merill Total Return Income Fund is to achieve long-term total return growth and income from a diversified portfolio of investments.

Changes to the Company Documents during the reporting period

On the 26 January 2017 the Company launched two additional sub-funds, Merill High Income Fund, and the Merill Global Equity Income Fund. The Initial Offer Period of the launched sub-funds expires on the 17 April 2017, or such earlier date as the Directors in their discretion may deem fit.

MANAGER'S REPORT

For the six month period ended 31st January 2017

In the past six months, investments continued to be affected by events that changed or will have an impact on long term trends. The political factor, especially in Europe, had and will continue to influence the way investors shift their assets from one asset class to another depending on analysts' short term outlook. In the upcoming months, Europe will experience a number of elections which may have an impact on the EURO and its core strength, as in major countries there has been a rise in Eurosceptic parties such as France's National Front party led by Marine Le Pen, promising that she will pursue an opt out from the Euro if elected in May. The economic pressures experienced over the period and the decisions to be taken by politicians and central banks in the near future, are likely to significantly change what we have been experiencing in recent years.

Looking at the major asset classes, the US High Yield bonds continue to be the top performers, starting from the second half of the year and towards the beginning of 2017. European High Yield bonds, as well as the broader Emerging bond market followed suit, confirming the direction of investors demanding higher yields in an environment of depressed rates of return. This shift can be seen in the price correction of the European Government bonds which changed direction after heading higher during these past months.

United Kingdom

In a post Brexit world, the political and economic direction of the United Kingdom remain unknown with the path to Brexit becoming no clearer in these months. What we can be sure of, as ascertained by the new Prime Minister Theresa May, is that Brexit means Brexit. To this day, no agreement nor a single coherent narrative has been established that marks a clear way for Britain's exit from the EU.

Meanwhile, in a complete policy U-turn, the Bank of England changed its stance from potential monetary tightening, to having to implement monetary easing policies which included; decreasing the base rate to 0.25%, accompanied by a £170 billion stimulus package, and the restart of the asset purchase programme and a term funding scheme aimed at banks to enable them to pass increased lending to customers.

Economic data remained stable as gross domestic product annualised till the fourth quarter of 2016 stood at 2.2% (beating the expected rate of 2%). The pace of retail sales remained resilient, notwithstanding the possible decline in real wages in 2017 because of higher energy prices and imported inflation due to a weakened Sterling. Nevertheless, despite producer prices continuing to gather upward momentum, producer output still increased by 2.2%. In the final quarter of 2016, the UK economy grew by 0.6% from Q3, thus registering growth of 2% in 2016, slower than the previous two years. As a result, the Bank of England has now reviewed its forecast for growth in 2017 from 1.4% to 2% as domestic demand has been stronger than expected.

UK equities soared to all time high levels, as the sterling's decline against major currencies trading at historical lows, made UK securities an attractive investment option. A rally was experienced in the sterling fixed income until November, when the US election catalyst changed direction as a sell off ensued on the expectation of expansionary fiscal policy in the US.

European Union

On the European front, political turmoil prevailed throughout the year. The rise of populism remained a grievous concern as increased popularity of break-away parties in EU countries have increased their support that may influence the upcoming national elections. The outcome of the Italian referendum led to Prime Minister Renzi stepping down and being replaced by the new Prime Minister Gentiloni, who is expected to pave the way for electoral reform and eventual general elections.

MANAGER'S REPORT (continued)

For the six month period ended 31st January 2017

In terms of market data, consumer prices have increased year-on-year by 1.1% in December 2016, in line with the growth levels experienced over the previous year, while third quarter and fourth quarter GDP growth rates showed a modest increase of 1.7% and 1.8% on an annual basis – slightly ahead of market expectations. Industrial production ticked substantially to the upside by November, increasing by 3.2% on a yearly basis. The Eurozone economy ended the year in good shape expanding by 0.5% in the fourth quarter and taking growth to 1.7 per cent in 2016. The region's annual inflation rate rose to 1.8% in January 2017 and the unemployment rate dipped to 9.6%. As expected, the European Central Bank left monetary policy unchanged at its January meeting. On the back of rising inflation expectations, particularly in Germany, we witnessed further declines across the broader European sovereign debt market. Albeit to a lesser extent, declines were also recorded across the low yielding, high-quality investment-grade corporate bonds.

Financials were the top performers, amidst rising bond yields with the sector being boosted by the positive performance of the laggard Italian banks, as expectations of government support increased. Equities in the energy sector followed with their positive run as the MSCI European Energy Index gained 32.77% by year-end 2016. On the contrary, real estate, consumer staples and utilities delivered negative returns, as earlier these asset classes had performed strongly on the back of a low yielding environment.

One of the main turning points during this period was the speculation that the European Central Bank (ECB) may announce an end or tapering to its quantitative easing programme. In December, the ECB extended the programme beyond March 2017, while announcing its intention to decrease the scale of its bond purchase programme from €80 to €60 billion. This resulted in an increase in yields for European Sovereigns, which until the first half of the year had fallen, based on the increased economic uncertainty and the ever increasing scope of the ECB asset purchase programme driving yields of sovereigns to negative territory.

On the corporate bond market, European High Yield outperformed the other European asset classes. Despite not generating the level of returns provided by peers US High Yield and Emerging Market Debt, this asset class has a comparatively higher credit quality.

