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**Calamatta Cuschieri Funds SICAV plc**

**Annual Report  
and  
Audited Financial Statements**

**For the year ended**

**31 December 2016**

# Calamatta Cuschieri Funds SICAV plc

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# Calamatta Cuschieri Funds SICAV plc

## Directors, officers and other information

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<b>Directors:</b>	Alexander Cuschieri Nicholas Calamatta Carmel John Farrugia Christopher Saliba Alan Cuschieri
<b>Registered office:</b>	Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta.
<b>Company registration number:</b>	SV186
<b>Administrator and transfer agent:</b>	Calamatta Cuschieri Fund Services Limited Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta.
<b>Investment manager:</b>	Calamatta Cuschieri Investment Management Limited Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta.
<b>Custodian and banker:</b>	Sparkasse Bank Malta p.l.c. 101, Town Square, Qui-si-Sana Waterfront, Sliema SLM 3112, Malta.
<b>Legal advisors:</b>	GANADO Advocates 171, Old Bakery Street, Valletta VLT1455, Malta.
<b>Auditor:</b>	Deloitte Audit Limited Deloitte Place, Mriehel Bypass, Mriehel BKR3000, Malta.

# Calamatta Cuschieri Funds SICAV plc

## Report of the investment manager

Year ended 31 December 2016

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### Equity Commentaries - January 2016 to December 2016

The first month of 2016 was brutal for most financial markets. The first 2 weeks saw the Benchmark European Equity Index decline by nearly 10%. By the end of the month European Equities had somewhat recovered closing the month 6.7 % below the start of the year.

During the first 2 weeks of February European equities fell by 11 %. This sell-off was triggered by a chain reaction of collapsing oil prices, Sovereign Wealth Fund selling, Hedge funds and high frequency traders taking short positions and, to a smaller extent small investors panicking.

By the 11th of the month Equity markets were oversold, but to add to the pressure and hints of a rally were cut short by mounting doubts on the financial soundness of European banks.

Towards the end of the month, stabilization in commodity prices and momentum gathering pace in Europe set the tone for a mild rally which lasted up to the end of February as investors looked towards the ECB communicating further support on the anticipated 10th of March MPC meeting.

The ECB delivered beyond what the market was expecting, although, concerns on the health of the European economy somewhat dampened the mood over subsequent days.

Furthermore, signals by the US Federal reserve that it was prepared to scale back the number of rate hikes for 2016 helped revive optimism in Emerging Markets. As a side-effect, the increase in confidence in Emerging Markets provided support for European equities.

In this environment European equity markets gained 3.3%

Risk appetite increased towards the start of April as Federal Reserve Chair Janet Yellen portrayed optimism regarding the US economy. The Fed Chair also insisted that concerns of a financial bubble were overblown.

Markets continued to advance despite a disappointing OPEC ministers' meeting on the 17th of April, as the ECB announced no rate changes and no guidance was offered regarding future easing measures. Japan's surprise decision to refrain from further stimulus and weak US economic growth data weighed heavily on markets in the last week of the month as investor sentiment deteriorated following a sell-off in US equities and weak performance in Asia.

The European equity markets were subdued at the beginning of May as investors focused on corporate earnings reports, which were not as optimistic as expected. Commodity-related sectors, notably basic resources and energy, were particularly hard hit, while European banks also came under pressure.

However, towards the end of May investor sentiment was boosted by positive economic data releases, including solid gains in German industry orders and factory sales for the first quarter, and a sharp rise in Eurozone car registrations in April. The data suggested that consumer confidence was picking up as bank lending conditions improved and household incomes rose. The European Equity market ended the month in positive territory.

Market movements during the month of June reflected the expectations that centred on BREXIT. European stocks touched a bottom on the 16th of June as polls continued to show a marked shift toward the 'out' vote. This was followed by a rally in the week prior to the vote as the murder of a prominent 'in' MP and indications of a BREMAIN victory appeared to convince markets.

The eventual UK vote in favour of leaving the EU led to an equity sell off as markets started pricing in a recessionary environment. Equities recovered part of the losses on indications of central bank support. The main European benchmark index closed the month 6.5% lower.

# Calamatta Cuschieri Funds SICAV plc

## Report of the investment manager (continued)

Year ended 31 December 2016

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European Equity markets moved up 4.4 percent in July as the probability of additional Quantitative Easing increased following the Brexit vote in June. Market participants expect the Bank of England and the European Central Bank to aggressively increase Quantitative Easing to counter the negative impact of the surprise Brexit vote.

Equity markets ended the month of August in positive territory with the Euro Stoxx 50 up 1.08%. The positive performance was driven mainly by Financials which were the best performers for the month. The Euro Stoxx 50 has a 14% exposure to Banks with the Euro Stoxx Europe 600 Banks Index up 8.80% for the month. In the meeting, Mario Draghi will (once again) address the good and bad of the European Economy and what the ECB will be doing given the report on the European Economy.

Following the meeting on the 20<sup>th</sup> of October, which indicated, at least, a tapering of the QE programme, and following a series of positive company results, markets continued to rally.

While equity valuations in Europe continue to appear fair, which view was supported by long term technical analysis, the market has substantial hurdles to pass in the short-term. These being the elections in the US and the referendum in Italy.

After the political surprises from the UK referendum and the US election, the first week of December kicked off with the Italian referendum, which, voted down the proposed political changes and led to the resignation of Prime Minister Renzi. This was immediately followed by the ECB decision on the 8<sup>th</sup> to start scaling down its asset purchase programme in March, despite its extension.

However, markets quickly shrugged these events aside, and continued to focus on the expansionary policy advocated by Donald Trump. Equity markets reacted strongly with European equities gaining 7.8% in December. US Equities also continued to test new highs.

The Banking sector was especially vibrant as interest rate and inflation expectations and a probable rescue of the Italian banking sector gave way to optimism.

### Fixed Income Commentaries - January 2016 to December 2016

The first month of 2016 can be described as a tale of two halves, with EM weakness and disappointing global economic data leading risky assets lower in the first half, with the second half characterised by some form of market friendly tones and measures by the developed world's leading central banks.

In the sharp increase in risk aversion, markets witnessed a marked flight to high quality, lower risk assets, with investment grade bonds (particularly sovereign bonds) benefitting from healthy price gains. Economic data was nothing to write home about either. Eurozone inflationary data remained unchanged, Chinese PMI and data relating to economic activity resumed their downward trajectory. However, mid-way through the month, ECB head Mario Draghi acknowledged that market conditions deteriorated since the December 2015 meeting, making particular reference to the fact that the threats to the single currency region's recovery had escalated, as fears that a persistent slowdown in China were expected to bring global economic growth to a halt. Furthermore, he stated that interest rates were expected to remain at January levels or lower for an extended period of time, opining that "downside risks have increased again amid heightened uncertainties about emerging-market growth prospects," leading markets to believe that the ECB would be ready to act should market conditions persist.

The Chairperson's tone in the inaugural Fed meeting of 2016 proved to be more dovish than expected, with the likelihood of a March rate hike being pushed further down the road, whilst towards the end of the month, the Bank of Japan surprised markets by cutting rates on excess reserves to -0.1% in the latest global dovish central bank move. This dovishness in the latter part of the month sent risky assets higher, helping them partially recoup their losses in the beginning of the month. In this vein, the European and US HY bond markets dropped by 0.91% and 1.24% during the month of January.

# Calamatta Cuschieri Funds SICAV plc

## Report of the investment manager (continued)

Year ended 31 December 2016

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Credit markets carried on in February where they left off in the final trading sessions of January, and that meant sharp downward moves and marked spread widening. The turbulence witnessed in risky assets in the first 2 months of 2016 was significant and despite bouts of what seemed to be a recovery in prices, investor's timid appetite to take spreads lower seemed to be short lived for the greater part of February.

After having bottomed midway throughout the month, a slow albeit seemingly sustainable recovery, at least in the short term, in the price of oil, helped optimists slowly creep back into the market. Liquidity however was thin and moves in any direction were exacerbated /accentuated by the low volumes.

Bids began to emerge towards the final trading sessions of the month but only after the deeply subordinated bank bonds, better known as AT1s/CoCos had taken a severe beating across the board. From worries in the Italian banking sector to market concerns about Deutsche Bank's liquidity to a string of negative FY15 releases by the French and UK banks, this concoction had all the ingredients to dent market sentiment for the greater part of the month.

The fixed income market spiked in the month of March, following further monetary easing by the European Central bank, in addition to the dovish stance taken by the Federal Reserve where it failed to hike the Federal fund rate and indicated a reluctance to imminently do so.

On the ECB's announcement, yields tightened across all fixed income classes, primarily within the investment grade front following the surprise announcement that quantitative easing would be expanded to quality corporate debt.

European High yield debt in March jumped by 3.7 per cent, supported by tightening sovereign spreads, in addition to declines in credit spreads, as investors shifted their assets in risky attractive debt which had suffered a remarkable sell-off in the initial two months of 2016.

On the U.S. front, in its statement the Federal Reserve (Fed) noted that activity had been expanding at a moderate pace despite the global volatility experienced in previous months. However, global turmoil as at March was still posing risks towards a turnaround in growth.

Benefitting from the said stance taken by the Fed was primarily the fixed income market which reacted positively, with speculative grade issues recording a jump of 4.4 per cent, with emerging market debt topping the list of best performers by gaining 4.5 per cent. In the latter's case investors profited from a weakening U.S. dollar and dipped into emerging high yielding debt which is highly correlated to currency fluctuations. Similar to what happened in March, April was all about the build up to the highly anticipated central bank meetings of the ECB and US Federal Reserve.

Credit spreads in the Eurozone within the HY space tightened during the first two weeks of April as market participants were eager to scrutinise the expected details of the QE purchase programme announced by the ECB the previous month. To no surprise, there were some bouts of profit taking and the market movement slowed down but risk-on mode was never really switched off during the month. On the back of a remarkable recovery in March, European HY posted robust returns once again during the month of April outperforming IG and equities by registering a satisfactory 1.50% during the month. The yields within the European IG space were volatile as the benchmark rate was notably wider during the month, negatively impacting total returns of the higher rated bonds.

US HY markets as well as Emerging Markets had benefited from the Fed's dovish tone during the month of March and were further reiterated during the April meeting, having a twofold effect on USD denominated paper. Expectations of postponed rate hikes in the US proved supportive for US HY as the dovishness kept interest rates and spreads at bay, despite the US economy registering noteworthy positive economic numbers.

# Calamatta Cuschieri Funds SICAV plc

## Report of the investment manager (continued)

Year ended 31 December 2016

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During the month of May, European and US High Yield markets registered an increase of 0.09% and 0.64% respectively whilst the European Investment Grade market registered an increase of 0.30%. Although emerging markets rallied, the rally was not as pronounced as it was in the US, as the hawkish Fed statements half way through the month sent the dollar higher, adversely impacting emerging market credit markets by causing emerging markets to rise by only 0.34% during the month, as measured by the benchmark BAML Indices. The hawkish Fed statements also sent US Investment Grade bonds lower by 0.15%.

Inflationary data in the Eurozone rose albeit slightly, mainly on the back of higher oil prices, which also caused European government bonds to remain supported mainly by fundamental factors, namely the imbalance between supply and demand.

Sentiment in the US improved as investors began to accept the notion of a summer rate hike after a series of toing and froing, or rather dovish and hawkish comments by the Fed over recent months. With better-than-expected April new home sales (+16.6%) and pending sales (+5.1%), the robustness of the US economy began to take centre stage once again.

Following a sharp downward revision in housing data in the US, it became increasingly apparent that the Fed's Chairwoman Yellen would stay put in June as far as rate hikes were concerned. Furthermore, doubts around the Brexit vote and volatility in the markets in the run up to the referendum took off the sparkle from the positives which came out from the ECB's corporate sector purchase programme (CSPP), as UK-exposed credit and peripheral spreads came under pressure. The CSPP began on 8 June and credit spreads ground tighter.

On 24 June, markets woke up to mayhem, as the British electorate voted out of the European Union. This was not the result the market was gearing for, as all risky assets sold off heavily, with some percentage changes even reaching double digits on the day. The Benchmark 10-Year Benchmark Bund traded in negative territory for the first time, reaching intraday historic lows of -0.175%, with high yield spreads across the globe sharply lower.

During the month of July, European and US High Yield posted noteworthy gains of 2.02% and 2.34% respectively in a month whereby credit had just come back from a turbulent month, most notably towards the end of June following fears that the infamous Brexit vote could derail markets. This derailment was short-lived and credit began the month strongly, with spreads and yields flirting at 15-month lows.

In the month of August, once again the bond market emerged as a resilient asset class with further tightening across the board. The expectation of further stimulus in Europe was one of the prime factors with yields moving notably lower. In the month of August the BOFA European High yield index registered a gain of 1.85 per cent on a total return basis, while the U.S. BOFA High yield index gained a total return of 2.23 per cent, also pushed by the strong gains of circa 10 per cent in oil prices, of which a substantial amount of the U.S. High yield market is composed of energy companies. The Investment Manager believes that current valuations are tight and positions are being monitored.

During September, the bond market generated mixed returns across the board, with the BOFA European High yield index widening by circa 43 basis points in total return terms. The widening of spreads in the Eurozone was predominantly the result of inaction taken by the ECB in the meeting held on September 8th, with the primary laggards being long-dated sovereigns from peripheral areas. This inaction by the ECB triggered uncertainty on how monetary politicians will move forward. In U.S. High yield, performance was boosted by oil's rebound of circa 8% for September following an agreement towards the end of the month to cease production between major oil producers. The U.S. BOFA High yield index tightened by circa 64 basis points.

# Calamatta Cuschieri Funds SICAV plc

## Report of the investment manager (continued)

Year ended 31 December 2016

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The rally in credit markets persisted during the month of October and more than recovered the losses registered during the previous month as the global search for yield remained the order of the day. Sovereign bond markets on the other hand lost ground as market chatter that QE tapering could be on the cards coupled with increased expectations that all is set for a December rate hike in the US favoured risky assets over the safer lowering yielding government bonds.

Uncertainty as to whether the ECB QE programme will be extended beyond March 2017 remained rife for most of the month. This coupled with a string of positive economic data and, most importantly, an uptick, albeit slight, in inflationary data led investors to believe that the Eurozone is finally on the path to economic recovery and as such, additional monetary stimulus post March might be diminished. Within this context, the BAML European High yield index returned 1.13% as performance was boosted with continued risk-on appetite by investors.

In November, the highlight of the month was undoubtedly the victory of Donald Trump, which surprisingly emerged as a positive for equity markets, as investors positively digested the pro-business approach portrayed in Trump's pre-election campaign. On the contrary, fixed income markets reacted negatively as inflationary expectations increased, implying a faster pace in rate hikes going forward by the US Federal Reserve.

Sovereign yields breached high levels with U.S 10-year Treasuries jumping from yields of 1.82% per cent in the initial days of November to 2.41% as at the end of the month. The movement triggered a ripple effect also in Europe with the 10-year German Bund spiking to 0.313% cent from 0.16% as at the end of October.

In Europe, high yield debt registered a loss of 0.8 per cent, primarily conditioned by the movement within the benchmark curve, which continued to steepen, following the likelihood of the ECB tightening its monetary stimulus, in addition to positive inflation numbers. Euro-zone inflation figures closed the month of November at 0.6%, the sixth consecutive month of gains.

U.S. high yield debt managed to recoup notably to close lower at 0.4%, following the deal reached by OPEC on the last day of the month which in turn pushed U.S. high yield oil issuers to snap back most of the losses incurred throughout November. Understandably, emerging market bonds were the worst performers for the month with a decline of 1.24% following a stronger dollar, which in turn implies higher financing costs for emerging market issuers.

