



PELARGOS CAPITAL B.V.

Financial Figures 2015

The Hague
31 August 2015

Company information

Statutory directors

Orange Dragon Company B.V.
Emphi B.V.

Address

Prinses Margrietplantsoen 43, 2595 AM The Hague
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Auditors

PricewaterhouseCoopers Accountants N.V.
Fascinatio Boulevard 350, 3065 WB Rotterdam

General

Pelargos Capital B.V., incorporated and domiciled in the Netherlands, is a private limited liability company organized under Dutch law and recorded in the Commercial Register of The Hague under its registered address at Prinses Margrietplantsoen 43, 2595 AM, The Hague.

The major shareholder in Pelargos Capital B.V. is Aegon Asset Management Holding B.V.. Aegon Asset Management Holding B.V. is a wholly owned subsidiary of Aegon N.V.

Pelargos Capital B.V. has been granted the license to manage investment funds (as meant in *Article 2:65, first paragraph, sub a, Wet Financieel Toezicht*) by Autoriteit Financiële Markten as of 9 December 2010. The granted license was transferred into an AIFM license as of 22 July 2014.

Profile

The statutory objectives of the company are:

- to act as a manager of one or more funds for joint account;
- to conduct the management over and to be (managing) director of one or more other investment institutions, companies and legal entities; and
- to invest assets in any other way, whether or not at the risk and expense of third parties; as well as to participate in, to take an interest in any other way in, to conduct the management of other business enterprises of whatever nature, furthermore to finance third parties, in any way to provide security or undertake the obligations of third parties and finally all activities which are incidental to or which may be conducive to any of the foregoing.

Pelargos Capital B.V. was established on March 4th in 2008. In June 2008 and July 2008 the Pelargos Asia Alpha Fund respectively the Pelargos Japan Alpha Fund were launched. Pelargos Capital B.V. is the investment manager of these investment funds. As at 30 June 2015, Pelargos Capital B.V. managed only these two investment funds. The funds strive for capital growth by taking long and short exposures in securities related to Asian respectively Japanese companies. Pelargos Capital B.V. does not exert an active voting policy.

Key figures (€)	H1 2015	H1 2014	2014
Revenues	1,172,287	1,258,114	2,531,345
Costs	1,400,009	1,498,978	2,691,620
Net result	(138,459)	(202,668)	(118,823)
Equity	3,800,084	3,854,698	3,938,543
Assets under management	240,047,054	279,097,405	282,380,027

Management report

Introduction

Pelargos Capital B.V. (hereafter: Pelargos) realized a net loss of €138.459 in the first half year of 2015.

In the first half year of 2015 the B class of the Pelargos Japan Alpha Fund posted a performance of 7.6% and the Pelargos Asia Alpha Fund of 2.5%. Assets under management as of June 30 were €240 million. Fund sizes decreased as a result of a rebalancing at cornerstone investor Aegon, which saw its pool of equity investments shrink due to a client asset allocation shift.

Market environment

The equity markets in Asia had a good start to the year, despite disappointing global macro economic data. Towards the end of the second quarter, Asian equity markets started to correct as macro weakness persisted.

It remains challenging to attract new clients with the current products' fund structures. Pelargos has set up a commonly used Cayman unit trust structure, targeted at Japanese and Asian institutional investors.

Significant time has been spent on the migration of Fund Accounting, Transfer Agency Services and Depositary services from Citibank to BNY Mellon. Migration date was 13th April.

Strategy & Outlook

Pelargos will continue its cooperation with TAP Japan on research and distribution activities. A

Cayman unit trust structure has been set up and can go live when seed capital is arranged. Pelargos is also exploring (long only) UCITS opportunities upon request of a prospective client. Additionally, the website is currently being redesigned.

Compliance and risk management

Pelargos has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business. Risk management for the company operates within this governance framework, which includes an independent compliance committee and a compliance officer. Risk management is considered an integral part of the investment and the operational process. A further elaboration on risks is provided in the annual reports of 2014 for Pelargos Capital and its investment funds, as well as in both prospectuses of the investment funds.

Financials

The net loss amounted to €138,459. We expect a loss for 2015; although cost control is an important point of attention, a certain capital expenditure on marketing, legal and IT is required to enable future growth.

The Hague, 27 August 2015

Orange Dragon Company B.V.
R.A. Dingemans

Emphi B.V.
P.P.J. van de Laar

Balance sheet per June 2015

(Before profit distribution)

ASSETS	2015	2014
	€	€
Fixed assets		
<i>Material fixed</i>		
Property and equipment	20.653	24.685
Hardware	2.528	3.890
	23.181	28.575
Current		
<i>Receivables</i>		
Accounts receivable	472.863	334.092
Units of participations in Funds	487.209	452.505
Corporate Tax	213.183	154.395
Other current assets	154.296	91.253
	1.327.551	1.032.245
<i>Cash and cash equivalents</i>		
Bank	3.428.194	3.686.646
	3.428.194	3.686.646
Total assets	4.778.926	4.747.466

EQUITY & LIABILITIES	2015	2014
	€	€
Equity		
Share capital	18.000	18.000
Ordinary share premiums	482.000	482.000
Other reserve	3.438.543	3.557.366
Net Result	-138.459	-118.823
	3.800.084	3.938.543
Current		
Variable pay	364.277	181.912
Current account related parties	522.598	532.308
Accounts payable	15.277	77.454
Wage tax	30.255	-
Other current liabilities	46.435	17.249
	978.842	808.923
Total liabilities	4.778.926	4.747.466

Profit and loss account 1 January - 30 June 2015

P&L	2015 €	2014 €
Total revenues	1.172.287	1.258.114
Total costs	1.400.009	1.498.978
Earnings from operations	-227.722	-240.864
Investment results	34.704	-20.599
Other income	16.690	2.163
Earning before interest and tax	-176.328	-259.300
Interest	3.280	6.005
Result before tax	-173.048	-253.295
Corporate income tax	-34.589	-50.627
Result after tax	-138.459	-202.668

Cash flow statement 1 January - 30 June 2015

(Indirect method)

CASHFLOW STATEMENT	2015 €	2014 €
Earnings from operations	-227.722	-240.864
Adjustments for		
Depreciation	5.394	5.394
Change in receivables	-295.306	3.513.857
Change in liabilities	169.919	-909.477
Due corporate tax	34.589	50.627
	-85.404	2.660.401
Cash flow from operations	-313.126	2.419.537
Investment results	34.704	-
Investments in fixed assets	-	-
Cash flow from investments	34.704	-
Interest	3.280	6.005
Dividends paid	-	-2.086.250
Cash flow from financing	3.280	-2.080.245
Other income	16.690	-18.436
Cash flow from other	16.690	-18.436
Change in cash	<u>-258.452</u>	<u>320.856</u>
Reconciliation with Bank		
Bank 1/1	3.686.646	3.130.137
Bank 31/12	3.428.194	3.450.993
Change	<u>-258.452</u>	<u>320.856</u>