However, investors continued to look ahead to the busy electoral calendar in Europe as, France and Germany will be holding elections this year. Meanwhile, Italy's constitutional court opened the door to possible early elections after changing parts of the country's electoral law. Thus, political uncertainty might have an impact on market direction, and volatility.

United States

The lead up to the US elections and its aftermath effect on the equity market performance has been termed as the Trump Bump – a term used to explain the recent advances in US equities. The historic climb of the Dow Jones Industrial Average towards the 20,000 level has been matched by strong gains in the Nasdaq and the S&P500. The main reason behind this surge is the pro-business measures expected from President Trump. These are said to include spending on US infrastructure, deduction in taxes and deregulation, which seem to outweigh the negatives of potential protectionist policies that could lie ahead.

The US economy grew at its strongest pace in two years in the third quarter of 2016, led mainly by consumer spending exports, private inventory investment, non-residential fixed investment and federal government spending. Job additions have continued at anticipated levels, reducing unemployment to a cyclical low of 4.6%. Consumer confidence also spiked up to 98.5 points after its October decline – standing at a 13-year high. Inflation also picked up to a level of 2.1% pushed by higher energy and shelter costs – higher than market consensus. In the fourth quarter the economy advanced by an annualised 1.9%. In 2016, the economy grew by 1.6%, the lowest rate of growth since 2011.

The largely positive US economic data released during the fourth quarter have provided the support required for the Fed's widely anticipated decision to increase its key policy rate by 0.25%. The Fed signalled it would raise rates three times in 2017, pointing out the need for gradual rate hikes, as to safeguard from risks that arise from faster economic growth rates.

MANAGER'S REPORT (continued)

For the six month period ended 31st January 2017

US treasury yield curves have steepened, with 10 year Treasuries rising to 2.44%, and five year yields rising to 1.93%. This has prompted a steady sell off in the bond market in the final two months of 2016, because of the Fed's perceived course of action causing a re-pricing. As opposed to the Treasuries and Investment Grade Bonds, the US High Yield Bonds continued in their positive stance throughout the second half of 2016 and in January 2017, bolstered by the demand for yields, and strength of the US economy in general made them an attractive asset class. In fact, due to these political and economic changes, the market shifted its focus from investment grade bonds to high yield bonds and shares. Technology stocks and US high yield corporate bonds, both spiked substantially in the first month of 2017, when compared to the relatively flat performance across the investment-grade segment.

The Nasdaq struck a record high as technology stocks outperformed in January 2017, having initially failed to participate in the rally following Trump's election. This was in anticipation of an expected pick-up in capital expenditure by corporate America that would drive an IT refreshment cycle.

The dollar weakened after US president Donald Trump struck a less conciliatory tone following his inauguration. As the dollar weakened a general recovery was witnessed across emerging markets. Similarly, many of the UK's emerging markets focused financials performed well against this backdrop.

Malta

On the local scenario, the MSE index maintained its positive trend in the last six months of 2016, registering a yearly gain of 4.5 per cent. FIMBank plc shares maintained its top spot to close the year with an impressive 41.9 per cent gain. The equity and bond market experienced lower turnovers when compared to the previous year – with the bond market experiencing high volatility in the last quarter of 2016 post US election results. As for the local bond scenario, a total of eight local bond issues were listed on the exchange, the largest single issue being the €65 million issue 3.75% Premier Capital plc Unsecured € 2026.

Furthermore, 2017 kicked off on a positive note as the MSE index registered a gain of 1.83% in January, following strong gains across banking equities. On the other hand, government stocks remained volatile and the long-dated bonds continued to fall. Turnover in the sovereign debt market reached €30.6m spread across 28 issues, practically all of which experienced a slump, particularly long-dated issues. Yields rose as these followed the same trend witnessed in international markets, however, Maltese long dated sovereign debt issues experienced an even sharper increase. The 3% MGS 2040 (I) r suffered the worst decline in value amounting to 6.5 per cent, to close at €111.53. The most liquid issue was the 5.25% MGS 2030 (I), having witnessed a turnover of over €4.6m and a decline in value of 4.4 per cent, to close at €140.51.

What Lies Ahead

The world of investments for 2017 has the right ingredients for further surprises, the first source of which is the U.S presidency which is expected to be different from previous ones, possibly changing direction from global trade policies to national priorities.

Despite the sources of change in the coming months, the main elements of subdued global demand and a loose monetary policy, remain a valid topic even as the US is expected to move towards monetary tightening despite an expansionary fiscal policy. The argument of diverging policies may become actual one year later than anticipated.

In Europe, elections in France and Germany could create uncertainty, while the UK triggering Article 50 to start negotiations with the EU and an exit agreement will have both political and economic implications.

MANAGER'S REPORT (continued)

For the six month period ended 31st January 2017

Portfolio Activity

International Exposure: -Merill

Since the second half of 2016, the global economy has seen an improvement as monetary policies remain the dominant factor. In the US, labour market has continued to support the economy and significantly lifted consumer sentiment. In Euro Zone, the composite PMI increased further in February, to 56, reaching a 70-month high. However, at the same time, political uncertainties including upcoming elections in major European economies, developments regarding Brexit, and fiscal, monetary and trade policies, could hamper the global economy. Our investment philosophy continues to follow a prudent approach as a priority, by the acquisition of top quality assets and by drastically reducing our duration. Since last September, the US banking sector has been one of our favourite thematic and we started to buy equities in perspective of rate hikes and the curve steepening. In Europe, we are investing in dividend stocks as they offer opportunities and can be considered as an alternative to low yield bond. At the beginning of the year, we started to deploy our cash in a cautious way into our Equity Income programme from Telecommunications to Infrastructure and Utility sector.