December is characteristically a strong month for credit, and this time was no exception. Coming on the back of what had been a gruelling start to Q4, credit had its fair share of weakness during the months of October and November. The outcome of the Italian constitutional referendum in the first weekend of the month was very much priced in, despite the potential negative headlines and implications for the Italian banking system and possible spill-over into the European banking sector. Investor's major focus was clearly the 2 key central bank meetings by the ECB and the US Federal Reserve during the first and second weeks of the month respectively.

During the December rate-setting meeting, ECB's Draghi confirmed that the program would be extended by an additional 9 months and the rate of monthly purchases reduced by €20bn to €60bn. This continued to exacerbate the shift in risk aversion away from the less risky alternatives to asset classes having higher prospects of returns in the wake of expected improvement in economic data. This prompted a pronounced re-pricing in sovereign bond yields.

On the other hand, Fed Chairperson Yellen raised interest rates by 25 basis points, indicating that in 2017 there could be yet another three rate hikes should positive economic conditions persist and warrant such a move. This had an adverse effect on Emerging Market credit and prompted a marked re-pricing in sovereign yields across the Atlantic with the benchmark sovereign yields reaching peaks mid-way through the month, only to retreat thereafter by the end of the month.

Following the volatility witnessed during the early stages of the month, mainly on the back of the 2 central bank meetings and Italian referendum, and aftermath of US elections, yields stabilised and in view of this, credit ended the month in positive territory with European Investment Grade and European High Yield credit registering a total return of 0.53% and 1.74% respectively.

# Calamatta Cuschieri Funds SICAV plc

## Report of the investment manager (continued)

Year ended 31 December 2016

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### Salient Market Information as at 31 December 2016

	31-Dec-2015	30-Jun-2016	31-Dec-2016	Change Since 31-Dec-2015	Change Since 30-Jun-2016
10-Year German Bund	0.63	-0.13	0.20	-0.42	0.34
10-Year US Treasury	2.27	1.47	2.45	0.18	0.97
10-Year UK Gilt	1.96	0.86	1.24	-0.72	0.37
Dow Jones Eurostoxx 50	3,268	2,865	3,291	0.70%	14.86%
FTSE 100	6,242	6,504	7,143	14.43%	9.82%
S&P 500	2,044	2,099	2,239	9.54%	6.67%
Topix	19,034	15,576	19,114	0.42%	22.72%
EUR/USD	1.0862	1.1106	1.0517	3.18%	5.30%
EUR/GBP	0.7370	0.8343	0.8535	-15.81%	-2.30%
EUR/JPY	130.64	114.61	122.97	5.87%	-7.29%
VIX	18.21	15.63	14.04	-4.17	-1.59
Gold	1,061	1,322	1,152	8.56%	-12.85%
EUR/CHF	1.0882	1.0840	1.0721	1.48%	1.10%

### Remuneration disclosures

Calamatta Cuschieri Funds SICAV plc (the “Company”) is licensed by the Malta Financial Services Authority to act as a UCITS Management Company (amongst others) pursuant to the transposition of Directive 2009/65/EC (as amended), Directive 2014/91/EU of European Parliament on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (“UCITS”) as regards depositary functions, remuneration policies and sanctions came into force in March 2016 hereinafter referred to as “UCITS V” or the “Directive”.

UCITS V requires that the management company discloses, in accordance with the principle of proportionality and at least on an annual basis, certain information regarding its remuneration policy and practices for ‘identified staff’.

The Board of Directors has adopted and implements a remuneration policy which is available at:

<https://www.cc.com.mt/wp-content/uploads/2012/10/CCIM-Remuneration-Policy.pdf>

Following due consideration of the Company’s size, internal organisation as well as the nature, scope and complexity of its activities, the Board of Directors have determined that the Company is not required to appoint a remuneration committee on the basis of the principle of proportionality. The Board of Directors will review the appropriateness of the remuneration policy annually and will ensure that it is in accordance with the applicable laws and regulations.

The Company’s remuneration regime is designed, structured and implemented on the basis of an annual operating plan that is contingent to the Company’s long term strategic objectives to achieve strong investment performance and to be instrumental to clients’ success. The Company’s remuneration policy does not provide for pension benefits nor any deferral or equity measure in line with the proportionality principle.

# Calamatta Cuschieri Funds SICAV plc

## Report of the investment manager (continued)

Year ended 31 December 2016

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### Remuneration disclosures (continued)

The table below described the components of our remuneration regime for employees as well as the purpose and key measures.

Remuneration type	Pay element	What It does	Key measures
Fixed	Base Salary	Provides competitive fixed pay	Experience, seniority, education, job complexity, duties and scope of responsibility and internal and external market factors

The Company's Board of Directors has determined that 'identified staff' constitute of investment committee members, directors, investment manager, compliance officer and money laundering reporting officer totalling 8 'identified staff'. All identified staff are involved in the activities related to the SICAV and receive fixed remuneration as follows:

	Number of beneficiaries	Fixed Remuneration EUR
Senior management	7	318,987
Control functions	1	38,000
	<u>8</u>	<u>356,987</u>

The quantitative information disclosed above pertains to the full financial year ended 31 December 2016 and has been made available in proportion to the total remuneration of the staff of the UCITS Management Company.

This disclosure is being made available before the Company has completed its first annual performance period in which it has to comply with Articles 14a and 14b of the Directive as the requirements came into effect on 18 March 2016. Accordingly, this remuneration-related information is being disclosed on a best effort basis.

# Calamatta Cuschieri Funds SICAV plc

## Report of the Directors

For the year ending 31 December 2016

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The Directors present their sixth Annual Report, together with the audited financial statements of Calamatta Cuschieri Funds SICAV plc ('the Company') for the year ended 31 December 2016.

### Principal activities

The Company is an open-ended collective investment scheme organised as a multi-fund public limited liability company with variable share capital registered under the laws of Malta. The company qualifies as a 'Maltese UCITS' in terms of the Investment Services Act Regulations. As at the reporting date, the Company constituted of five sub-funds each being a segregated patrimony and each sub-fund is represented by different classes of shares. The investment objective of the High Income Bond Fund – EUR and USD is to endeavour to maximise the total level of return for investors through investment, primarily, in a diversified portfolio of debt securities and other fixed income or interest bearing securities. The Global Asset Allocation Fund's investment objective is to provide absolute returns over the long term by employing a series of models which aim to maximise the possibility of positive returns over a 5 year target horizon. The Euro Equity Fund's investment objective is to endeavour to maximise the total level of return for investors through investment, primarily, in a diversified portfolio of equity securities. The investment objective of the Global Balanced Income Fund is to seek to provide stable, long-term capital appreciation by investing primarily in a diversified portfolio of local and international bonds, equities and other income-generating assets.

### Significant changes in the Company's documents

During the financial year ended 31 December 2016, one sub-fund, the Global Asset Allocation Fund was liquidated whilst none were launched.

### Results and dividends

The results for the year are shown in the statements of profit or loss and other comprehensive income on pages 17 and 18.

In the year to 31 December 2016, no dividend was proposed to the founder shareholders out of the profits of the General Account (2015: proposed dividend of Nil). No subsequent to year-end dividends were proposed.

### Business review

The directors of the Company, owing to limited potential growth and difficulty in maintaining the economic viability of the Global Asset Allocation Fund, resolved on 11 January 2016, to close down and surrender the license of the said sub-fund to the Malta Financial Services Authority (the "Regulator").

The surrender was accepted by the Regulator with effect from 11 March 2016.

A review of the business of the Company during the current year and an indication of likely future developments are given in the Investment Manager's Report on pages 2 to 8.

At 31 December 2016, the net asset value of the Company stood at EUR79,988,858 (2015: EUR84,513,968).

# Calamatta Cuschieri Funds SICAV plc

## Report of the Directors (continued)

For the year ending 31 December 2016

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### Business review (continued)

Sub-Fund	NAV Dec 15	NAV Dec 16	YTD	AUM EUR Million	Net Sub/Red EUR Million	TER
High Income Bond Fund – EUR A Share Class	113.82	119.47	+4.96%	48.5	+4.9	1.43%
High Income Bond Fund – EUR D Share Class	98.56	98.48	-0.08%			
High Income Bond Fund – USD A Share Class	103.66	114.04	+10.01%	18.2	+1.3	1.53%
High Income Bond Fund – USD D Share Class	90.31	94.41	+4.54%			
Euro Equity Fund	108.12	107.11	-0.93%	8.7	+1.2	2.28%
Global Balanced Income Fund	10.11	10.27	+1.58%	4.5	+0.6	2.16%

The directors of the Company, owing to limited potential growth and difficulty in maintaining the economic viability of the Global Asset Allocation Fund, resolved on 11 January 2016, to close down and surrender the license of the said sub-fund to the Malta Financial Services Authority (the “Regulator”).

### Principal risks and uncertainties

The successful management of risk is essential to enable the company to achieve its objectives. The ultimate responsibility for risk management rests with the company’s directors, who evaluate the company’s risk appetite and formulate policies for identifying and managing such risks. The Principal risks and uncertainties are included in the investment manager’s report on pages 2 to 8 and to the financial statements.

### Financial risk management

Note 11 to the financial statements provides details in connection with the company’s use of financial instruments, its financial risk management objectives and policies and the financial risks to which it is exposed.

### Likely future business developments

Two additional sub funds, namely the Malta Government Bond Fund and Malta Cautious Fund will be launched during Q2 2017. To date these sub-funds have been licensed by the MFSA and are currently in the initial offering period. The directors consider that the year-end financial position was satisfactory and that the Company is well placed to sustain the present level of activity in the foreseeable future.

### Directors

The Directors who served in office during the period were:

Alexander Cuschieri  
Nicholas Calamatta  
Carmel John Farrugia  
Christopher Saliba  
Alan Cuschieri

In accordance with article 19.5 of the Company’s Articles of Association, all the Directors are due to retire at the Company’s forthcoming Annual General Meeting and being eligible, intend offering themselves for re-election.

# Calamatta Cuschieri Funds SICAV plc

## Report of the Directors (continued)

For the year ending 31 December 2016

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### Auditors

A resolution to reappoint Deloitte Audit Limited as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

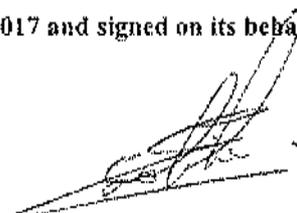
### Standard licence conditions and regulatory sanctions

During the year under review there were no breaches of standard conditions or other regulatory requirements or administrative penalty which were subject to regulatory sanctions.

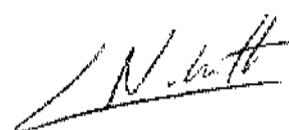
Approved by the Board on 26 April 2017 and signed on its behalf by:



Carmel John Farrugia  
Director



Chris Saliba  
Director



Nicholas Calamatta  
Director

# Calamatta Cuschieri Funds SICAV plc

## Statement of Directors' responsibilities

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The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements in accordance with generally accepted accounting principles and practice which give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss for the year then ended.

In preparing the financial statements, the directors should:

- (i) select suitable accounting policies and apply them consistently;
- (ii) make judgments and estimates that are reasonable; and
- (iii) prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining 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. 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.

Additionally, the Directors of a multi-fund Company are responsible for ensuring that such separate records, accounts, statements and other records are kept as may be necessary to evidence the liabilities and assets of each sub-fund as distinct and separate from the assets and liabilities of other sub-funds in the same Company.

# Calamatta Cuschieri Funds SICAV plc

## Comparative table

	CU	Net Asset Value per unit			Net Asset Value		
		31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-16	31-Dec-15	31-Dec-14
<b>High Income Bond Fund EUR</b>							
Class A	EUR	<b>119.47</b>	113.78	114.82	<b>4,220,702</b>	4,226,635	3,270,851
Class D	EUR	<b>98.48</b>	98.52	105.11	<b>44,313,637</b>	39,123,556	30,188,366
<b>High Income Bond Fund USD</b>							
Class A	USD	<b>114.04</b>	103.64	106.38	<b>2,628,338</b>	2,306,832	2,374,129
Class D	USD	<b>94.40</b>	90.29	97.77	<b>16,489,461</b>	14,427,961	15,191,941
<b>Global Asset Allocation Fund</b>							
Class A	EUR	-	100.82	100.87	-	14,377,230	8,632,736
<b>Equity Euro Fund</b>							
Class A	EUR	<b>107.08</b>	108.05	102.41	<b>8,774,529</b>	7,542,546	3,722,781
<b>Global Balanced Income Fund</b>							
Class A	EUR	<b>10.25</b>	10.09	-	<b>4,501,994</b>	3,836,267	-

# Calamatta Cuschieri Funds SICAV plc

## Statement of financial position

As at 31 December 2016

	Notes	31 December 2016						31 December 2015					
		Calamatta Cuschieri Funds SICAV plc EUR	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund EUR	Euro Equity Fund EUR	Global Balanced Income Fund EUR	Calamatta Cuschieri Funds SICAV plc EUR	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund EUR	Euro Equity Fund EUR	Global Balanced Income Fund EUR
<b>Assets</b>													
Financial assets at fair value through profit or loss	9	62,165,649	36,429,836	13,078,160	-	8,303,993	4,353,660	67,429,878	36,757,788	12,525,268	9,272,360	6,444,155	2,430,307
Prepayments and accrued income		845,095	610,624	202,235	-	3,335	28,901	846,771	596,816	210,828	25,760	1,043	12,324
Cash and cash equivalents	8	17,278,045	11,658,972	4,961,781	3,057	509,947	144,288	16,620,294	6,137,323	2,725,563	5,210,369	1,135,419	1,410,620
<b>Total assets</b>		<b>80,288,789</b>	<b>48,699,432</b>	<b>18,242,176</b>	<b>3,057</b>	<b>8,817,275</b>	<b>4,526,849</b>	<b>84,896,943</b>	<b>43,491,927</b>	<b>15,461,659</b>	<b>14,508,489</b>	<b>7,580,617</b>	<b>3,853,251</b>
<b>Liabilities</b>													
Advance against subscriptions		-	-	-	-	-	-	(65,000)	-	-	(65,000)	-	-
Accrued expenses and other payables		(299,931)	(165,093)	(64,180)	(3,057)	(42,746)	(24,855)	(317,975)	(141,736)	(54,925)	(66,259)	(38,071)	(16,984)
<b>Total liabilities (excluding net assets attributable to holders of redeemable shares)</b>		<b>(299,931)</b>	<b>(165,093)</b>	<b>(64,180)</b>	<b>(3,057)</b>	<b>(42,746)</b>	<b>(24,855)</b>	<b>(382,975)</b>	<b>(141,736)</b>	<b>(54,925)</b>	<b>(131,259)</b>	<b>(38,071)</b>	<b>(16,984)</b>
<b>Net assets attributable to holders of redeemable shares</b>		<b>79,988,858</b>	<b>48,534,339</b>	<b>18,177,996</b>	<b>-</b>	<b>8,774,529</b>	<b>4,501,994</b>	<b>84,513,968</b>	<b>43,350,191</b>	<b>15,406,734</b>	<b>14,377,230</b>	<b>7,542,546</b>	<b>3,836,267</b>

The notes on pages 21 to 50 are an integral part of these annual financial statements.