Local Exposure: -Merill

We have maintained a similar strategy to that of the period up to July 2016, that of buying corporate bonds on the secondary market such as the 4.5% Izola Bank p.l.c. Unsecured Bond 2025 EUR, 5% Halmann Vella p.l.c. 2024 EUR. We participated in new issues namely 5% Dizz Financial p.l.c. Unsecured Bonds 2026, 4.25% Gap Group p.l.c. and 4.8% Mediterranean Maritime Hub p.l.c. Unsecured Bonds 2026. Furthermore, we rolled over the 6.8% Premier Capital 2017-2020 to the 3.75% Premier Capital p.l.c. Bonds 2017-2020 and the 6.25% International Hotel Investments p.l.c. unsecured Bonds 2017-2020 to 4% International Hotel Investments p.l.c. unsecured Bonds 2026

After the US election, we started reducing the duration of the Malta Government Stocks and sold the long-dated stocks namely the 2.4% Malta Government Stock 2041, 2.5% Malta Government Stock 2036 and the 2.1% Malta Government Stock 2039.

On the equity front, similarly to the international equity exposure, we are focusing more on the dividend yielding equities. On this basis, we have added positions in Malta International Airport p.l.c. on the back of strong tourism statistics, and Malita Investments p.l.c.

INTERIM DIRECTORS' REPORT

For the six month period ended 31st January 2017

The Directors hereby present the Interim Report and Unaudited Financial Statements of the Merill SICAV p.l.c. for the period ended 31 January 2017.

The Directors are responsible for ensuring that the Interim Report and Unaudited Financial Statements are complete and accurate in all material respects and conform with MFSA's requirements in terms of the Scheme's Licence Conditions.

Review of Business

The net assets attributable to holders of redeemable shares as at 31st January 2017 stood at €22,365,800, an increase of 11.42% from that registered 31st July 2016, which stood at €20,074,096.

Regulatory Affairs

There were no breaches or regulatory sanctions imposed on the Company

Results and Dividends

The results for the period under review can be found on the Unaudited Statement of Comprehensive Income. Dividends declared for the period ended 31st January 2017 amounted to €19,003.

On behalf of the Board



Jesmond Mizzi
Chairman



Paul Mercieca
Director

24 March 2017

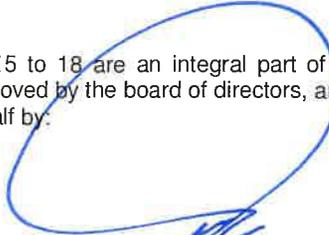
UNAUDITED FINANCIAL STATEMENTS**UNAUDITED STATEMENT OF FINANCIAL POSITION**

As at 31st January 2017

| | Merill SICAV p.l.c. | |
|--|---------------------|-------------------|
| | 31.01.2017 | 31.07.2016 |
| | € | € |
| ASSETS | | |
| Financial assets at fair value through profit or loss | 20,215,526 | 17,653,201 |
| Accrued income | 164,077 | 143,241 |
| Trade and other receivables | - | 1,618 |
| Cash and cash equivalents (note 3) | 2,101,843 | 2,316,725 |
| Total assets | 22,481,446 | 20,114,785 |
| LIABILITIES | | |
| Accrued Expenses | 75,306 | 65,889 |
| Trade and other payables | 75,082 | 13,516 |
| Total liabilities (excluding net assets attributable to holders of redeemable shares) | 150,388 | 79,405 |
| Net assets attributable to holders of redeemable shares | 22,331,058 | 20,035,380 |
| Represented by: | | |
| Net Assets attributable to holders of redeemable shares (at trading value) | 22,365,800 | 20,074,096 |
| Adjustment for organisation costs | (34,742) | (38,716) |
| | 22,331,058 | 20,035,380 |
| Shares in issue | | |
| Class A | 35,992,071.648 | 33,273,638.860 |
| Class B | 7,407,950.555 | 5,606,501.720 |
| | € | € |
| Net asset value | 22,331,058 | 20,035,380 |
| Net asset value per share | | |
| Class A | 0.5162 | 0.5167 |
| Class B | 0.5110 | 0.5141 |

The accounting policies and notes on pages 15 to 18 are an integral part of these financial statements. These unaudited financial statements were approved by the board of directors, authorised for issue on _____ and signed on its behalf by:


Jesmond Mizzi
 Chairman


Paul Mercieca
 Director

UNAUDITED FINANCIAL STATEMENTS**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES***for the period ended 31st January 2017*

| | Merill Sicav p.l.c. | |
|---|----------------------------|-------------------|
| | 31.01.2017 | 31.01.2016 |
| | € | € |
| Net assets at beginning of period | 20,035,380 | |
| Amounts received on creation of shares | 2,486,964 | - |
| Amounts paid on redemption of shares | (144,117) | - |
| Net decrease in net assets attributable to holders of redeemable shares | (47,169) | - |
| Net assets attributable to holders of redeemable shares at the end of the period | 22,331,058 | - |

UNAUDITED FINANCIAL STATEMENTS**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME***for the period ended 31st January 2017*

| | Merill Sicav p.l.c. | |
|---|----------------------------|-------------------|
| | 31.01.2017 | 31.01.2016 |
| | € | € |
| Investment income | | |
| Interest income | 221,335 | - |
| Gross dividend income | 68,975 | - |
| Net loss on financial assets at fair value through profit or loss | (146,651) | - |
| Net investment income | 143,659 | - |
| Administration fees | 756 | - |
| Audit fee | 2,605 | - |
| Directors' fees | 13,107 | - |
| Legal and professional fees | 1,785 | - |
| Management fees | 85,421 | - |
| Custody fees | 7,577 | - |
| Other operating expenses | 20,924 | - |
| Formation expenses | - | - |
| Transaction costs | 4,466 | - |
| Transaction management fee | 28,837 | - |
| Operating expenses | 165,478 | - |
| Change in net assets attributable to holders of redeemable shares before withholding tax | (21,819) | - |
| Distributions (note 5) | (19,003) | - |
| Withholding taxes | (6,347) | - |
| Net decrease in net assets attributable to holders of redeemable shares | (47,169) | - |

UNAUDITED FINANCIAL STATEMENTS**UNAUDITED STATEMENT OF CASH FLOWS***for the period ended 31st January 2017*

| | Merill Sicav p.l.c. | |
|---|----------------------------|------------|
| | 31.01.2017 | 31.01.2016 |
| | € | € |
| Net cash flows from operating activities | 82,496 | - |
| Net cash flows from investing activities | (2,640,225) | - |
| Net cash flows from financing activities | 2,342,847 | - |
| Net movements in cash and cash equivalents | (214,882) | - |
| Cash and cash equivalents at beginning of period | 2,316,725 | - |
| Cash and cash equivalents at end of period | 2,101,843 | - |

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

Period ended 31st January 2017

1. BASIS OF PREPARATION

Merill SICAV plc (“the Company/Fund”) has constituted three sub-funds which have segregated patrimonies. Two of the constituted sub-funds, Merill High Income Fund, and Merill Global Equity Income Fund were launched on the 26 January 2017 whereas the Merill Total Return Income Fund was launched on the 16 October 2015. These unaudited condensed financial statements presents only the operating results of Merill Total Return Income Fund, since the other two sub-funds did not operate during the period under review.

The unaudited condensed financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ and are consistent with the accounting policies used in the preparation of the 2016 audited financial statements. These unaudited condensed financial statements have also been prepared in accordance with the requirements of the Malta Financial Services Authority’s Investment Services Rules for Retail Collective Investment Schemes.

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

The unaudited condensed financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at their fair values and in accordance with International Financial Reporting Standards as adopted by the EU.

Standards, interpretations and amendments to published standards effective 1 August 2016

There are no new standards, interpretations and amendments to published standards that are effective for the first time for this interim period that would be expected to have a material impact on the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

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

I. FOREIGN EXCHANGE TRANSLATION

a) Functional and presentation currency

The Company’s designated currency is the Euro (€), which is the presentation currency used for the statements. The Fund’s functional currency is the currency of denomination of the Fund as stipulated in the offering memorandum. The Euro (€) is the functional currency of Merill Total Return Income Fund.

b) Transactions and balances

Transactions carried out in currencies other than the functional currency of each Fund, are translated at exchange rates ruling at the transaction dates. Assets and liabilities designated in currencies other than the functional currency are translated into the functional currency at exchange rates ruling at the Company’s year-end. 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 the ‘other net fair value movements on financial assets at fair value through profit or loss’.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

Period ended 31st January 2017

2. SIGNIFICANT ACCOUNTING POLICIES

II. FINANCIAL ASSETS

(a) Classification

The Company classifies its financial assets into two categories being financial instruments designated at fair value through profit or loss, and loans and 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.

The category financial assets at fair value through profit or loss has two sub-categories being those designated at inception and those held for trading.

- Financial assets and liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Funds' documented investment strategy and/or to eliminate or significantly reduce an accounting mismatch.
- Derivatives are also categorised as held for trading. The Company does not classify any derivatives as hedges in a hedging relationship.

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Loans and receivables consist of term deposits, accrued income, other receivables and cash and cash equivalents.

(b) Recognition, de-recognition and measurement

Purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value, and transaction costs for all financial assets and liabilities carried at fair value through profit or loss are expensed as incurred. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities at fair value through profit or loss are subsequently re-measured at fair value. Realised and unrealised gains and losses arising from changes in the 'fair value of the financial assets and liabilities at fair value through profit or loss' category are included in the Statement of Comprehensive Income in the year in which they arise. Loans and receivables are carried at amortised cost using the effective interest method less any provision for impairment. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

(c) Fair value estimation

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments listed or dealt on a regulated market, is based on the latest available price, appearing to the Directors. In the case of financial instruments which are quoted, listed or normally dealt in or under the rules of a regulated market but in respect of which, for any reason, prices on that regulated market may not be available at any relevant time, the value thereof is determined by reference to prices sought from dealers, brokers or pricing service providers. The fair values of unquoted investments are established by using valuation techniques. These include reference to recent financial statements and similar financial instruments as well as option pricing models.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

Period ended 31st January 2017

2. SIGNIFICANT ACCOUNTING POLICIES

III. OTHER RECEIVABLES AND ACCRUED EXPENSES

Other receivables and accrued expenses represent amounts receivable and payable respectively, for transactions contracted for but not yet delivered by the end of the year. These amounts are initially recognised at fair value and subsequently measured at amortised cost less any provision for impairment (in the case of other receivables). A provision for impairment of other receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due. These are recognised within the Statement of Comprehensive Income.