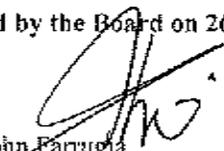
# Calamatta Cuschieri Funds SICAV plc

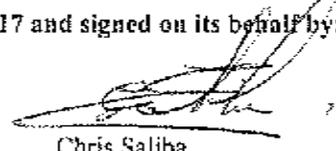
## Statement of financial position (continued)

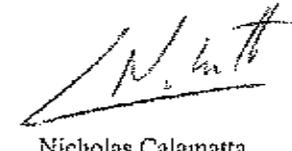
As at 31 December 2016

	31 December 2016						31 December 2015					
	Calamatta Cuschieri Funds SICAV plc	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund	Euro Equity Fund	Global Balanced Income Fund	Calamatta Cuschieri Funds SICAV plc	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund	Euro Equity Fund	Global Balanced Income Fund
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Represented by:</b>												
Founder shares (notes 8 and 10)	1,000	-	-	-	-	-	1,000	-	-	-	-	-
Net assets attributable to holders of redeemable shares calculated in accordance with the Company's offering memorandum	79,999,868	48,536,381	18,179,271	-	8,777,322	4,506,894	84,554,644	43,370,881	15,410,292	14,383,213	7,547,672	3,842,586
Adjustment for IFRS fair value	-	-	-	-	-	-	(17,459)	(17,459)	-	-	-	-
Adjustment for formation expenses capitalised and amortised according to the Company's offering memorandum but recognised under International Financial Reporting Standards (IFRS) as expenses when incurred	(11,010)	(2,042)	(1,275)	-	(2,793)	(4,900)	(24,217)	(3,231)	(3,558)	(5,983)	(5,126)	(6,319)
	<b>79,989,858</b>	<b>48,534,339</b>	<b>18,177,996</b>	<b>-</b>	<b>8,774,529</b>	<b>4,501,994</b>	<b>84,513,968</b>	<b>43,350,191</b>	<b>15,406,734</b>	<b>14,377,230</b>	<b>7,542,546</b>	<b>3,836,267</b>

Approved by the Board on 26 April 2017 and signed on its behalf by:

  
Carmel John Farrugia  
Director

  
Chris Saliba  
Director

  
Nicholas Calamatta  
Director

The notes on pages 21 to 50 are an integral part of these annual financial statements.

# Calamatta Cuschieri Funds SICAV plc

## Statement of changes in net assets attributable to holders of redeemable shares

For the year ended 31 December 2016

	Calamatta Cuschieri Funds SICAV plc	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund	Euro Equity Fund	Global Balanced Income Fund
	EUR	EUR	EUR	EUR	EUR	EUR
<b>31 December 2016</b>						
Net assets attributable to holders of redeemable shares as at 31 December 2016	84,513,968	43,350,191	15,406,734	14,377,230	7,542,546	3,836,267
Amounts received on creation of shares	15,771,995	9,140,524	2,451,294	63,700	3,089,744	1,026,733
Amounts paid on redemption of shares	(21,581,104)	(4,200,167)	(1,123,238)	(13,915,792)	(1,874,895)	(467,012)
(Decrease)/increase in net assets attributable to holders of redeemable shares	1,284,999	243,791	1,443,206	(525,138)	17,134	106,006
<b>Net assets attributable to holders of redeemable shares as at 31 December 2016</b>	<b>79,989,858</b>	<b>48,534,339</b>	<b>18,177,996</b>	<b>-</b>	<b>8,774,529</b>	<b>4,501,994</b>
<b>31 December 2015</b>						
Net assets attributable to holders of redeemable shares as at 31 December 2015	60,284,123	33,459,217	14,468,389	8,632,736	3,722,781	-
Amounts received on creation of shares	33,742,659	15,609,448	1,768,827	7,984,554	4,518,830	3,861,000
Amounts paid on redemption of shares	(7,405,480)	(3,204,508)	(1,384,666)	(2,097,216)	(672,833)	(46,257)
Increase/(decrease) in net assets attributable to holders of redeemable shares	(2,107,334)	(2,513,966)	554,184	(142,844)	(26,232)	21,524
Net assets attributable to holders of redeemable shares as at 31 December 2015	84,513,968	43,350,191	15,406,734	14,377,230	7,542,546	3,836,267

The notes on pages 21 to 50 are an integral part of these annual financial statements.

# Calamatta Cuschieri Funds SICAV plc

## Statement of profit or loss and other comprehensive income For the year ended 31 December 2016

	Notes	1 January 2016 to 31 December 2016					1 January 2015 to 31 December 2015						
		Calamatta Cuschieri Funds SICAV plc EUR	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund EUR	Euro Equity Fund EUR	Global Balanced Income Fund EUR	Calamatta Cuschieri Funds SICAV plc EUR	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund EUR	Euro Equity Fund EUR	Global Balanced Income Fund EUR
<b>Income</b>													
Interest income		2,598,024	1,751,003	772,664	2,282	-	72,075	2,605,764	1,680,129	822,434	88,863	-	14,338
Dividend income		230,125	896	16,501	3,972	158,425	50,331	214,250	31,231	21,970	31,035	121,329	8,685
Net gains/(losses) on financial assets at fair value through profit or loss		1,772,876	1,148,709	952,323	(493,034)	73,008	91,870	(2,597,117)	(1,700,815)	(1,010,838)	59,356	19,660	35,520
Other income		51,321	39,161	12,160	-	-	-	18,940	13,500	5,440	-	-	-
<b>Net investment gain/(loss)</b>		<b>4,652,346</b>	<b>2,939,769</b>	<b>1,753,648</b>	<b>(486,780)</b>	<b>231,433</b>	<b>214,276</b>	<b>241,837</b>	<b>24,045</b>	<b>(160,994)</b>	<b>179,254</b>	<b>140,989</b>	<b>58,543</b>
<b>Expenses</b>													
Management fees	6	(860,234)	(458,379)	(157,856)	(22,095)	(98,216)	(52,809)	(843,539)	(400,426)	(158,205)	(187,070)	(83,076)	(14,762)
Administration fees	6	(139,726)	(70,879)	(24,453)	(1,894)	(30,000)	(12,500)	(140,176)	(64,645)	(25,318)	(16,035)	(30,000)	(4,178)
Custody fees	6	(47,116)	(24,731)	(9,976)	(833)	(7,331)	(4,245)	(54,465)	(25,648)	(10,935)	(10,049)	(6,635)	(1,198)
Legal fees		(7,093)	(3,680)	(1,595)	(568)	(855)	(395)	(3,987)	(1,866)	(802)	(870)	(376)	(73)
Audit fees		(24,998)	(6,051)	(5,905)	(590)	(6,048)	(6,404)	(18,880)	(4,130)	(4,130)	(3,540)	(4,130)	(2,950)
Directors' fees		(19,030)	(10,471)	(4,563)	(448)	(2,365)	(1,183)	(20,043)	(9,707)	(3,994)	(4,000)	(2,008)	(334)
Offering costs		-	-	-	-	-	-	(6,808)	-	-	-	-	(6,808)
Transaction costs		(43,595)	(19,704)	(5,186)	(3,348)	(11,107)	(4,250)	(81,556)	(41,909)	(14,196)	(9,786)	(11,272)	(4,393)
Performance fee	6	-	-	-	-	-	-	(76,598)	-	-	(76,598)	-	-
Other fees and charges		(87,340)	(80,602)	(35,283)	(7,336)	(18,725)	(16,273)	(83,784)	(47,210)	(22,625)	(6,124)	(7,051)	(774)
<b>Total operating expenses</b>		<b>(1,229,132)</b>	<b>(674,497)</b>	<b>(244,817)</b>	<b>(37,112)</b>	<b>(174,647)</b>	<b>(98,059)</b>	<b>(1,329,836)</b>	<b>(595,541)</b>	<b>(240,205)</b>	<b>(314,072)</b>	<b>(144,548)</b>	<b>(35,470)</b>

The notes on pages 21 to 50 are an integral part of these annual financial statements.

# Calamatta Cuschieri Funds SICAV plc

## Statement of profit or loss and other comprehensive income (continued)

For the year ended 31 December 2016

Notes	1 January 2016 to 31 December 2016						1 January 2015 to 31 December 2015					
	Calamatta Cuschieri Funds SICAV plc EUR	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund EUR	Euro Equity Fund EUR	Global Balanced Income Fund EUR	Calamatta Cuschieri Funds SICAV plc EUR	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund EUR	Euro Equity Fund EUR	Global Balanced Income Fund EUR
<b>Operating profit/(loss)</b>	<b>3,423,214</b>	<b>2,265,272</b>	<b>1,508,831</b>	<b>(523,892)</b>	<b>56,786</b>	<b>116,217</b>	(1,087,999)	(571,496)	(401,199)	(134,818)	(3,559)	23,073
<b>Finance costs</b>												
Distributions to holders of redeemable shares	5 (2,691,032)	(2,021,481)	(669,551)	-	-	-	(2,683,142)	(1,942,393)	(740,749)	-	-	-
Profit/(loss) after distributions and before tax	<b>732,182</b>	<b>243,791</b>	<b>839,280</b>	<b>(523,892)</b>	<b>56,786</b>	<b>116,217</b>	(3,771,141)	(2,513,889)	(1,141,948)	(134,818)	(3,559)	23,073
Withholding taxes	(51,109)	-	-	(1,246)	(39,652)	(10,211)	(32,548)	(77)	(223)	(8,026)	(22,673)	(1,549)
<b>Increase/(Decrease) in net assets attributable to holders of redeemable shares</b>	<b>681,073</b>	<b>243,791</b>	<b>839,280</b>	<b>(525,138)</b>	<b>17,134</b>	<b>106,006</b>	(3,803,689)	(2,513,966)	(1,142,171)	(142,844)	(26,232)	21,524
<b>Other comprehensive income</b>												
Items that may be reclassified subsequently to profit or loss:												
Exchange rate differences arising on translation	<b>603,926</b>	-	<b>603,926</b>	-	-	-	1,696,355	-	1,696,355	-	-	-
<b>Total comprehensive income/(expense) for the year</b>	<b>1,284,999</b>	<b>243,791</b>	<b>1,443,206</b>	<b>(525,138)</b>	<b>17,134</b>	<b>106,006</b>	(2,107,334)	(2,513,966)	554,184	(142,844)	(26,232)	21,524

The notes on pages 21 to 50 are an integral part of these annual financial statements.

# Calamatta Cuschieri Funds SICAV plc

## Statement of cash flows

For the year ended 31 December 2016

	Notes	1 January 2016 to 31 December 2016					1 January 2016 to 31 December 2015						
		Calamatta Cuschieri Funds SICAV plc EUR	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund EUR	Euro Equity Fund EUR	Global Balanced Income Fund EUR	Calamatta Cuschieri Funds SICAV plc EUR	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund EUR	Euro Equity Fund EUR	Global Balanced Income Fund EUR
<b>Cash flows from/(used in) operating activities</b>													
Profit/(Loss) after distributions and before tax		732,182	243,791	839,280	(523,892)	56,786	116,217	(3,771,141)	(2,513,889)	(1,141,948)	(134,818)	(3,559)	23,073
<i>Adjustments for:</i>													
Interest income		(2,598,024)	(1,751,003)	(772,664)	(2,282)	-	(72,075)	(2,605,764)	(1,680,129)	(822,434)	(88,863)	-	(14,338)
Dividend income		(230,125)	(896)	(16,501)	(3,972)	(158,425)	(50,331)	(214,250)	(31,231)	(21,970)	(31,035)	(121,329)	(8,685)
Distributions paid to holders of redeemable shares	5	2,691,032	2,021,481	669,551	-	-	-	2,683,142	1,942,393	740,749	-	-	-
Net increase in financial assets at fair value through profit or loss		5,682,190	327,952	(134,931)	9,272,360	(1,859,838)	(1,923,353)	(17,788,224)	(9,654,494)	(480,105)	(2,434,943)	(2,788,375)	(2,430,307)
Movement in other receivables		1,676	(13,808)	8,593	25,760	(2,292)	(16,577)	(340)	202	(16)	(5)	(4)	(517)
Movement in accrued expenses and other payables		(101,554)	23,357	(9,255)	(128,202)	4,675	7,871	73,612	24,109	1,463	18,748	12,308	16,984
<b>Cash flows from/(used in) operations</b>		<b>6,177,377</b>	<b>850,874</b>	<b>701,6</b>	<b>8,639,772</b>	<b>(1,959,094)</b>	<b>(1,938,248)</b>	<b>(21,622,965)</b>	<b>(11,913,039)</b>	<b>(724,61)</b>	<b>(2,670,916)</b>	<b>(2,900,959)</b>	<b>(2,413,790)</b>
Interest received		2,598,024	1,751,003	772,664	2,282	-	72,075	2,546,170	1,629,563	772,664	137,496	-	2,531
Dividends received		230,125	896	16,501	3,972	158,425	50,331	214,571	31,231	21,970	30,989	121,696	8,685
Tax paid		(51,109)	-	-	(1,246)	(39,652)	(10,211)	(32,548)	(77)	(223)	(8,026)	(22,673)	(1,549)
<b>Net cash flows from/(used in) operating activities</b>		<b>(2,777,040)</b>	<b>1,751,899</b>	<b>701,6</b>	<b>5,008</b>	<b>118,773</b>	<b>112,195</b>	<b>(18,894,772)</b>	<b>(10,252,322)</b>	<b>(925,984)</b>	<b>(2,510,457)</b>	<b>(2,801,936)</b>	<b>(2,404,123)</b>

The notes on pages 21 to 50 are an integral part of these annual financial statements.

# Calamatta Cuschieri Funds SICAV plc

## Statement of cash flows (continued) For the year ended 31 December 2016

	Notes	1 January 2016 to 31 December 2016					1 January 2016 to 31 December 2016						
		Calamatta Cuschieri Funds SICAV plc	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund	Euro Equity Fund	Global Balanced Income Fund	Calamatta Cuschieri Funds SICAV plc	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund	Euro Equity Fund	Global Balanced Income Fund
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Cash flows from/(used in) financing activities</b>													
Distributions paid to holders of redeemable shares		(2,691,032)	(2,021,481)	(669,551)	-	-	-	(2,683,142)	(1,942,393)	(740,749)	-	-	-
Proceeds from creation of units		15,771,995	9,140,524	2,451,294	63,700	3,089,744	1,026,733	33,807,659	15,609,448	1,768,827	8,049,554	4,518,830	3,861,000
Outflows from redemption of units		(21,581,104)	(4,200,167)	(1,123,238)	(13,915,792)	(1,874,895)	(467,012)	(7,405,480)	(3,204,508)	(1,384,666)	(2,097,216)	(672,833)	(46,257)
<b>Cash flows from/(used in) financing activities</b>		<b>(8,500,141)</b>	<b>2,918,876</b>	<b>658,505</b>	<b>(13,852,092)</b>	<b>1,214,849</b>	<b>559,721</b>	<b>23,719,037</b>	<b>10,462,547</b>	<b>(356,588)</b>	<b>5,952,338</b>	<b>3,845,997</b>	<b>3,814,743</b>
Effect of exchange rate fluctuations on translation of cash flows from functional to presentation currency		204,475	-	204,475	-	-	-	1,696,355	-	1,696,355	-	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>658,751</b>	<b>5,521,649</b>	<b>2,236,218</b>	<b>(5,207,312)</b>	<b>(625,472)</b>	<b>(1,266,332)</b>	<b>6,520,620</b>	<b>210,225</b>	<b>413,833</b>	<b>3,441,881</b>	<b>1,044,061</b>	<b>1,410,620</b>
Cash and cash equivalents at the beginning of the year		16,619,294	6,137,323	2,725,563	5,210,369	1,135,419	1,410,620	10,099,674	5,927,098	2,311,730	1,768,488	91,358	-
<b>Cash and cash equivalents at the end of the year</b>	8	<b>17,278,045</b>	<b>11,658,972</b>	<b>4,961,781</b>	<b>3,057</b>	<b>509,947</b>	<b>144,288</b>	<b>16,620,294</b>	<b>6,137,323</b>	<b>2,725,563</b>	<b>5,210,369</b>	<b>1,135,419</b>	<b>1,410,620</b>

The notes on pages 21 to 50 are an integral part of these annual financial statements.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements Year ended 31 December 2016

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### 1 Reporting Entity

Calamatta Cuschieri Funds SICAV plc (the “Company”) is an open-ended collective investment scheme organised as a multi-fund public limited liability company with variable share capital (SICAV) incorporated in terms of the Companies Act, 1995 (Cap 386, Laws of Malta) on 3 June 2011 with registration number SV186. The Company qualifies as a ‘Maltese UCITS’ in terms of the Investment Services Act (Marketing of UCITS) Regulations (S.L. 370.18, Laws of Malta).