IV. REDEEMABLE SHARES

The Company issues redeemable shares, which are redeemable at the holder's option and are classified as a financial liability. Redeemable shares can be put back to the respective Fund at any time for cash equal to a proportionate share of that Fund's net asset value ("NAV"). The share capital is carried at redemption amount that is payable at year-end if the shareholder exercises the right to put the shares back to the respective Fund.

The NAV per share is calculated by dividing the net assets attributable to the holders of redeemable shares with the total number of outstanding redeemable shares. In accordance with the offering memorandum, investment positions are valued based on the last traded market price for the purpose of determining the NAV per share for subscriptions and redemptions.

V. INCOME RECOGNITION

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

VI. EXPENSES

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

VII. DISTRIBUTION POLICY

The Company has issued Class 'B' distribution shares in relation to the Fund. Accordingly, the Company may as it from time to time thinks fit, and subject to the applicable laws, pay such dividends attributable to the Class 'B' shares of the Fund as appear to the Company to be justified. Dividends may be paid in such currency, as the Company may deem appropriate subject to the observance of any applicable law. Proposed distributions to holders of the Class 'B' distribution shares are recognised in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Fund. When part or all of the income attributable to the Class 'B' distribution shares is not distributed as dividends, such income will be accumulated within the Fund and reflected in the price of the Class 'B' distribution shares.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

Period ended 31st January 2017

2. SIGNIFICANT ACCOUNTING POLICIES

VIII. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash, and which are subject to insignificant changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

IX. TAXATION

The Company is registered in Malta. The fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income. Withholding taxes are shown as a separate line item in the statements of comprehensive income.

3. BANK BALANCES

The bank balance disclosed within the Unaudited Statement of Financial Position as at 31 January 2017 amounted to Euro 2,101,843 (9.41% of Net Asset Value) and are held with Bank of Valletta p.l.c..

4. RELATED PARTY DISCLOSURES

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.

The Company's related parties include key management and investment managers as described below. The Company operated under an investment management agreement with Jesmond Mizzi Financial Advisors Ltd. All investment management fees paid to the investment manager are disclosed separately in the statement of comprehensive income. Amounts payable at 31 January 2017 are included in the statement of financial position. During the period, Mr. Jesmond Mizzi, Mr. John Catania, Dr. Mark Azzopardi and Mr. Gianmarco Guadalupi acted as members of the Investment Committee. Atlas Insurance PLC which holds 27,836,262.940 units in the Class A Shares is also considered to be a related party by virtue of an indirect holding in the investment manager. Transactions with related parties during the period are included in the table below:

| | |
|-----------------------------|-----------------------|
| | EUR |
| Director's fees | 13,107 |
| Management fees | 85,421 |
| Transaction Management fees | 28,837 |
| | <u>127,365</u> |

5. DISTRIBUTIONS TO SHAREHOLDERS

Distributions reflected in the unaudited statements of comprehensive income relate to the distribution Class B of sub-fund Merrill Total Return Income Fund. In the period under review the following distributions were effected:

| Ex-Dividend date | Rate per share | Total Distribution amount |
|-------------------------|-----------------------|----------------------------------|
| 28 October 2016 | Euro 0.001373 | Euro 9,639 |
| 30 January 2017 | Euro 0.001270 | Euro 9,364 |

PORTFOLIO STATEMENT
As at 31 January 2017

| | Market value 31.01.17 € | % of total Assets | % of net Assets |
|--------------------------|--|----------------------------------|--------------------------------|
| LISTED EQUITIES | | | |
| MALTA | | | |
| 6PM HOLDINGS PLC | 113,937 | 0.51 | 0.51 |
| BANK OF VALLETTA | 210,864 | 0.94 | 0.94 |
| FIMBANK PLC | 51,176 | 0.23 | 0.23 |
| GO PLC | 126,650 | 0.56 | 0.57 |
| HSBC BANK | 30,864 | 0.14 | 0.14 |
| LOMBARD BANK | 190,195 | 0.85 | 0.85 |
| MALITA INVESTMENTS PLC B | 171,074 | 0.76 | 0.77 |
| MALTA PROPERTIES COMPANY | 31,608 | 0.14 | 0.14 |
| MALTAPOST PLC | 70,311 | 0.31 | 0.31 |
| MAPFRE MIDDLE SEA | 128,633 | 0.57 | 0.58 |
| MIA PLC | 320,101 | 1.42 | 1.43 |
| RS2 SOFTWARE PLC | 68,212 | 0.30 | 0.31 |
| TIGNE MALL PLC | 280,000 | 1.25 | 1.25 |
| BELGIUM | | | |
| PROXIMUS | 24,785 | 0.11 | 0.11 |
| SWITZERLAND | | | |
| ROCHE HOLDING | 28,409 | 0.13 | 0.13 |
| FRANCE | | | |
| LYXOR ETF INDIA | 15,121 | 0.07 | 0.07 |
| UNIBAIL-RODAMCO | 25,128 | 0.11 | 0.11 |
| UNITED KINGDOM | | | |
| BORDERS & SOUTHERN PTL. | 183 | 0.00 | 0.00 |
| GLAXOSMITHKLINE | 17,379 | 0.08 | 0.08 |

PORTFOLIO STATEMENT
As at 31 January 2017

| | Market value 31.01.17 € | % of total Assets | % of net Assets |
|------------------------------------|--|----------------------------------|--------------------------------|
| LISTED EQUITIES - Continued | | | |
| INDIA | | | |
| HDFC BANK ADR 1:3 | 42,862 | 0.19 | 0.19 |
| LUXEMBOURG | | | |
| RTL GROUP | 24,982 | 0.11 | 0.11 |
| UNITED STATES | | | |
| ABBOTT LABORATORIES | 18,939 | 0.08 | 0.08 |
| ANADARKO PETROLEUM | 18,272 | 0.08 | 0.08 |
| APPLE | 13,811 | 0.06 | 0.06 |
| BANK OF AMERICA | 18,561 | 0.08 | 0.08 |
| CELGENE | 9,350 | 0.04 | 0.04 |
| CITIGROUP | 67,934 | 0.30 | 0.30 |
| CONCHO RESOURCES | 4,774 | 0.02 | 0.02 |
| DELTA AIR LINES | 19,015 | 0.08 | 0.09 |
| DEVON ENERGY | 4,509 | 0.02 | 0.02 |
| ELI LILLY | 15,040 | 0.07 | 0.07 |
| GENERAL ELECTRIC | 10,168 | 0.05 | 0.05 |
| JP MORGAN CHASE & CO. | 9,397 | 0.04 | 0.04 |
| MICROSOFT | 12,862 | 0.06 | 0.06 |
| PFIZER | 54,317 | 0.24 | 0.24 |
| PIONEER NTRL.RES. | 4,503 | 0.02 | 0.02 |
| SCHLUMBERGER | 5,112 | 0.02 | 0.02 |
| SUB-TOTAL | 2,259,038 | 10.05 | 10.12 |

PORTFOLIO STATEMENT
As at 31 January 2017

| | Market value 31.01.17 € | % of total Assets | % of net Assets |
|-------------------------------|--|----------------------------------|--------------------------------|
| LISTED BONDS | | | |
| LOCAL BONDS | | | |
| 6PM UNSEC BONDS 5.1% 2025 | 111,708 | 0.50 | 0.50 |
| BOV NOTES 4.8% 2018 | 206,172 | 0.92 | 0.92 |
| BOV NT ii TR1 4.25% 2019 | 258,725 | 1.15 | 1.16 |
| BOV NT SERIES2 3.50% 2030 | 208,722 | 0.93 | 0.93 |
| BOV SUB BONDS 5.35% 2019 | 35,552 | 0.16 | 0.16 |
| BOV SUB BONDS 4.8% 2020 | 42,188 | 0.19 | 0.19 |
| HAL MANN GROUP 5% 2024 | 220,920 | 0.98 | 0.99 |
| HSBC EURO BONDS 4.6% 2017 | 32,629 | 0.15 | 0.15 |
| HSBC EURO BONDS 5.9% 2018 | 99,216 | 0.44 | 0.44 |
| IZOLA UNSEC BDS 4.5% 2025 | 115,500 | 0.51 | 0.52 |
| MARINER FINANCE 5.3% 2024 | 212,000 | 0.94 | 0.95 |
| MEDSERV EUR 4.5% 2026 | 84,160 | 0.37 | 0.38 |
| MEDSERV PLC 6% 2020-2023 | 106,500 | 0.47 | 0.48 |
| PENDERGARDEN S1 5.5% 2020 | 140,504 | 0.62 | 0.63 |
| PENDERGARDEN S2 6% 2022 | 62,700 | 0.28 | 0.28 |
| PREMIERCAPITAL 3.75% 2026 | 110,094 | 0.49 | 0.49 |
| MIDI SEC BONDS 4% 2026 | 32,344 | 0.14 | 0.14 |
| GAP SEC BONDS 4.25% 2023 | 76,493 | 0.34 | 0.34 |
| HILI UNSEC BONDS 4.5% 2025 | 54,288 | 0.24 | 0.24 |
| MMH UNSEC BONDS 4.8% 2026 | 70,350 | 0.31 | 0.32 |
| DIZZ UNSEC BONDS 5% 2026 | 24,375 | 0.11 | 0.11 |
| AX INV PLC 6% 2024 | 114,660 | 0.51 | 0.51 |
| EDEN FIN BDS 6.6% 2017-20 | 275,871 | 1.23 | 1.24 |
| GASAN BDS 4.9% 2019/21 | 630 | 0.00 | 0.00 |
| IHG BONDS 6.0% 2024 | 22,140 | 0.10 | 0.10 |
| IHI BOND UNS 5.75% 2025 | 22,684 | 0.10 | 0.10 |
| IHI BOND UNS 4% 2026 | 11,413 | 0.05 | 0.05 |
| IHI BONDS 5.8% 2021 | 16,152 | 0.07 | 0.07 |
| IHI EUR BOND 5.8% 2023 | 1,828 | 0.01 | 0.01 |
| IHI Secured Bonds 4% 2026 | 15,375 | 0.07 | 0.07 |
| MED BANK 7.5% 2019 | 165,000 | 0.73 | 0.74 |
| MED BANK SUB 6% 2019-2024 | 78,318 | 0.35 | 0.35 |
| PTL HLDS. UNSEC 5.1% 2024 | 151,725 | 0.67 | 0.68 |
| SFC BONDS 6% 2017/2020 | 11,753 | 0.05 | 0.05 |
| TUMAS INV. PLC 6.2% 2017-2020 | 49,886 | 0.22 | 0.22 |
| TUMAS PLC UNSEC 5% 2024 | 20,615 | 0.09 | 0.09 |
| UTD FIN UNS BDS 5.3% 2023 | 8,008 | 0.04 | 0.04 |