These financial statements comprise the financial statements of the Company which include the following licensed sub-funds (the “sub-funds”) at 31 December 2016: High Income Bond Fund – EUR, High Income Bond Fund – USD, Global Asset Allocation Fund which surrendered its licence voluntarily on 11 March 2016, Euro Equity Fund and the Global Balanced Income Fund (licensed on 7 August 2015).

### 2 Basis of preparation and significant accounting policies

#### 2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU (“the applicable framework”). All references in these financial statements to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU. These financial statements have also been prepared and presented in accordance with the provisions of the Companies Act, 1995 (Cap 386, Laws of Malta).

#### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss which are measured at fair value.

#### 2.3 Functional and presentation currency

The financial statements are presented in Euro (EUR), which is the presentation currency of the four sub-funds, rounded to the nearest unit. The Euro is also the functional currency of the High Income Bond Fund – EUR, Global Asset Allocation Fund, Euro Equity Fund and the Global Balanced Income Fund. The functional currency of the High Income Bond Fund – USD is the USD.

#### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with the applicable framework requires the Directors to make judgements, estimates and assumptions that affect both the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Collective investment schemes amounting to EUR1,210,662 do not have a co-terminous year-end with that of the company and thus cannot be valued on independently audited net asset values. The valuation of these investments was calculated by the respective administrators of the collective investment schemes.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their descriptions as significant and critical in terms of the requirements of IAS 1 (revised).

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued)

Year ended 31 December 2016

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### 3 Significant accounting policies

The accounting policies set out below have been applied consistently during the year.

#### 3.1 Foreign currency translations

Transactions in foreign currencies are translated to the functional currency at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

The functional currency of the High Income Bond Fund USD is the USD. As allowed by sub-legislation 386.02 of the Companies Act (Investment Companies with Variable Share Capital) Regulations, a Company with sub-funds whose capital is denominated in different currencies may elect to present its financial statements in any one of these currencies. Consequently, the financial statements of the Company are presented in Euro being the currency in which the majority of the msub-funds' share capital is denominated. For the purpose of presenting these financial statements, income and expenses (including comparatives) are translated from the functional currency to Euro at the exchange rates ruling on the date of the transaction. Assets and liabilities (including comparatives) are translated from the functional currency to Euro at the exchange rate ruling at the date of the statement of financial position. Exchange differences are recognised in other comprehensive income.

#### 3.2 Financial assets and financial liabilities

##### 3.2.1 Recognition

The Company recognises financial assets on the date it commits to purchase the assets, using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets are recorded in the period in which they arise.

Where applicable, interest income on financial assets at fair value through profit or loss is disclosed within the line item 'interest income', while dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss and other comprehensive income within dividend income. Fair value gains or losses are recognised within Net gains/(losses) on financial assets at fair value through profit or loss.

Financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

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### 3 Significant accounting policies (continued)

#### 3.2 Financial assets and financial liabilities (continued)

##### 3.2.2 Classification

The company classifies financial assets and financial liabilities into the following categories:

Financial assets at fair value through profit or loss:

- (i) Held for trading – derivative financial instruments;
- (ii) Designated as at fair value through profit or loss – Portfolio assets other than derivative financial instruments.

Financial liabilities at fair value through profit or loss:

- (i) Held for trading – derivative financial instruments.

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Derivative financial assets and derivative financial liabilities are classified as held for trading unless they are designated as effective hedging instruments. During the year under review, the Company did not designate any of its derivative financial instruments in a hedging relationship for accounting purposes.

Financial assets and financial liabilities 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 is evaluated on a fair value basis in accordance with the sub-funds' documented investment strategy.

Financial liabilities include all financial liabilities, other than those classified as at fair value through profit or loss and comprise accrued expenses and settlements payable.

##### 3.2.3 Measurement

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss and other comprehensive income.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any.

Settlement and other receivables are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

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### 3 Significant accounting policies (continued)

#### 3.2 Financial assets and financial liabilities (continued)

##### 3.2.3 *Measurement (continued)*

Financial liabilities, other than those at fair value through profit or loss, are stated at their nominal value unless the effect of discounting is material in which case such liabilities are measured at amortised cost using the effective interest rate method.

When applying the effective interest method, the annual amortisation of any discount or premium is aggregated with other investment income receivable over the term of the instrument, if any, so that the revenue recognised in each year represents a constant yield on the investment.

##### 3.2.4 *Fair value measurement principles*

The fair value of quoted financial instruments is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs and adjusted for any tax effect on the maturity of such instruments. Financial assets and financial liabilities are priced at current mid-market or the last traded price where this falls within the bid-ask yield.

Unquoted investments are valued at initial value restated at fair value as determined by the Directors, acting on the advice of the Investment Manager or such other person commissioned and appointed from time to time for that purpose by the Directors. The fair value is estimated using valuation techniques, including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Investments in collective investment schemes (private investment funds) are valued at fair value, as determined by the administrator of the private investment fund and/or based on the independently audited net asset values of the private investment funds.

For those private investment funds for which independently audited financial statements are not available or their year-end is not co-terminous with that of the Company, the board of directors bases its valuation on the private investments funds' net asset values as calculated by the administrator of such private investment funds at the reporting date. It is possible that the underlying private investment funds' results may subsequently be adjusted when such results are subjected to an audit, and the adjustments may be material. In determining fair value, the administrator utilises the valuations of the underlying private investment funds to determine the fair value of its interest. The underlying private investment funds value securities and other financial instruments on a mark-to-market of fair value basis of accounting.

The fair value of investments that are not exchange-traded is estimated at the amount that the Company would receive, or pay, to terminate the contract at the reporting date, taking into account current market conditions, volatility, appropriate yield curve and the current creditworthiness of the counterparties.

##### 3.2.5 *Identification and measurement of impairment*

The carrying amount of financial assets other than those at fair value through profit or loss are reviewed at each reporting date to determine whether there is any indication or objective evidence of impairment. If any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued)

Year ended 31 December 2016

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### 3 Significant accounting policies (continued)

#### 3.2 Financial assets and financial liabilities (continued)

##### 3.2.6 Identification and measurement of impairment (continued)

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer (or counterparty), a breach of contract, indications that the borrower will enter bankruptcy or other financial reorganisation, the disappearance of an active market for that financial asset because of financial difficulties and observable data indicating that there is a measurable decrease in the estimated future cash flows since the initial recognition of those assets. If any such indication exists, an impairment loss is recognised in the statement of profit or loss and other comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rates.

If, in a subsequent year, the amount of an impairment loss recognised on a financial asset other than a financial asset at fair value through profit or loss decreases and the reduction in value can be linked objectively to an event occurring after the write-down, this is reversed through the statement of profit or loss and other comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

##### 3.2.7 Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (and the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss and other comprehensive income.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards would include, for example, securities lending and repurchase transactions. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

#### 3.3 Redeemable shares

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of instruments.

The redeemable shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the sub-funds' net assets at the redemption date and also in the event of the sub-funds' liquidation.

The redeemable shares are classified as financial liabilities and are measured at the present value of the redemption amounts.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued)

Year ended 31 December 2016

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### 3 Significant accounting policies (continued)

#### 3.4 Cash and cash equivalents

Cash comprises current deposits with banks with original maturities of less than three months. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

#### 3.5 Net assets attributable to holders of redeemable shares

The liability to holders of redeemable shares is presented in the statement of financial position as “Net assets attributable to holders of redeemable shares” and is determined based on the residual assets of the Company after deducting all other liabilities.

#### 3.6 Interest income and dividend income

Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues using the effective interest method and, where applicable, gross of withholding tax. Dividend income is recognised when the right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### 3.7 Finance costs

Proposed distributions to holders of redeemable shares are recognised in the statement of profit or loss and other comprehensive income when they are appropriately authorised and no longer at the discretion of the Company. This typically occurs when proposed distribution is ratified at the Annual General Meeting. The distribution on the redeemable shares is recognised as a finance cost in the statement of profit or loss and other comprehensive income.

#### 3.8 Net gains/(losses) from financial instruments at fair value through profit or loss

Net gains/losses from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences but excludes interest and dividend income. Net realised gain from financial instruments at fair value through profit or loss is calculated using the first in first out method.

#### 3.9 Expenses

All expenses, including management fees, administration fees and custodian fees, are recognised in the statement of profit or loss and other comprehensive income on an accrual basis and are accordingly expensed as incurred. Formation expenses are recognised as an expense when incurred.

Transaction costs are costs incurred to acquire financial assets or liabilities 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 profit or loss as an expense.

#### 3.10 Taxation

Under the current system of taxation in Malta the Company is exempt from paying taxes on income, profits or capital gains. Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

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### 3 Significant accounting policies (continued)

#### 3.11 Adoption of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective

##### *Adoption of revised International Financial Reporting Standards*

The following amendment to the existing standards issued by the International Accounting Standards Board is effective for the current year:

- The December 2013 amendment to IAS 24 deals with Related Party disclosures. This amendment is part of the 'Annual Improvements to IFRSs 2010-2012 cycle'. It clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. This amendment is effective for annual periods commencing on or after 1 February 2015.
- An amendment issued in December 2014 to IFRS 7, as part of the 'Annual Improvements to IFRSs 2012-2014 cycle'. The amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purposes of the disclosures required in relation to transferred assets. This amendment is effective for annual periods commencing on or after 1 January 2016.
- An amendment issued to IAS 1 in December 2014, which amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. This amendment is effective for annual periods commencing on or after 1 January 2016.

##### *International Financial Reporting Standards in issue but not yet effective*

At the date of authorisation of these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

- IFRS 9 – Financial instruments: The final version of IFRS 9 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.

IFRS 9 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 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. This standard is applicable for annual periods beginning on or after 1 January 2018.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

### 3 Significant accounting policies (continued)

#### 3.11 Adoption of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective (continued)

*International Financial Reporting Standards in issue but not yet effective (continued)*

The directors anticipate that the adoption of International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements but not yet effective will have no material impact on the financial statements of the company in the period of initial application.

### 4 Share capital

The Company's capital is represented by the redeemable shares outstanding. The number of shares at the end of the year is analysed below:

	Number of shares				
	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund	Euro Equity Fund	Global Balanced Income Fund
<b>31 December 2016</b>					
Units issued					
Class A - EUR	35,328	23,047	-	81,943	439,031
Class D - EUR	449,988	174,669	-	-	-
	<b>485,316</b>	<b>197,716</b>	<b>-</b>	<b>81,943</b>	<b>439,031</b>
<b>31 December 2015</b>					
Units issued					
Class A - EUR	37,149	22,258	142,607	69,808	380,105
Class D - EUR	397,101	159,796	-	-	-
	<b>434,250</b>	<b>182,054</b>	<b>142,607</b>	<b>69,808</b>	<b>380,105</b>
Analysed as follows:					
	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund	Euro Equity Fund	Global Balanced Income Fund
<b>31 December 2016</b>					
Units in issue as at 1 January	434,250	182,054	142,607	69,808	380,105
Creation of units during the year					
Class A - EUR	10,235	3,475	637	31,267	106,353
Class D - EUR	81,658	25,300	-	-	-
Redemption of units during the year					
Class A - EUR	(12,057)	(2,686)	(143,244)	(19,132)	(47,427)
Class D - EUR	(28,772)	(10,427)	-	-	-
<b>Units in issue as at 31 December</b>	<b>485,316</b>	<b>197,716</b>	<b>-</b>	<b>81,943</b>	<b>439,031</b>

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued)

Year ended 31 December 2016

### 4 Share capital (continued)

	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund	Euro Equity Fund	Global Balanced Income Fund
31 December 2015					
Units in issue as at 1 January	315,700	177,694	85,586	36,351	-
Creation of units during the year					
Class A - EUR	15,897	3,580	77,345	39,453	384,560
Class D - EUR	132,965	16,357	-	-	-
Redemption of units during the year					
Class A - EUR	(7,236)	(3,638)	(20,324)	(5,996)	(4,455)
Class D - EUR	(23,076)	(11,939)	-	-	-
Units in issue as at 31 December	434,250	182,054	142,607	69,808	380,105

The authorised share capital of the Company amounting to 10,000,001,000 shares has not been assigned any nominal value. The paid-up share capital of the Company shall at all times be equal to the net asset value of the sub-funds. The Company was incorporated by the issue of 1,000 founder shares with no nominal value. The effect of the proceeds from the issue of the founder shares is reflected in the combined amounts in these annual financial statements.

### 5 Dividends

During the year the following sub-funds declared and paid dividends as follows:

	High Income Bond Fund EUR	High Income Bond Fund USD
<b>31 December 2016</b>		
<b>Dividend paid on 31.03.2016</b>		
Dividend per share (Euro)	2.4840	2.2848
Total distributions (Euro)	1,000,347	314,435
<b>Dividend paid on 30.09.2016</b>		
Dividend per share (Euro)	2.3642	2.4373
Total distributions (Euro)	1,021,134	355,116
31 December 2015		
Dividend paid on 31.03.2015		
Dividend per share (Euro)	3.0927	2.5324
Total distributions (Euro)	915,280	397,282
Dividend paid on 30.09.2015		
Dividend per share (Euro)	2.7008	2.1428
Total distributions (Euro)	1,027,113	343,467

# Calamatta Cuscheri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

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### 6 Management fees and other expenses

#### (a) Management fees

##### **High Income Bond Fund EUR**

The Investment Manager receives a fee of 1% of the net asset value of the sub-fund per annum as well as reimbursement of out-of-pocket expenses.

The management fees incurred for the year were EUR458,379 (2015: EUR400,426) of which EUR122,573 (2015: EUR108,814) was due to the Investment Manager as at the reporting date.

##### **High Income Bond Fund USD**

The Manager receives a fee of 1% of the net asset value of the sub-fund per annum as well as reimbursement of out-of-pocket expenses.

The management fees incurred for the year were EUR157,856 (2015: EUR158,205) of which EUR45,138 (2015: EUR39,662) was due to the Investment Manager as at the reporting date.

##### **Global Asset Allocation Fund**

The Investment Manager receives a fee of 1.75% of the net asset value of the sub-fund per annum as well as reimbursement of out-of-pocket expenses.

The management fees incurred for the year were EUR22,095 (2015: EUR187,070) of which EUR NIL(2015: EUR56,341) was due to the Investment Manager as at the reporting date.

##### **Euro Equity Fund**

The Investment Manager receives a fee of 1.35% of the net asset value of the sub-fund per annum as well as reimbursement of out-of-pocket expenses.

The management fees incurred for the year were EUR98,216 (2015: EUR83,076) of which EUR26,732 (2015: EUR25,472) was due to the Investment Manager as at the reporting date.

##### **Global Balanced Income Fund**

The Investment Manager receives a fee of 1.25% of the net asset value of the sub-fund per annum as well as reimbursement of out-of-pocket expenses.

The management fees incurred for the year were EUR52,809 (2015: EUR14,762) of which EUR14,753 (2015: EUR11,714) was due to the Investment Manager as at the reporting date.

##### **High Income Bond Fund EUR**

The Custodian receives a fee of 0.1% of the net asset value of the sub-fund as per the Custodian Agreement. The Custody fee is subject to a minimum fee of EUR2,000 per annum if the NAV of the fund is up to EUR10m, EUR10,000 per annum if the NAV of the Fund is between EUR10m and EUR50m and EUR37,500 per annum if the NAV of the fund is greater than EUR50m. The Custodian will also be reimbursed for out-of-pocket expenses.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

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### 6 Management fees and other expenses (continued)

#### *(b) Custodian's fees*

##### **High Income Bond Fund EUR (continued)**

Effective from 7 Aug 2015, the Custodian receives a fee of 0.1% of the NAV of the Fund if the Fund is up to EUR10m, while no minimum fee is applicable as per the Custodian Agreement. If the Fund is larger than EUR10m, the Custodian receives a fee of 0.055% of the net asset value of the sub-fund as per the Custodian Agreement and a minimum fee of EUR10,000 per annum is applicable.