PORTFOLIO STATEMENT
As at 31 January 2017

| | Market value 31.01.17 € | % of total Assets | % of net Assets |
|--------------------------------|--|----------------------------------|--------------------------------|
| LISTED BONDS | | | |
| LOCAL BONDS - Continued | | | |
| MGS (III) 3% 2019 | 107,800 | 0.48 | 0.48 |
| MGS (II) 4.3% 2022 | 120,230 | 0.53 | 0.54 |
| MGS (I) 3.3% 2024 | 118,270 | 0.53 | 0.53 |
| MGS (I) 4.8% 2028 | 115,649 | 0.51 | 0.52 |
| MGS (II) 4.5% 2028 | 285,456 | 1.27 | 1.28 |
| MGS (I) 5.1% 2029 | 261,687 | 1.16 | 1.17 |
| MGS (I) 4.65% 2032 | 406,710 | 1.81 | 1.82 |
| MGS (II) 4.45% 2032 | 392,026 | 1.74 | 1.76 |
| MGS (I) 4.30% 2033 | 197,610 | 0.88 | 0.88 |
| MGS (I) 4.1% 2034 | 392,768 | 1.75 | 1.76 |
| MGS (I) 2.5% 2036 | 98,331 | 0.44 | 0.44 |
| MGS (I) 3% 2040 | 64,241 | 0.29 | 0.29 |
| MGS (I) 5.2% 2031 | 353,125 | 1.57 | 1.58 |
| MGS (1) 5.25% 2030 | 140,510 | 0.63 | 0.63 |
| FOREIGN BONDS | | | |
| BARCLAYS BAN 6% 2021 | 116,339 | 0.52 | 0.52 |
| BARCLAYS PLC 3.25% 2027 | 151,627 | 0.67 | 0.68 |
| BK OF AMERICA 4.625% 2017 | 100,060 | 0.45 | 0.45 |
| BK OF AMERICA 5% 2021 | 15,058 | 0.07 | 0.07 |
| CIMIC FINANCE 5.95% 2022 | 49,096 | 0.22 | 0.22 |
| COOPERATIEVE 4.5% 2020 | 36,763 | 0.16 | 0.16 |
| FIL 6.875% 2017 | 100,420 | 0.45 | 0.45 |
| GE CAP EUR F 2.625% 2023 | 112,559 | 0.50 | 0.50 |
| GEN ELEC CO 4.125% 2035 | 134,951 | 0.60 | 0.60 |
| GLDS 3.25% 2023 | 112,080 | 0.50 | 0.50 |
| GLDS 4.7% 2021 | 80,817 | 0.36 | 0.36 |
| HEATHROW 4.6% FR 2020 | 261,735 | 1.16 | 1.17 |
| MACQUARIE BA 6% 2020 | 117,050 | 0.52 | 0.52 |
| MORGAN STANL 5.375% 2020 | 176,335 | 0.78 | 0.79 |
| PROVIDENT FI 5.125% 2023 | 64,148 | 0.29 | 0.29 |
| RAIFFEISEN B 6.625% 2021 | 113,785 | 0.51 | 0.51 |
| CARREFOUR 4% 2020 | 111,982 | 0.50 | 0.50 |
| CEZ AS 5% 2021 | 121,236 | 0.54 | 0.54 |
| CORPN COBRE 2.25% 2024 | 207,884 | 0.92 | 0.93 |
| ELTE DE FRAN 4% 2025 | 122,089 | 0.54 | 0.55 |
| STAPLES 4.375% 2023 | 23,603 | 0.10 | 0.11 |
| EUR INV BK 1.5% 2022 | 100,762 | 0.45 | 0.45 |
| EUR INV BK 4.5% 2025 | 101,352 | 0.45 | 0.45 |
| NORWAY 1.5% 2026 | 405,837 | 1.81 | 1.82 |
| QATAR 2.375% 2021 | 182,482 | 0.81 | 0.82 |
| SUB-TOTAL | 9,445,661 | 42.02 | 42.30 |