The custodian fees incurred for the year were EUR24,731 (2015: EUR25,648) of which EURNil (2015: EURNil) was due to the Custodian as at the reporting date.

##### **High Income Bond Fund USD**

The Custodian receives a fee of 0.1% of the net asset value of the sub-fund as per the Custodian Agreement. The Custody fee is subject to a minimum fee of EUR2,000 per annum if the NAV of the fund is up to EUR10m, EUR10,000 per annum if the NAV of the Fund is between EUR10m and EUR50m and EUR37,500 per annum if the NAV of the fund is greater than EUR50m. The Custodian will also be reimbursed for out-of-pocket expenses.

Effective from 7 Aug 2015, the Custodian receives a fee of 0.1% of the NAV of the Fund if the Fund is up to EUR10m, while no minimum fee is applicable as per the Custodian Agreement. If the Fund is larger than EUR10m, the Custodian receives a fee of 0.055% of the net asset value of the sub-fund as per the Custodian Agreement and a minimum fee of EUR10,000 per annum is applicable.

The custodian fees incurred for the year were EUR9,976 (2015: EUR10,935) of which EURNil (2015: EURNil) was due to the Custodian as at the reporting date.

##### **Global Asset Allocation Fund**

The Custodian receives a fee of 0.1% of the net asset value of the sub-fund as per the Custodian Agreement. The Custody fee is subject to a minimum fee of EUR2,000 per annum if the NAV of the fund is up to EUR10m, EUR10,000 per annum if the NAV of the Fund is between EUR10m and EUR50m and EUR37,500 per annum if the NAV of the fund is greater than EUR50m. The Custodian will also be reimbursed for out-of-pocket expenses.

Effective from 7 Aug 2015, the Custodian receives a fee of 0.1% of the NAV of the Fund if the Fund is up to EUR10m, while no minimum fee is applicable as per the Custodian Agreement. If the Fund is larger than EUR10m, the Custodian receives a fee of 0.055% of the net asset value of the sub-fund as per the Custodian Agreement and a minimum fee of EUR10,000 per annum is applicable.

The custodian fees incurred for the year were EUR833 (2015: EUR10,049) of which EURNil (2015: EURNil) was due to the Custodian as at the reporting date.

# Calamatta Cuscheri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

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### 6 Management fees and other expenses (continued)

#### (b) Custodian's fees (continued)

##### **Euro Equity Fund**

The Custodian receives a fee of 0.1% of the net asset value of the sub-fund as per the Custodian Agreement. The Custody fee is subject to a minimum fee of EUR6,000 per annum if the NAV of the fund is up to EUR10m, EUR10,000 per annum if the NAV of the Fund is between EUR10m and EUR50m and EUR35,700 per annum if the NAV of the fund is greater than EUR50m. The Custodian will also be reimbursed for out-of-pocket expenses.

Effective from 7 Aug 2015, the Custodian receives a fee of 0.1% of the NAV of the Fund if the Fund is up to EUR10m, while no minimum fee is applicable as per the Custodian Agreement. If the Fund is larger than EUR10m, the Custodian receives a fee of 0.055% of the net asset value of the sub-fund as per the Custodian Agreement and a minimum fee of EUR10,000 per annum is applicable.

The custodian fees incurred for the year were EUR7,331 (2015: EUR6,635) of which EURNil (2015: EURNil) was due to the Custodian as at the reporting date.

##### **Global Balanced Income Fund**

The Custodian receives a fee of 0.1% of the NAV of the Fund if the Fund is up to EUR10m, while no minimum fee is applicable as per the Custodian Agreement. If the Fund is larger than EUR10m, the Custodian receives a fee of 0.055% of the net asset value of the sub-fund as per the Custodian Agreement and a minimum fee of EUR10,000 per annum is applicable.

The custodian fees incurred for the year were EUR4,245 (2015: EUR1,198) of which EURNil (2015: EURNil) was due to the Custodian as at the reporting date.

#### (c) Administration fees

##### **High Income Bond Fund EUR**

The Administrator receives a fee of 0.15% of the net asset value of the sub-fund subject to a minimum fee of EUR12,500 per annum and EUR25 for each trade as per the Administration, Registrar and Transfer Agency agreement. The Administrator is also entitled to recover out-of-pocket expenses.

The administration fees incurred for the year were EUR70,879 (2015: EUR64,645) of which EUR18,886 (2015: EUR16,828) was due to the Administrator as at the reporting date.

##### **High Income Bond Fund USD**

The Administrator receives a fee of 0.15% of the net asset value of the sub-fund subject to a minimum fee of EUR12,500 per annum and EUR25 for each trade as per the Administration, Registrar and Transfer Agency agreement. The Administrator is also entitled to recover out-of-pocket expenses.

The administration fees incurred for the year were EUR24,453 (2015: EUR25,318) of which EUR6,923 (2015: EUR6,427) was due to the Administrator as at the reporting date.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

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### 6 Management fees and other expenses (continued)

(c) *Administration fees (continued)*

#### **Global Asset Allocation Fund**

The Administrator receives a fee of 0.15% of the net asset value of the sub-fund subject to a minimum fee of EUR12,500 per annum as per the Administration, Registrar and Transfer Agency agreement. The Administrator is also entitled to recover out-of-pocket expenses.

The administration fees incurred for the year were EUR1,894 (2015: EUR16,035) of which EURNil (2015: EUR4,829) was due to the Administrator as at the reporting date.

#### **Euro Equity Fund**

The Administrator receives a fee of 0.15% of the net asset value of the sub-fund subject to a minimum fee of EUR30,000 per annum as per the Administration, Registrar and Transfer Agency agreement. The Administrator is also entitled to recover out-of-pocket expenses.

The administration fees incurred for the year were EUR30,000 (2015: EUR30,000) of which EUR7,540 (2015: EUR7,562) was due to the Administrator as at the reporting date.

#### **Global Balanced Income Fund**

The Administrator receives a fee of 0.15% of the net asset value of the sub-fund subject to a minimum fee of EUR12,500 per annum as per the Administration, Registrar and Transfer Agency agreement. The Administrator is also entitled to recover out-of-pocket expenses.

The administration fees incurred for the year were EUR12,500 (2015: EUR4,178) of which EUR3,278 (2015: EUR3,219) was due to the Administrator as at the reporting date.

(d) *Performance fees*

No performance fees are applicable except for the Global Asset Allocation Fund, the terms of which are as follows:

*The Investment Manager shall receive from the Company in respect of the Global Asset Allocation Fund, a performance fee in respect of each Investor Share outstanding on each Valuation Date equal to 15% of the amount by which the NAV per Share exceeds the Base Net Asset Value per Share.*

*The Performance Fee will be deemed to accrue as at each Valuation Day and shall be payable at the end of each calendar quarter in arrears and normally within 14 calendar days of the end of each Calculation Period. The Performance Fee in respect of each Investor Share will be calculated in respect of each Calculation Period. Each Calculation Period shall commence on the first Business Day of each calendar quarter and end on the last Business Day of that calendar quarter.*

The performance fees incurred for the year in relation to Global Asset Allocation Fund amounted to EURNil (2015: EUR76,598) of which EURNil (2015: EURNil) was due to the Investment Manager as at the reporting date.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued)

Year ended 31 December 2016

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### 7 Taxation

#### *The Company*

In terms of current Maltese fiscal legislation, collective investment schemes are classified as either 'prescribed' or 'non-prescribed' funds.

A collective investment scheme which declares that the value of its assets situated in Malta allocated thereto for the purpose of its operations does not exceed eighty five per cent of the value of its total assets is treated as a non-prescribed fund.

On this basis, the High Income Bond Fund-EUR, the High Income Bond Fund-USD, the Global Asset Allocation Fund, the Euro Equity Fund and the Global Balanced Income Fund qualify as non-prescribed funds for Maltese income tax purposes.

Accordingly, the sub-funds within the Company are exempt from Maltese income tax except in respect of any income from immovable property situated in Malta.

Capital gains, dividends, interest and any other income from foreign investments held by the sub-funds within the Company may nonetheless be subject to tax imposed by the country of origin concerned and any such taxes are not recoverable by the sub-funds within Company or by the members.

#### *Members not resident in Malta*

Capital gains accruing to members not resident in Malta upon a redemption or transfer of shares or upon a distribution on a winding-up of the Company are not subject to tax in Malta.

However, the redemption or transfer of shares and any distribution on a winding-up of the Company may result in a tax liability for the members according to the tax regime applicable in their respective countries of incorporation, establishment, residence, citizenship, nationality or domicile, or other relevant jurisdiction.

#### *Withholding tax expense*

Certain interest income received by the Company is subject to withholding tax imposed in the country of origin.

### 8 Cash and cash equivalents

	Calamatta Cuschieri Funds SICAV plc EUR	High Income Bond Fund EUR	High Income Bond Fund USD EUR	Global Asset Allocation Fund EUR	Euro Equity Fund EUR	Global Balanced Income Fund EUR
Cash at bank						
31 December 2016	17,278,045	11,658,972	4,961,781	3,057	509,947	144,288
31 December 2015	16,620,294	6,137,323	2,725,563	5,210,369	1,135,419	1,410,620

The cash and cash equivalents of the Company include EUR1,000 representing the proceeds of issue of founder shares.

Cash at bank earns interest at floating rates based on bank deposit rates. The interest rate during the year on cash at bank was 0 – 3.25% (2015: 0 – 3.25%).

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

### 9 Financial assets at fair value through profit or loss

#### 9.1 Summary of the composition of the portfolio of investments

	Calamatta Cuschieri Funds SICAV plc	High Income Bond Fund EUR	High Income Bond Fund USD	Global Asset Allocation Fund	Euro Equity Fund	Global Balanced Income Fund
<b>Financial assets designated as at fair value through profit or loss</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>31 December 2016</b>						
Exchange traded funds	8,351,233	2,442,256	309,488	-	3,656,382	1,963,107
Equities Collective investment schemes	5,663,839	-	-	-	4,647,612	1,016,228
Debt instruments	1,210,662	719,857	490,805	-	-	-
	<b>46,939,916</b>	<b>33,287,724</b>	<b>12,277,867</b>	<b>-</b>	<b>-</b>	<b>1,374,326</b>
	<b>62,165,649</b>	<b>36,429,836</b>	<b>13,078,160</b>	<b>-</b>	<b>8,303,993</b>	<b>4,353,660</b>
<b>31 December 2015</b>						
Exchange traded funds	5,049,695	1,761,848	274,963	-	2,325,412	687,472
Equities Collective investment schemes	7,887,190	-	-	2,952,981	4,118,743	815,466
Debt instruments	7,910,936	1,572,665	938,831	5,399,440	-	-
	<b>46,582,057</b>	<b>33,423,275</b>	<b>11,311,474</b>	<b>919,939</b>	<b>-</b>	<b>927,369</b>
	<b>67,429,878</b>	<b>36,757,788</b>	<b>12,525,268</b>	<b>9,272,360</b>	<b>6,444,155</b>	<b>2,430,307</b>

The financial year-end of certain underlying collective investment schemes is not co-terminous with that of the Company or independently audited financial statements are not readily available as at the date of approval of the Company's financial statements. As a result, the valuation of these collective investment schemes, in aggregate amounting to EUR1,210,662 (2015: EUR7,910,936), cannot be corroborated against independently audited net asset values as at 31 December 2016 and have been based on alternative available independent market information.

# Calamatta Cuscheri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

### 9 Financial assets at fair value through profit or loss (continued)

#### 9.1 Summary of the composition of the portfolio of investments (continued)

##### *High Income Bond Fund EUR*

The table below sets the composition of the portfolio of the Fund as at 31 December 2016 and 31 December 2015 respectively:

	31 December 2016			31 December 2015		
	Total	% of total assets	% of net assets	Total	% of total assets	% of net assets
	EUR			EUR		
Transferable securities traded on a regulated market						
Collective investment	719,857	1.48	1.48	1,572,665	3.62	3.63
Exchange traded funds	2,422,256	4.97	4.99	1,761,848	4.05	4.06
Debt instruments traded on a regulated market						
Sovereign bonds	1,143,000	2.35	2.36	3,800,461	8.74	8.77
Corporate bonds	31,980,003	65.67	65.89	29,286,958	67.34	67.56
	33,123,003	68.02	68.25	33,087,419	76.08	76.33
Debt instruments not traded on a regulated market						
Corporate bonds	164,721	0.34	0.34	335,856	0.77	0.77
Financial assets at fair value through profit or loss	36,429,836	74.81	75.06	36,757,788	84.52	84.79

	31 December 2016			31 December 2015		
	Total	% of total assets	% of net assets	Total	% of total assets	% of net assets
	EUR			EUR		
Eurozone	23,855,513	48.99	49.15	25,024,610	57.54	57.73
EU non-Eurozone	5,584,577	11.47	11.51	7,219,899	16.60	16.65
United States	2,271,880	4.67	4.68	832,352	1.91	1.92
Other	4,717,866	9.69	9.72	3,680,927	8.47	8.49
	36,429,836	74.81	75.06	36,757,788	84.52	84.79

None of the financial assets at fair value through profit or loss as at 31 December 2016 and 31 December 2015 were pledged.

# Calamatta Cuscheri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

### 9 Financial assets at fair value through profit or loss (continued)

#### 9.1 Summary of the composition of the portfolio of investments (continued)

##### *High Income Bond Fund USD*

The table below sets the composition of the portfolio of the Fund as at 31 December 2016 and 31 December 2015:

	31 December 2016			31 December 2015		
	Total	% of total assets	% of net assets	Total	% of total assets	% of net assets
	EUR			EUR		
Transferable securities traded on a regulated market						
Collective investment	490,805	2.69	2.70	938,831	6.07	6.09
Exchange traded funds	309,488	1.70	1.70	274,963	1.78	1.78
Debt instruments traded on a regulated market						
Sovereign bonds	157,319	0.86	0.87	111,736	0.72	0.73
Corporate bonds	12,120,548	66.44	66.68	11,199,738	72.44	72.69
	12,277,867	67.30	67.54	11,311,474	73.16	73.42
Financial assets at fair value through profit or loss	13,078,160	71.69	71.95	12,525,268	81.01	81.29

Issuers of the above financial assets are categorised as follows:

	31 December 2016			31 December 2015		
	Total	% of total assets	% of net assets	Total	% of total assets	% of net assets
	EUR			EUR		
Eurozone	1,839,610	10.08	10.12	3,779,523	24.44	24.53
EU non-Eurozone	1,917,072	10.51	10.55	1,324,059	8.56	8.59
United States	4,492,391	24.63	24.71	3,968,306	25.67	25.76
Other	4,829,087	26.47	26.57	3,453,380	22.34	22.41
	13,078,160	71.69	71.95	12,525,268	81.01	81.29

None of the financial assets at fair value through profit or loss as at 31 December 2016 and 31 December 2015 were pledged.

# Calamatta Cuscheri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

### 9 Financial assets at fair value through profit or loss (continued)

#### 9.1 Summary of the composition of the portfolio of investments (continued)

##### *Global Asset Allocation Fund*

The table below sets the composition of the portfolio of the Fund as at 31 December 2016 and 31 December 2015:

	31 December 2016			31 December 2015		
	Total	% of total assets	% of net assets	Total	% of total assets	% of net assets
	EUR			EUR		
Transferable securities traded on a regulated market						
Collective investment schemes	-	-	-	5,399,440	37.22	37.56
Equities	-	-	-	2,952,981	20.35	20.54
Debt instruments traded on a regulated market						
Corporate bonds	-	-	-	919,939	6.34	6.40
Financial assets at fair value through profit or loss	-	-	-	9,272,360	63.91	64.50

Issuers of the above financial assets are categorised as follows:

	31 December 2016			31 December 2015		
	Total	% of total assets	% of net assets	Total	% of total assets	% of net assets
	EUR			EUR		
Eurozone	-	-	-	7,950,284	54.80	55.30
EU non-Eurozone	-	-	-	706,513	4.87	4.91
United States	-	-	-	274,011	1.89	1.91
Other	-	-	-	341,552	2.35	2.38
	-	-	-	9,272,360	63.91	64.50

None of the financial assets at fair value through profit or loss as at 31 December 2015 were pledged.

# Calamatta Cuscheri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

### 9 Financial assets at fair value through profit or loss (continued)

#### 9.1 Summary of the composition of the portfolio of investments (continued)

##### *Euro Equity Fund*

The table below sets the composition of the portfolio of the Fund as at 31 December 2016 and 31 December 2015:

	31 December 2016			31 December 2015		
	Total	% of total assets	% of net assets	Total	% of total assets	% of net assets
	EUR			EUR		
Transferable securities traded on a regulated market						
Exchange traded funds	3,656,382	41.47	41.67	2,325,412	30.68	30.83
Equities	4,647,612	52.71	52.97	4,118,743	54.33	54.61
Financial assets at fair value through profit or loss	8,303,993	94.18	94.64	6,444,155	85.01	85.44

Issuers of the above financial assets are categorised as follows:

	31 December 2016			31 December 2015		
	Total	% of total assets	% of net assets	Total	% of total assets	% of net assets
	EUR			EUR		
Eurozone	7,477,717	84.81	85.22	5,828,052	76.88	77.27
EU non-Eurozone	-	-	-	316,999	4.18	4.20
United States	826,277	9.37	9.42	299,104	3.95	3.97
	8,303,993	94.18	94.64	6,444,155	85.01	85.44

None of the financial assets at fair value through profit or loss as at 31 December 2016 and 31 December 2015 were pledged.

##### *Global Balanced Income Fund*

The table below sets the composition of the portfolio of the Fund as at 31 December 2015:

	31 December 2016			31 December 2015		
	Total	% of total assets	% of net assets	Total	% of total assets	% of net assets
	EUR			EUR		
Transferable securities traded on a regulated market						
Exchange traded funds	1,963,107	43.37	43.61	687,472	17.84	17.92
Equities	1,016,228	22.45	22.57	815,466	21.16	21.26
Debt instruments traded on a regulated market						
Corporate bonds	1,374,326	30.36	30.53	927,369	24.07	24.17
Financial assets at fair value through profit or loss	4,353,660	96.17	96.71	2,430,307	63.07	63.35

# Calamatta Cuscheri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

### 9 Financial assets at fair value through profit or loss (continued)

#### 9.1 Summary of the composition of the portfolio of investments (continued)

##### *Global Balanced Income Fund (continued)*

Issuers of the above financial assets are categorised as follows:

	31 December 2016			31 December 2015		
	Total	% of total assets	% of net assets	Total	% of total assets	% of net assets
	EUR			EUR		
Eurozone	3,187,534	70.41	70.80	1,662,763	43.15	43.34
EU non-Eurozone	314,189	6.94	6.98	305,251	7.92	7.96
United States	851,938	18.82	18.92	218,604	5.67	5.7
Other	-	-	-	243,689	6.33	6.35
	<b>4,353,660</b>	<b>96.17</b>	<b>96.71</b>	<b>2,430,307</b>	<b>63.07</b>	<b>63.35</b>

None of the financial assets at fair value through profit or loss as at 31 December 2015 and 31 December 2016 were pledged.

### 10 Transactions with related parties

#### (a) Directors

During the reporting year, Directors' remuneration amounted to EUR19,030 (31 December 2015: EUR20,043) as disclosed separately on statement of profit or loss and other comprehensive income. Directors are entitled to a maximum of EUR40,000 per annum paid quarterly in arrears. There were no other payments to key management personnel as defined in IAS 24 - Related Party Disclosures.

#### (b) Management fees

Total management fees for the reporting year ending 31 December 2016 amounted to EUR 860,234 (31 December 2015: EUR843,539), as disclosed separately in the statement of profit or loss and other comprehensive income.

#### (c) Administration fees

Total administration fees for the reporting year ending 31 December 2016, amounted to EUR139,726 (31 December 2015: EUR140,176), as disclosed separately in the statement of profit or loss and other comprehensive income.

#### (d) Performance fees

Total performance fees for the reporting year ending 31 December 2016, amounted to EURNIL (31 December 2015: EUR76,598), as disclosed separately in the statement of profit or loss and other comprehensive income.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

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### 10 Transactions with related parties (continued)

#### *(e) Founder shares*

1,000 Founder Shares have been issued fully paid by Calamatta Cuschieri Investment Services Limited (formerly known as Calamatta Cuschieri & Co. Limited), on behalf of the Company.

All transactions between the related parties are conducted at arm's length and are summarised in note 6 to these financial statements.

### 11 Financial instruments and associated risks

The Company is established as an investment company with variable share capital (SICAV) which implies that financial instruments are extensively used in the course of its routine business. The sub-funds may invest in securities, deposits with credit institutions, investments in units of other Collective Investment Schemes, financial derivative instruments or OTC financial derivative instruments for the purposes of efficient portfolio management only and ancillary liquid assets.

Tactical allocation of sub-funds' assets is determined by the Investment Manager, setting the risk management limits in line with the investment strategy of each sub-fund at the prevailing market circumstances.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the sub-funds are discussed below.

#### 11.1 Market risk

Market risk encapsulates the potential for gains and losses in the valuation of the underlying securities, including gains and losses arising from currency risk, interest rate risk and price risk.

The strategy of each sub-fund relating to the management of investment risk is derived from the sub-fund's investment objective, which is clearly outlined in the prospectus of the SICAV. The Investment Manager monitors the sub-funds market exposures within the pre-determined Investment Restrictions on a daily basis whilst the overall market exposures are also monitored on a quarterly basis by the Board of Directors.

Details of the nature of the sub-funds' investment portfolio as at the reporting date are disclosed in note 9.

##### 11.1.1 Currency risk

The sub-funds may hold foreign cash balances, as well as invest in financial instruments and enter into transactions denominated in currencies other than the respective functional currency. Consequently, the sub-funds are exposed to risks that the exchange rate of the functional currencies relative to other foreign currencies may change in a manner that have adverse effect on the value of that portion of the sub-funds' assets denominated in currencies other than the functional currency.

The sub-funds currency risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

### 11 Financial instruments and associated risks (continued)

#### 11.1 Market risk (continued)

##### 11.1.1 Currency risk (continued)

As at the reporting date the sub-funds had the following open currency exposures:

##### *Global Asset Allocation Fund*

	<b>31 December 2016</b>	31 December 2015
	<b>% of total assets</b>	% of total assets
Currency		
US Dollars	-	2.85
Swiss Francs	-	3.18

##### *Euro Equity Fund*

	<b>31 December 2016</b>	31 December 2015
	<b>% of total assets</b>	% of total assets
Currency		
US Dollars	<b>8.25</b>	2.00
Great Britain Pound	-	1.20

##### *Global Balanced Income Fund*

	<b>31 December 2016</b>	31 December 2015
	<b>% of total assets</b>	% of total assets
Currency		
US Dollars	<b>19.49</b>	5.89

#### Sensitivity Analysis

As at 31 December 2016 and 2015, had the functional currency of the Fund strengthened by 5% in relation to the other currencies with all other variables held constant, net assets attributable to holders of redeemable shares would have decreased by the amounts shown below.

##### *Global Asset Allocation Fund*

	<b>31 December 2016</b>	31 December 2015
	<b>EUR</b>	EUR
Currency		
US Dollars	-	20,517
Swiss Francs	-	22,829

##### *Euro Equity Fund*

	<b>31 December 2016</b>	31 December 2015
	<b>EUR</b>	EUR
Currency		
US Dollars	<b>36,381</b>	7,544
Great Britain Pound	-	4,529

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

### 11 Financial instruments and associated risks (continued)

#### 11.1 Market risk (continued)

##### 11.1.1 Currency risk (continued)

###### *Global Balanced Income Fund*

	<b>31 December 2016</b>	31 December 2015
	<b>EUR</b>	EUR
Currency		
US Dollars	<b>44,124</b>	11,293

##### 11.1.2 Interest rate risk

A substantial amount of the sub-funds' financial assets are interest-bearing securities and are hence exposed to fair value interest rate risk arising from fluctuations in the prevailing levels of market interest rates.

###### **Sensitivity analysis**

The interest rate risk is managed on a daily basis by the Investment Manager in line with the pre-determined policies and procedures in place. The overall interest rate risk is monitored on a quarterly basis by the Board of Directors and is managed on a daily basis by the Investment Manager.

The table below sets out the impact on the relative net assets of each sub-fund as at 31 December 2015 and 2016 in the event that worldwide yield curves experience a parallel 25bps/50bps shift upwards or downwards.

###### **Yield curve shift**

		<b>31 December 2016</b>		31 December 2015	
		<b>+/- 25bps</b>	<b>+/- 50bps</b>	<b>+/- 25bps</b>	<b>+/- 50bps</b>
		<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
High Income Bond Fund EUR	+/-	<b>308,200</b>	<b>616,400</b>	462,800	925,500
High Income Bond Fund USD	+/-	<b>109,100</b>	<b>218,200</b>	108,200	216,400
Global Asset Allocation Fund	+/-	-	-	83,700	167,400
Global Balanced Income Fund	+/-	<b>25,500</b>	<b>51,000</b>	39,900	79,800

As at 31 December 2016 and 2015, the Euro Equity Fund had no exposure to debt securities.

##### 11.1.3 Price risk

Price risk is the risk that the value of the underlying assets will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). These can arise from factors specific to an individual investment or its issuer, better known as idiosyncratic risk, or from factors affecting total market sentiment, better known as systemic risk.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

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### 11 Financial instruments and associated risks (continued)

#### 11.1 Market risk (continued)

##### 11.1.3 Price risk (continued)

Idiosyncratic price risk is managed through the construction of a well-diversified portfolio of investments traded on various markets. Systemic risk cannot be eliminated completely by diversification and hence investors in the respective sub-funds forming part of this SICAV are subject to the sub-funds relative systemic market risk.

As the majority of the sub-funds financial instruments' are carried at fair value with fair value changes recognised in the statement of profit or loss and other comprehensive income, all changes in market conditions will directly affect the sub-funds' financial statements.

#### 11.2 Credit and settlement risk

Credit risk is the risk that counterparty to a financial instrument will fail to honour an obligation or commitment that it has entered into with the respective sub-fund.

Settlement risk is the risk of loss due to failure of counterparty to honour its obligations to deliver cash, securities and/or other assets as contractually agreed. Risk relating to unsettled transactions is considered to be minimal due to the short settlement period involved and the high credit quality of the brokers used. Furthermore, the Investment Manager monitors the financial positions of the brokers used to further mitigate this risk.

All of the assets of the sub-funds are held by Sparkasse Bank Malta p.l.c. as Custodian. Sparkasse Schwaz AG is the parent company of Sparkasse Bank Malta plc and is a member of the Austrian Savings Bank Group, comprising all Austrian Sparkassen and Erste Group Banks. Erste Group Bank is rated BBB+ based on rating agency Standard & Poor's.

Bankruptcy or insolvency of the Custodian may cause the sub-funds rights with respect to securities held by the Custodian to be delayed or limited.

##### ***High Income Bond Fund EUR***

The sub-fund aims to maximise the total level of return for investors through investment, primarily, in a diversified portfolio of debt securities and other fixed income or interest bearing securities.

As at 31 December 2016, the High Income Bond Fund EUR's exposure to debt securities stood at 68.59% (2015: 77.10%) of its total net assets. The credit quality of these investments as at 31 December 2016 is summarised below:

Credit rating	31 December 2016 % Exposure of total net assets	31 December 2015 % Exposure of total net assets
A	1%	4%
BBB	14%	23%
BB	22%	25%
B	27%	17%
CCC+	1%	2%
NR/Below CCC+	3%	7%

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

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### 11 Financial instruments and associated risks (continued)

#### 11.2 Credit and settlement risk (continued)

##### *High Income Bond Fund USD*

The sub-fund aims to maximise the total level of return for investors through investment, primarily, in a diversified portfolio of debt securities and other fixed income or interest bearing securities.

As at 31 December 2016, the High Income Bond Fund USD's exposure to debt securities stood at 67.54% (2015: 73.42%) of its total net assets. The credit quality of these investments as at 31 December 2016 is summarised below:

Credit rating	31 December 2016 % Exposure of total net assets	31 December 2015 % Exposure of total net assets
A	1%	1%
BBB	16%	16%
BB	22%	28%
B	25%	26%
CCC+	1%	1%
NR/Below CCC+	2%	1%

##### *Global Asset Allocation Fund*

The objective of the sub-fund is to provide absolute returns over the long term by employing a series of models which aim to maximise the possibility of positive returns over a 5 year target horizon. As at 31 December 2016, the Global Asset Allocation Fund's had no exposure to debt securities (2015: 6.40%) of its total net assets. The credit quality of these investments as at 31 December 2015 is summarised below:

Credit rating	31 December 2016 % Exposure of total net assets	31 December 2015 % Exposure of total net assets
BBB	-	-
BB	-	6%
B	-	-
NR/Below CCC+	-	-

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued)

Year ended 31 December 2016

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### 11 Financial instruments and associated risks (continued)

#### 11.2 Credit and settlement risk (continued)

##### *Global Balanced Income Fund*

The objective of the sub-fund is to provide stable, long-term capital appreciation by investing in a diversified portfolio of local and international bonds, equities and other income generating assets.

As at 31 December 2016, the Global Balanced Income Fund's exposure to debt securities stood at 30.53% (2015: 24.17%). The credit quality of these investments as at 31 December 2016 and 2015 is summarised below:

Credit rating	31 December 2016 % Exposure of total net assets	31 December 2015 % Exposure of total net assets
BBB	0%	3%
BB	13%	15%
B	16%	6%
NR	2%	-

##### *Euro Equity Fund*

The objective of the sub-fund is to endeavour to maximise the total level of return for investors through investment, primarily, in a diversified portfolio of equity securities.

As at 31 December 2016 and 2015, the Euro Equity Fund had no exposure to debt securities.

#### 11.3 Liquidity risk

The sub-funds' constitution provides for the weekly creation and cancellation of units and these are therefore exposed to the liquidity risk of meeting unit-holders' redemptions at any time. The major part of these sub-funds' underlying securities is considered to be readily realisable since they are all listed on major European and US Stock Exchanges.

The sub-fund's investments in collective investment schemes may not be readily realisable and their marketability may be restricted, in particular because the underlying funds may have restrictions that allow redemptions only at specific infrequent dates with considerable notice periods, and apply lock ups and redemption fees. The respective sub-fund's ability to withdraw monies from or invest monies in underlying funds with such restrictions will be limited and such restrictions will limit the Company's flexibility to reallocate such assets among underlying funds. Some of the underlying funds may be or may become illiquid, and the realisation of investments from them may take a considerable time and/or be costly. As a result, the Company may not be able to quickly liquidate its investment in these instruments at an amount close to fair value in order to meet its liquidity requirements.

The sub-funds' liquidity risk is managed on and on-going basis by the Investment Manager in accordance with policies and procedures in place. The sub-funds' overall liquidity risks are monitored and reviewed on a quarterly basis by the Board of Directors.

The liabilities of the sub-funds are comprised of accrued expenses and advances received against pending subscriptions and these are due within 3 months of the date of statement of financial position.