PORTFOLIO STATEMENT
As at 31 January 2017

| | Market value 31.01.17 € | % of total Assets | % of net Assets |
|--------------------------------------|--|----------------------------------|--------------------------------|
| COLLECTIVE INVESTMENT SCHEMES | | | |
| VILHENA EURO INCOME FUND | 427,331 | 1.9 | 1.91 |
| VILHENA MALTA BOND FUND D | 458,586 | 2.04 | 2.05 |
| FIDELITY FUNDS – GL MA | 183,581 | 0.82 | 0.82 |
| FIDELITY FUNDS AM.FD.A | 141,407 | 0.63 | 0.63 |
| FIDELITY INTL.LUX | 21,102 | 0.09 | 0.09 |
| FRANK.TMPLTN.INV.FUNDS | 107,492 | 0.48 | 0.48 |
| FT INVT. GLOB TOT RTN. | 213,523 | 0.95 | 0.96 |
| HENDERSON FD.MAN.LX.SA | 167,369 | 0.74 | 0.75 |
| HENDERSON HF ASIAN | 44,320 | 0.20 | 0.20 |
| HENDERSON HF GLOBAL | 60,735 | 0.27 | 0.27 |
| HENDERSON HF TOTAL | 420,737 | 1.87 | 1.88 |
| HENDERSON MAN.HRZ. | 5,457 | 0.02 | 0.02 |
| HENDERRON MAN.HRZ. | 618,435 | 0.02 | 0.02 |
| HENDERSON GLOBAL EQUITY | 214,136 | 0.95 | 0.96 |
| INVESCO EURO CORPORATE | 31,368 | 0.14 | 0.14 |
| INVESCO EURO CORPORATE | 983,916 | 0.14 | 0.14 |
| INVESCO PAN EUROPEAN | 266,902 | 1.19 | 1.20 |
| INVESCO STERLING BOND A | 17,318 | 0.08 | 0.08 |
| LEGG MASON BRANDYWINE GL | 84,446 | 0.38 | 0.38 |
| LEGG MASON GLB.FUNDS BW | 209,118 | 0.93 | 0.94 |
| LEGG MASON WEST GL MULTI | 192,655 | 0.86 | 0.86 |
| LGMN. WA EM MKTS TOTAL | 146,639 | 0.65 | 0.66 |
| LLDS.TSB.OFFS.FUND.INTL. | 130,491 | 0.58 | 0.58 |
| LM.CLEARBRIDGE TCT DIV | 99,370 | 0.44 | 0.44 |
| MONTANARO EUROPEAN SM. | 410,430 | 1.83 | 1.84 |
| SCHDR.INTL.SELECTION FD. | 18,912 | 0.08 | 0.08 |
| SCHRODER INTL.SEL.FD.ER. | 204,025 | 0.91 | 0.91 |
| SCHRODER INV.MAN.LX.ISF | 52,767 | 0.23 | 0.24 |
| SCHRODER ISF GLBL CORP | 486,380 | 2.16 | 2.18 |
| SCHRODER ISF GLBL MULT- | 99,165 | 0.44 | 0.44 |
| SCHRODER ISF GLOBAL BOND | 291,885 | 1.30 | 1.31 |
| SUB-TOTAL | 6,809,998 | 30.29 | 30.50 |

PORTFOLIO STATEMENT
As at 31 January 2017

| | Market value 31.01.17 € | % of total Assets | % of net Assets |
|-----------------------------|--|----------------------------------|--------------------------------|
| STRUCTURED PRODUCTS | | | |
| CITIGP-TWIN 2018/ CERTS. | 48,955 | 0.22 | 0.22 |
| EFG INTL. TWIN WIN ESTX 50 | 151,050 | 0.67 | 0.68 |
| EFG-TWIN WIN 2018/ CERTS. | 118,890 | 0.53 | 0.53 |
| EFG-TWIN WIN 2018/ CERTS. | 54,315 | 0.24 | 0.24 |
| EFG-TWIN WIN 2018/ CERTS. | 66,969 | 0.30 | 0.30 |
| EFG 7.0% 2017 | 148,728 | 0.66 | 0.67 |
| EFG 8.7% 2018 | 98,120 | 0.44 | 0.44 |
| EFG 9.48% 2018 | 49,525 | 0.22 | 0.22 |
| EFG 9.5% 2018 | 76,928 | 0.34 | 0.34 |
| EFG TWIN-S&P 2018 | 94,328 | 0.42 | 0.42 |
| ELI LILLY 8.55% 2018 | 100,560 | 0.45 | 0.45 |
| NOTENSTEIN FINANCE 0P 2018 | 76,133 | 0.34 | 0.34 |
| NOTNSEIN 8.32% 2017 | 50,625 | 0.23 | 0.23 |
| SUB-TOTAL | 1,135,126 | 5.05 | 5.08 |
| EXCHANGE TRADED FUND | | | |
| EFTS CMOD.SEC.S.CRUDE OIL | 2,717 | 0.01 | 0.01 |
| ISHARES MSCI EUR MIN | 97,188 | 0.43 | 0.44 |
| ISHARES E C BD LG CAP | 151,663 | 0.67 | 0.68 |
| ISHARES GOVT BD.15-(AMS) | 201,983 | 0.90 | 0.90 |
| WISDOMTREE ISEQ 20 | 109,620 | 0.49 | 0.49 |
| GOU MSCI CHINA ETF (LON) | 2,532 | 0.01 | 0.01 |
| SUB-TOTAL | 565,703 | 2.51 | 2.53 |
| TOTAL | 20,215,526 | 89.92 | 90.53 |

Statement of Changes in the Composition of the Portfolios

The composition of the portfolio, detailed in the Portfolio Statement on pages 19 to 24, as at 31 January 2017 stood as follows:

| | % of net assets 31.01.2017 | % of net assets 31.01.2016 |
|--|---|----------------------------------|
| Quoted Equities | 10.12 | - |
| Quoted Bonds | 42.30 | - |
| Collective Investment Schemes | 30.50 | - |
| Structured Products | 5.08 | - |
| Exchange Traded Funds | 2.53 | - |
| Total Financial assets at Fair value through profit or loss | 90.53 | - |