# Calamatta Cuscheri Funds SICAV plc

## Notes to the annual financial statements (continued)

Year ended 31 December 2016

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### 11 Financial instruments and associated risks (continued)

#### 11.4 Custody risk

The Company is also exposed to operational risks such as custody risk. Custody risk is the risk of a loss being incurred on financial instruments held in custody as a result of a custodian's or prime broker's insolvency, negligence, misuse of assets, fraud, poor administration or inadequate record-keeping. Although an appropriate legal framework is in place that reduces the risk of loss of value of the financial instruments held by the custodian or prime broker in the event of its failure, the ability of the Company to transfer the securities might be temporarily impaired.

#### 11.5 Capital risk management

The capital of the Company is represented by the net assets attributable to holders of redeemable shares. The amount of net assets attributable to holders of redeemable shares can change significantly on a weekly basis, as the sub-funds are subject to weekly subscriptions and redemptions at the discretion of shareholders. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Company.

In order to maintain or adjust the capital structure, the Company's policy is to monitor the level of weekly subscriptions and redemptions relative to the assets it expects to be able to liquidate within 7 days and adjust the amount of distributions the Company pays to redeemable shareholders.

The Board of Directors and Investment Manager monitor capital on the basis of the value of net assets attributable to redeemable shareholders.

### 12 Fair values of financial assets and financial liabilities

At 31 December 2016 and 2015 the carrying amounts of financial assets and financial liabilities approximated their fair values due to the short term maturities of these assets and liabilities.

#### Fair value hierarchy

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 table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability directly or indirectly
- Level 3: Inputs for the asset or liability that are not based on observable market data

#### *Collective investment schemes*

The sub-funds' investments in the collective investment schemes are priced based on the underlying funds' net asset value as calculated by the administrator of such collective investment scheme as at the reporting date. The determination of whether such investment will be classified in level 2 or 3 is assessed at the class level and based upon the ability to redeem such investment within a reasonable period of time. If an investment in a private investment fund may be redeemed at least quarterly and the fair value of the investment is based on information provided by management of the underlying fund, it is classified as level 2; in all other cases it will be classified as level 3.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued)

Year ended 31 December 2016

### 12 Fair values of financial assets and financial liabilities (continued)

#### *Equity shares and exchange traded funds*

Investments in equity shares and exchange traded funds for which quoted market prices in active markets (non-Maltese regulated markets) are available are valued at the price within the bid – ask spread that is most representative of the fair value in the circumstances to be used to measure fair value. These investments are categorised in level 1 of the fair value hierarchy.

#### *High Income Bond Fund EUR*

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>31 December 2016</b>				
Exchange traded funds	2,422,256	-	-	2,422,256
Collective investment schemes	-	719,857	-	719,857
Debt instruments	33,123,003	164,721	-	33,287,724
	<b>35,545,259</b>	<b>884,577</b>	-	<b>36,429,836</b>

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>31 December 2015</b>				
Exchange traded funds	1,761,848	-	-	1,761,848
Collective investment schemes	-	1,572,665	-	1,572,665
Debt instruments	33,087,419	335,856	-	33,423,275
	<b>34,849,267</b>	<b>1,908,521</b>	-	<b>36,757,788</b>

#### *High Income Bond Fund USD*

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>31 December 2016</b>				
Exchange traded funds	309,488	-	-	309,488
Collective investment schemes	-	490,805	-	490,805
Debt instruments	12,277,867	-	-	12,277,867
	<b>12,587,355</b>	<b>490,805</b>	-	<b>13,078,160</b>

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>31 December 2015</b>				
Exchange traded funds	274,963	-	-	274,963
Collective investment schemes	-	938,831	-	938,831
Debt instruments	11,311,474	-	-	11,311,474
	<b>11,586,437</b>	<b>938,831</b>	-	<b>12,525,268</b>

#### *Global Asset Allocation Fund*

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>31 December 2016</b>				
Exchange traded funds	-	-	-	-
Equities	-	-	-	-
Collective investment schemes	-	-	-	-
Debt instruments	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued) Year ended 31 December 2016

### 12 Fair values of financial assets and financial liabilities (continued)

#### *Global Asset Allocation Fund (continued)*

31 December 2015	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Exchange traded funds	-	-	-	-
Equities	2,952,981	-	-	2,952,981
Collective investment schemes	-	5,399,440	-	5,399,440
Debt instruments	919,939	-	-	919,939
	<b>3,872,920</b>	<b>5,399,440</b>	-	<b>9,272,360</b>

#### *Euro Equity Fund*

31 December 2016	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Exchange traded funds	3,656,382	-	-	3,656,382
Equities	4,647,612	-	-	4,647,612
	<b>8,303,993</b>	-	-	<b>8,303,993</b>

31 December 2015	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Exchange traded funds	2,325,412	-	-	2,325,412
Equities	4,118,743	-	-	4,118,743
	<b>6,444,155</b>	-	-	<b>6,444,155</b>

#### *Global Balanced Income Fund*

31 December 2016	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Exchange traded funds	1,963,107	-	-	1,963,107
Equities	1,016,228	-	-	1,016,228
Debt instruments	1,374,326	-	-	1,374,326
	<b>4,353,660</b>	-	-	<b>4,353,660</b>

31 December 2015	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Exchange traded funds	687,472	-	-	687,472
Equities	815,466	-	-	815,466
Debt instruments	927,369	-	-	927,369
	<b>2,430,307</b>	-	-	<b>2,430,307</b>

As at 31 December 2016 and 2015, the carrying amounts of other financial assets and other payables approximated to their fair values due to the short-term nature of these balances.

# Calamatta Cuschieri Funds SICAV plc

## Notes to the annual financial statements (continued)

Year ended 31 December 2016

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### **12 Fair values of financial assets and financial liabilities (continued)**

The puttable value of redeemable shares is calculated based on the net difference between total assets and all other liabilities of the sub-funds in accordance with their offering supplements. A demand feature is attached to these shares, as they are redeemable at the holders' option and can be put back to the sub-funds at any dealing date for cash equal to a proportionate share of the sub-fund's net asset value attributable to the share class. The fair value is based on the amount payable on demand, discounted from the first date that the amount could be required to be paid. The impact of discounting in this instance is not material. As such, Level 2 is deemed to be the most appropriate categorisation for net assets attributable to holders of redeemable shares.

### **13 Events after the reporting period**

Two additional sub funds, namely the Malta Government Bond Fund and Malta Cautious Fund will be launched during Q2 2017. To date these sub-funds have been licensed by the MFSA and are currently in the initial offering period. The directors consider that the year-end financial position was satisfactory and that the Company is well placed to sustain the present level of activity in the foreseeable future.

## **Independent auditor's report**

to the members of  
**Calamatta Cuschieri Funds SICAV plc**

### ***Opinion***

We have audited the accompanying financial statements of Calamatta Cuschieri Funds SICAV plc ("the Company"), constituting each of the sub-funds of the Company, set out on pages 12 to 50, which comprise each of the statements of financial position as at 31 December 2016, and the statements of profit or loss or other comprehensive income, statements of changes in net assets attributable to holders of redeemable shares and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

### ***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 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 that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of Matter – value of investments at fair value through profit or loss***

We draw attention to note 9.1 to the financial statements which describes that the financial year-end of certain underlying collective investment schemes is not co-terminous with that of the Company and in certain instances where the year-ends are co-terminous, independently audited financial statements are not readily available as at the reporting date of the Company. As a result, the valuation of these collective investment schemes, in aggregate amounting to EUR1,210,662, cannot be corroborated against independently audited net asset values as at 31 December 2016 and have been based on net assets values as calculated by the administrators of the underlying funds. Because of the inherent uncertainty in the aforesaid valuations, reported figures might differ from the values that would have been obtained had independently audited net asset values as at 31 December 2016 been available. Our opinion is not qualified in respect of this matter.

### ***Information Other than the Financial Statements and the Auditor's Report Thereon***

The directors are responsible for the other information. The other information comprises the information included in the directors' report, investment manager report, custodian report, statement of directors' information and other general information and further information from pages 54 to 60 respectively, but does not include the financial statements and our auditor's report thereon.

Except for our opinion on the directors' report in accordance with the Companies Act (Cap.386), our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

## **Independent auditor's report (continued)**

to the members of  
**Calamatta Cuschieri Funds SICAV plc**

### ***Information Other than the Financial Statements and the Auditor's Report Thereon (continued)***

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386). In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap.386) in relation to the Directors' Report on page 9 to 11, in our opinion, based on the work undertaken in the course of the audit:

- 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 applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

### ***Responsibilities of the Directors for the Financial Statements***

As explained more fully in the statement of directors' responsibilities on page 12, 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 management either intends to liquidate the Company or to cease operations, or has 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 judgment 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 members of  
**Calamatta Cuschieri Funds SICAV plc**

### ***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.

### ***Report on Other Legal and Regulatory Requirements***

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

- Proper accounting records have not been kept;
- Proper 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; or
- We have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

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

The engagement director on the audit resulting in this independent auditor's report is Sarah Curmi.



Sarah Curmi as Director  
in the name and on behalf of  
**Deloitte Audit Limited**  
Registered auditor  
Mriehel, Malta.

26 April 2017

# Calamatta Cuscheri Funds SICAV plc

## Portfolio of net assets 31 December 2016

### *High Income Bond Fund EUR*

	Denominated in:	Fair Value EUR	Percentage of total net assets %
<b>Debt Instruments</b>			
42 Invest plc 6.25%	EUR	164,721	0.34
8.875% ABENGOA FINANCE 05/02/2018	EUR	8,880	0.02
4% AEGON NV 25/04/2044	EUR	499,895	1.03
6.25% THOMAS COOK GR 15/06/2022	EUR	633,000	1.30
4.75% ALLIANZ SE 29/10/2049	EUR	221,478	0.46
4.75% GRUPO ANTOLIN DU 01/04/2021	EUR	830,000	1.71
3.875% AVIVA PLC 03/07/2044	EUR	309,930	0.64
3.875% AXA SA 20/05/2049	EUR	514,845	1.06
6.5% BARCLAYS PLC 29/12/2049	EUR	389,500	0.80
7.125% BANCO ESPIRITO 28/11/2023	EUR	1,878	0.00
10% BANK OF IRELAND 19/12/2022	EUR	659,690	1.36
6.125% BNP PARIBAS 29/12/2049	EUR	210,126	0.43
6.625% VIVACOM 15/11/2018	EUR	815,000	1.68
6.125% CHEMOURS CO 15/05/2023	EUR	599,628	1.24
4.87% CASINO GUICHARD 31/01/2049	EUR	476,875	0.98
5.75% CREDIT SUISSE 18/09/2025	EUR	548,580	1.13
5.75% DANSKE BANK A/S 31/10/2049	EUR	520,315	1.07
6% DEUTSCHE BANK AG 29/12/2049	EUR	440,940	0.91
5.375% ELEC DE FRANCE 29/01/2049	EUR	603,378	1.24
8.25% SANTOS FINANCE 22/09/2070	EUR	260,470	0.54
6.125% BOMBARDIER INC 15/05/2021	EUR	635,250	1.31
4.5% EIRCOM FINANCE 31/05/2022	EUR	631,878	1.30
3.625% ENERGIE BADEN-WU 02/04/2076	EUR	303,828	0.63
6.5% ENEL SPA 10/01/2074	EUR	431,752	0.89
3.6% GAZPROM 26/02/2021	EUR	527,500	1.09
3.5% GESTAMP FUN LUX 15/05/2023	EUR	313,314	0.65
7.5% GARFUNKELUX HOLD 01/08/2022	EUR	841,504	1.73
3% HELLENIC REPUBLI 24/02/2024	EUR	160,760	0.33
3.375% HANNOVER RUECKV 29/06/2049	EUR	308,451	0.64
5.25% HSBC HOLDINGS 29/12/2049	EUR	394,528	0.81
4.75% INTL GAME TECH 15/02/2023	EUR	437,752	0.90
4% INEOS FINANCE PL 01/05/2023	EUR	1,038,130	2.14
5.625% KBC GROEP NV 29/03/2049	EUR	707,000	1.46
6.25% EPHIOS BONDSCO 01/07/2022	EUR	875,000	1.80
6.5% LECTA SA 01/08/2023	EUR	719,250	1.48
7% LOCK 15/08/2021	EUR	852,504	1.76
4.875% LOXAM SAS 23/07/2021	EUR	835,504	1.72
4.625% CEMEX FINANCE 15/06/2024	EUR	514,375	1.06
4.5% MALTA GOVERNMENT 25/10/2028	EUR	541,120	1.11
5.921% MAPFRE SA 24/07/2037	EUR	255,195	0.53
8.5% MCLIM-CALLO2/17 15/11/2019	EUR	631,500	1.30
4.8% MED MARITIME HUB 14/10/2026	EUR	372,600	0.77
5.25% ORANGE 29/12/2049	EUR	438,384	0.90
7.5% HP PELZER 15/07/2021	EUR	429,000	0.88
5.875% PETROBRAS 07/03/2022	EUR	530,625	1.09
2.625% CROWN EUROPEAN 30/09/2024	EUR	589,500	1.21
5.5% RABOBANK 22/01/2049	EUR	506,565	1.04
2.125% PERNOD RICARD SA 27/09/2024	EUR	432,956	0.89

# Calamatta Cuscheri Funds SICAV plc

## Portfolio of net assets (continued) 31 December 2016

### High Income Bond Fund EUR (continued)

	Denominated in:	Fair Value EUR	Percentage of total net assets %
<b>Debt Instruments</b>			
1.622% RZB FINANCE JERS 16/05/2165	EUR	269,064	0.55
6.25% BANCO SANTANDER 12/03/2049	EUR	562,500	1.16
4% SAPPY PAPIER HOL 01/04/2023	EUR	742,000	1.53
6.5% SELECTA GROUP BV 15/06/2020	EUR	364,500	0.75
5.425% SOLVAY FIN 29/11/2049	EUR	324,750	0.67
9.875% TAKKO LUX 2 SCA 15/04/2019	EUR	326,252	0.67
7.375% THOM EUROPE 15/07/2019	EUR	422,252	0.87
3.625% TELECOM ITALIA 25/05/2026	EUR	308,439	0.64
6.25% TELENET FIN V 15/08/2022	EUR	638,628	1.32
6.375% TR OP / TR FIN 01/05/2022	EUR	645,000	1.33
4.75% UBS AG 12/02/2026	EUR	537,940	1.11
5.75% UBS GROUP 29/12/2049	EUR	211,126	0.44
7.875% ADRIA BIDCO BV 15/11/2020	EUR	210,000	0.43
5.625% UNITYMEDIA 15/04/2023	EUR	430,000	0.89
4.85% VOLVO TREAS AB 10/03/2078	EUR	209,750	0.43
1.875% VODAFONE GROUP 11/09/2025	EUR	421,920	0.87
4.625% VOLKSWAGEN INTFN 29/03/2049	EUR	510,815	1.05
9.5% WFS GLOBAL HLDGS 15/07/2022	EUR	621,750	1.28
7% WIND ACQ 23/04/2021	EUR	835,000	1.72
8.5% PATERNOSTER HOLD 15/02/2023	EUR	290,064	0.60
5.25% MALTA GOVERNMENT 23/06/2030	EUR	441,120	0.91
<b>Total debt instruments</b>		<b>33,287,724</b>	<b>68.59</b>
<b>Exchange traded funds</b>			
DB X-TRACKERS II ITRAXX CROSSOVER UCITS ETF	EUR	377,113	0.78
ISHARES EURO HIGH YIELD CORPORATE BOND UCITS	EUR	425,600	0.88
LYXOR EUROMTS 1-3Y INVESTMENT	EUR	379,410	0.78
LYXOR UCITS ETF EUROMTS 7-10 INVESTMENT GRADE	EUR	367,156	0.76
LYXOR ETF EUROMTS 10-15Y INVESTMENT GRADE	EUR	365,488	0.75
LYXOR UCITS ETF EUROMTS 15+Y I	EUR	215,490	0.44
LYXOR BOFAML EURO High Yield EX-F		292,000	0.60
<b>Total exchange traded funds</b>		<b>2,422,256</b>	<b>4.99</b>
<b>Collective investment schemes</b>			
HEDGE INVEST INTERNATIONAL FUND	EUR	719,857	1.48
<b>Total collective investment schemes</b>		<b>719,857</b>	<b>1.48</b>
<b>Total portfolio of investments</b>		<b>36,429,836</b>	<b>75.06</b>
Bank balances		11,658,972	24.02
Other assets net of liabilities		445,531	0.92
<b>Net Assets</b>		<b>48,534,339</b>	<b>100.00</b>

# Calamatta Cuschieri Funds SICAV plc

## Portfolio of net assets (continued) 31 December 2016

### *High Income Bond Fund USD*

	Denominated in:	Fair Value EUR	Percentage of total net assets %
<b>Debt Instruments</b>			
5.25% ELEC DE FRANCE 29/01/2023	USD	180,536	0.99
4.375% FORD MOTOR CRED 06/08/2023	USD	196,324	1.08
7.75% ABENGOA FINANCE 01/02/2020	USD	5,577	0.03
5.5% ALLIANZ SE 26/09/2018	USD	191,876	1.06
6.375% APX GROUP INC 01/12/2019	USD	293,990	1.62
7% AVAYA INC 01/04/2019	USD	249,952	1.38
8.25% BARCLAYS PLC 15/12/2018	USD	198,538	1.09
6.125% BOMBARDIER INC 15/01/2023	USD	272,060	1.50
7.25% COUNTRY GARDEN 04/04/2021	USD	300,228	1.65
6.5% CREDIT SUISSE 08/08/2023	USD	202,543	1.11
8% CONSOL MINERALS 15/05/2020	USD	159,793	0.88
6.25% DEUTSCHE BANK AG 30/04/2020	USD	167,367	0.92
6.75% BPCE 27/04/2017	USD	192,464	1.06
7.25% JBS USA LUX/FIN 01/06/2021	USD	197,657	1.09
9.125% SPRINT NEXTEL 01/03/2017	USD	192,427	1.06
9.25% GAZPROM 23/04/2019	USD	323,762	1.78
9.25% CORP GEO 30/06/2020	USD	1,480	0.01
6.25% GTH FINANCE BV 26/04/2020	USD	399,829	2.20
5.625% HSBC HOLDINGS 17/01/2020	USD	188,617	1.04
6% ICAHN ENTER/FIN 01/08/2020	USD	390,320	2.15
5.625% INEOS GROUP HOLD 01/08/2024	USD	472,449	2.60
6.25% INTL GAME TECH 15/02/2022	USD	408,862	2.25
5.875% JBS USA LLC/JBS 15/07/2024	USD	393,173	2.16
7% KB HOME 15/12/2021	USD	608,301	3.35
4.75% LENNAR CORP 15/11/2022	USD	489,389	2.69
9.5% MARFRIG OVERSEAS 04/05/2020	USD	98,174	0.54
6.625% MMC NOR VIA MMC 14/10/2022	USD	318,593	1.75
8.375% MARFRIG HLDG EUR 09/05/2018	USD	200,034	1.10
5.5% NORDEA BANK AB 23/09/2019	USD	284,077	1.56
7.875% GRUPO POSADAS 30/06/2022	USD	189,931	1.04
6.375% BANCO SANTANDER 19/05/2019	USD	354,664	1.95
4.95% SBERBANK 07/02/2017	USD	190,786	1.05
5.25% SBERBANK 23/05/2023	USD	190,284	1.05
7% SCIENTIFIC GAMES 01/01/2022	USD	511,672	2.81
11.5% SPRINT NEXTEL 15/11/2021	USD	350,860	1.93
5.75% TURKCELL ILETISI 15/10/2025	USD	185,618	1.02
5.5% TENEDORA NEMAK 28/02/2023	USD	190,168	1.05
4.25% JAGUAR LAND ROVR 15/11/2019	USD	393,648	2.17
4.875% TURK TELEKOM 19/06/2024	USD	357,467	1.97
5.125% UBS AG 15/05/2024	USD	288,627	1.59
8% UNICREDIT SPA 03/06/2024	USD	350,385	1.93
8.25% VALE OVERSEAS 17/01/2034	USD	211,562	1.16
6% VEDANTA RESOURCE 31/01/2019	USD	191,239	1.05
5.25% VIRGIN MEDIA SEC 15/01/2026	USD	188,504	1.04
7.375% WIND ACQ 23/04/2021	USD	396,741	2.18
13.625% VENEZUELA 15/08/2018	USD	157,319	0.87
<b>Total debt Instruments</b>		<b>12,277,867</b>	<b>67.54</b>

# Calamatta Cuschieri Funds SICAV plc

## Portfolio of net assets (continued) 31 December 2016

### *High Income Bond Fund USD (continued)*

	Denominated in:	Fair Value EUR	Percentage of total net assets %
<i>Exchange traded funds</i>			
ISHARES USD HIGH YIELD CORPORATE BOND UCITS	USD	309,488	1.71
<b>Total exchange traded funds</b>		<b>309,488</b>	<b>1.71</b>
<i>Collective investment schemes</i>			
MUZINICH FUNDS - LONG SHORT CREDIT YIELD	USD	490,805	2.70
<b>Total collective investment schemes</b>		<b>490,805</b>	<b>2.70</b>
<b>Total portfolio of investments</b>		<b>13,078,160</b>	<b>71.95</b>
Bank balances		4,961,781	27.30
Other assets net of liabilities		138,055	0.76
<b>Net Assets</b>		<b>18,177,996</b>	<b>100.00</b>

# Calamatta Cuschieri Funds SICAV plc

## Portfolio of net assets (continued)

31 December 2016

### Equity Fund

	Denominated in:	Fair Value EUR	Percentage of total net assets %
<b>Equities</b>			
ALLIANZ SE	EUR	471,000	5.37
APPLE INC	EUR	221,000	2.52
ASML HOLDING NV	EUR	479,925	5.47
BAYERISCHE MOTOREN WERKE AG	EUR	488,125	5.56
BNP PARIBAS SA	EUR	363,300	4.14
VINCI SA	EUR	129,400	1.47
TOTAL SA	EUR	438,480	5.00
VALEO SA	EUR	327,660	3.73
SOCIETE GENERALE SA	EUR	350,588	4.00
KROGER CO	USD	49,220	0.56
MASTERCARD INC	USD	58,905	0.67
LVMH MOET HENNESSY LOUIS VUITTON	EUR	453,500	5.17
L'OREAL SA	EUR	242,760	2.77
RENAULT SA	EUR	169,020	1.93
CIE DE SAINT-GOBAIN	EUR	256,679	2.93
UNILEVER NV	EUR	148,050	1.69
<b>Total equities</b>		<b>4,647,612</b>	<b>52.97</b>
<b>Exchange traded funds</b>			
LYXOR UCITS ETF CAC 40	EUR	476,900	5.44
ISHARES CORE S&P 500 UCITS ETF	USD	497,152	5.67
Lyxor DAX (DR) UCITS ETF	EUR	1,374,250	15.66
ISHARES EURO STOXX50 UCITS	EUR	992,400	11.31
LYXOR ETF STOXX EUROPE 600 TECHNOLOGY	EUR	315,680	3.60
<b>Total exchange traded funds</b>		<b>3,656,382</b>	<b>41.67</b>
<b>Total portfolio of investments</b>		<b>8,303,993</b>	<b>94.64</b>
Bank balances		509,947	5.81
Other liabilities net of assets		(39,411)	(0.45)
<b>Net Assets</b>		<b>8,774,529</b>	<b>100.00</b>

# Calamatta Cuschieri Funds SICAV plc

## Portfolio of net assets (continued)

31 December 2016

### Global Balanced Income Fund

	Denominated in:	Fair Value EUR	Percentage of total net assets %
<b>Debt Instruments</b>			
5.125% GRUPO ANTOLIN DU 30/06/2022	EUR	108,125	2.40
9.125% SPRINT NEXTEL 01/03/2017	USD	24,053	0.53
7.5% GARFUNKELUX HOLD 01/08/2022	EUR	210,413	4.67
4% INEOS FINANCE PL 01/05/2023	EUR	207,626	4.61
4.75% LENNAR CORP 01/04/2021	USD	49,265	1.09
7% KB HOME 15/12/2021	USD	50,692	1.13
6.5% LECTA SA 01/08/2023	EUR	205,500	4.56
7% LOCK 15/08/2021	EUR	106,563	2.37
4.875% LOXAM SAS 23/07/2021	EUR	104,438	2.32
4.8% MED MARITIME HUB 14/10/2026	EUR	93,150	2.07
7.5% HP PELZER 15/07/2021	EUR	214,500	4.76
<b>Total debt Instruments</b>		<b>1,374,325</b>	<b>30.53</b>
<b>Equities</b>			
ALLIANZ SE-REG	EUR	109,900	2.44
BNP PARIBAS SA	EUR	115,045	2.56
VINCI SA	EUR	90,580	2.01
TOTAL SA	EUR	243,600	5.41
VALEO SA	EUR	109,220	2.43
SOC GENERALE SA	EUR	116,863	2.60
LVMH MOET HENNESSY LOUIS VUITT	EUR	126,980	2.82
L'OREAL SA	EUR	104,040	2.31
<b>Total equities</b>		<b>1,016,228</b>	<b>22.57</b>
<b>Exchange traded funds</b>			
ISHARES EUR CORP BOND EX-FINANCE	EUR	235,240	5.23
LYXOR CAC 40 DR UCITS ETF	EUR	143,070	3.18
iShares Core S&P 500 UCITS ETF	USD	629,049	13.97
LYXOR DAX (DR) UCITS ETF	EUR	219,880	4.88
ISHARES EUR HIGH YIELD CORP BOND	EUR	212,800	4.73
ISHARES USD HIGH YIELD CORP BOND	USD	98,878	2.20
LYXOR UCITS ETF EUROMTS 1-3Y INVESTMENT GRADE	EUR	126,470	2.81
ISHARES EURO STOXX 50 UCITS ETF	EUR	297,720	6.61
<b>Total exchange traded funds</b>		<b>1,963,107</b>	<b>43.61</b>
<b>Total portfolio of investments</b>		<b>4,353,660</b>	<b>96.71</b>
Bank balances		144,288	3.20
Other assets net of liabilities		4,046	0.09
<b>Net Assets</b>		<b>4,501,994</b>	<b>100.00</b>

## **Appendix 1 – General information**

### **1. Authorisation**

Calamatta Cuschieri Funds SICAV p.l.c. is an open ended collective investment scheme organised as a multi fund public liability company with variable share capital. The Company was registered on 3<sup>rd</sup> June 2011 and is licensed and regulated by the Malta Financial Services Authority as a collective investment scheme under the Investment Services Act (Cap 370) of the Laws of Malta. The company qualifies as a ‘Maltese UCITS’ in terms of the Investment Services Act (Marketing of UCITS) Regulations (S.L. 370.18, Laws of Malta).

### **2. Management Fees and other expenses**

#### *a) Registrar Fees*

A fee of EUR2,360 (including VAT) is levied by the Administrator for acting as Registrar to the Company

#### *b) Secretarial Fees*

A fee of EUR2,500 (excluding VAT) is charged by the Administrator for acting as Secretary to the Company.

As from the 20<sup>th</sup> of January 2017 the Secretarial fee will increase to EUR5,000 (excluding VAT) as decided in the board meeting of 20<sup>th</sup> January 2017.

#### *c) Dividend Administration Fee*

No fees are charged by the Administrator for administering the payment of the dividend.

#### *d) General*

All fees may be increased with the agreement of the Company and the members shall be notified accordingly.

### **3. Risk Warning**

Past performance is not necessarily a guide to future performance. The value of investments and the currency in which these are denominated may go down as well as up and investors may not always get back their initial investment. Investments in collective investment schemes should be regarded as a medium to long term investment.

This annual report does not constitute an offer to purchase units in the respective funds. The opinions expressed are given in good faith and should not be construed as investment and /or tax advice

### **4. Main changes to the Company’s documents during the reporting year**

Custodian Fees: A supplemental agreement for each of the following sub-funds has been entered into between the SICAV and the Custodian on the 7th August 2015.

- High Income Bond Fund EUR
- High Income Bond Fund USD
- Global Asset Allocation Fund
- Euro Equity Fund

By means of this supplemental agreement, the fee schedule for each of the above listed sub-funds has been amended with effective date being the 7th August 2015 as disclosed in note 6 to the financial statements.

### **5. Main changes in the Company’s documents post reporting period**

There were no changes in the Company documentation post the period under review, other than those mentioned in note 13 to the financial statements.

The Directors  
Calamatta Cuschieri Funds SICAV plc  
Ewropa Business Centre  
Dun Karm Street  
B'Kara BKR 9034  
Malta

26<sup>th</sup> April 2017

## Report of the Custodian

We, Sparkasse Bank Malta plc, as Custodian to the Euro Equity Fund, Global Asset Allocation Fund, Global Balanced Income Fund, High Income Bond Fund EUR and High Income Bond Fund USD ("the sub-funds"), being sub-funds of CALAMATTA CUSCHIERI FUNDS SICAV PLC ("the Company"), hereby confirm having enquired into the conduct of the Manager for the period 1<sup>st</sup> January 2016 up until 31<sup>st</sup> December 2016 being the end of the financial year and report as follows:

- Euro Equity Fund

We confirm, that during the period, the sub-fund was managed in accordance with the limitations imposed on the investment and borrowing powers of the respective sub-fund by their constitutional documents and by the Malta Financial Services Authority.

- Global Asset Allocation Fund

By virtue of the powers granted under Article 9.2 of the Articles of Association, all Investor Shares constituting the sub-fund have been repurchased and the Collective Investment Scheme licence was surrendered to the Malta Financial Service Authority ("MFSA"). The Final Net Asset Value ("NAV") per share was calculated on the 3<sup>rd</sup> February 2016 as of the close of business on the 2<sup>nd</sup> February 2016.

We confirm, that up to the dissolution, the sub-fund was managed in accordance with the limitations imposed on the investment and borrowing powers of the respective sub-fund by their constitutional documents and by the Malta Financial Services Authority.

- Global Balanced Income Fund

Given that the Malta Financial Service Authority allows recently authorised sub-funds to derogate from the provisions imposed by the UCITS directive for 6 (six) months following the date of their authorisation (7<sup>th</sup> August 2015) provided that the sub-fund observes the principle of risk spreading, the sub-fund shall comply with the provisions as from the 7<sup>th</sup> February 2016, we confirm, that during the period, the sub-fund was managed in accordance with the limitations imposed on the investment and borrowing powers of the respective sub-fund by their constitutional documents and by the Malta Financial Services Authority.

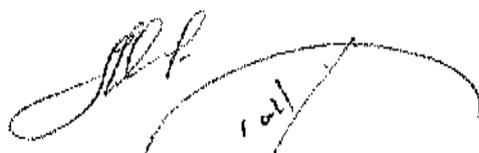
- High Income Bond Fund EUR

We confirm, that during the period, the sub-fund was managed in accordance with the limitations imposed on the investment and borrowing powers of the respective sub-fund by their constitutional documents and by the Malta Financial Services Authority.

- High Income Bond Fund USD

We confirm, that during the period, the sub-fund was managed in accordance with the limitations imposed on the investment and borrowing powers of the respective sub-fund by their constitutional documents and by the Malta Financial Services Authority.

And otherwise in accordance with its Constitutional Documents and its Licence Conditions.



o.b.o  
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