PELARGOS ASIA ALPHA FUND

UNAUDITED CONDENSED INTERM FINANCIAL STATEMENTS

FOR THE PERIOD FROM

1 JANUARY 2017
TO
30 JUNE 2017

UNAUDITED FINANCIAL STATEMENTS
For the period from 1 January 2017 to 30 June 2017 **Page**

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FUND INFORMATION

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DEPOSITARY	The Bank of New York Mellon SA/NV WTC Building, Podium Office, B-Tower Strawinskylaan 337 1077 XX Amsterdam The Netherlands
TITLE HOLDER	Stichting Pelargos Asia Alpha Fund c/o: SGG Custody B.V. Amerika Building Hoogoorddreef 15 1101 BA Amsterdam The Netherlands
ADMINISTRATOR	The Bank of New York Mellon SA/NV WTC Building, Podium Office, B-Tower Strawinskylaan 337 1077 XX Amsterdam The Netherlands
PRIME BROKERS	UBS AG 1 Finsbury Avenue London EC2M 2PP United Kingdom
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LEGAL ADVISOR	De Brauw Blackstone Westbroek N.V. Claude Debussylaan 80 1082 MD Amsterdam The Netherlands
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FUND PROFILE

Pelargos Asia Alpha Fund
The Pelargos Asia Alpha Fund (the “Fund”) is an open-ended investment fund. Issue and redemption of units of participation is possible as per instruction of the participant as described in the Prospectus. Date of commencement of Net Asset Value (“NAV”) calculation was 20 June 2008.

Key Features Document (“Essentiële Beleggersinformatie”) and Prospectus
The Fund's Key Features Document contains information related to its costs and risks. The Key Features Document and Prospectus are available on www.pelargoscapital.com.

Investment objective
The Fund’s objective is to achieve capital appreciation through investing in long and short positions in equities related to enterprises located in the Asia-Pacific region. The Fund seeks to limit the downward risk and aims for returns that have a low correlation with the returns of the market index. To achieve the Fund's objective, the Manager may use leverage. Potentially increasing the return of the Fund through derivative positions and securities borrowing as well as increasing the exposure of the Fund by borrowing cash are regarded as leveraging techniques.

Dividend
In principle the Fund does not pay dividends. The Manager is, however, authorised to decide to pay part of the profit available for distribution to the participants.

Manager
Pelargos Capital B.V. (the “Manager”) is the Manager of the Fund and as such is responsible for determining and implementing the investment policy. Pelargos Capital B.V. is registered at The Netherlands Authority of the Financial Markets (AFM). The Pelargos Asia Alpha Fund does not employ any personnel, as all services are provided by the Manager.

The Manager was incorporated on 4 March 2008 and has its registered office in The Hague. The directors of the Manager are Orange Dragon Company B.V. (represented by R.A. (Richard) Dingemans and P.P.J. (Patrick) van de Laar).

Depositary
The Manager has appointed The Bank of New York Mellon in Amsterdam, trading as The Bank of New York Mellon SA/NV, Amsterdam Branch, as Depositary of the Fund.

Stichting Pelargos Asia Alpha Fund (“Stichting”) is the legal owner of the assets of the Fund. The Manager of the “Stichting” is SGG Custody B.V.

Administrator
The Bank of New York Mellon SA/NV, Amsterdam Branch, is the administrator of the Fund, certain administration services are being outsourced to BNY Mellon Fund Services (Ireland) Designated Activity Company (DAC) in Dublin, Ireland. The Administrator was incorporated under Irish law on 31 May 1994 and is registered under number 218007 with the Companies Registration Office in Ireland. Furthermore, certain services in relation to transfer agency are being outsourced to The Bank of New York Mellon (Luxembourg) S.A.

Prime Brokers
The Prime Brokers (the “Prime Brokers”) of the Fund are UBS AG, London, United Kingdom and Goldman Sachs International, London, United Kingdom.

MANAGER'S REPORT
For the period from 1 January 2017 to 30 June 2017

Performance

2017	Jan	Feb	Mar	Apr	May	Jun	YTD
Class A EUR	1.29	-1.2	0.96	-0.15	-0.3	0.86	1.45
Class B EUR	1.34	-1.16	1.01	-0.11	-0.26	0.9	1.71

Source: BNY Mellon

Note: Share class B (longer lock-up) was seeded in 2008. Class A (no lock-up) was seeded in January 2009.

In the first six months of 2017, the Pelargos Asia Alpha Fund returned 1.45% for the class A EUR and 1.71% for the class B EUR shares. This brought the inception-to-date performance of class B shares to -0.51%, which translates into an annualized return of -0.1%. The MSCI Asia Pacific index measured in U.S. Dollar terms returned 14.48% in the first half of 2017 and has lost 13.03% since the inception of the fund.

The Fund size decreased by €6.9mln, to €120.9mln as of the 30 June 2017, as a result of a portfolio rebalancing at cornerstone investor Aegon.

Review of first half 2017

2017 started off strongly across Asian equity markets with all country indices up half way through the year. Sentiment at the start of the year was positive as anticipation of a pick-up in U.S. economic growth due to reforms and infrastructure spending by the Trump administration buoyed global equity markets. This improvement in sentiment was accompanied by incrementally better economic data releases and a weaker U.S. dollar, further boosting sentiment towards Asian equity markets. From the second quarter onwards, the U.S. 10-year government bond yield started to come off, driven by a slightly more dovish guidance from the FED and delays in U.S. government's fiscal spending and tax reform plans. Hence, a goldilocks scenario for Asian equity markets has unfolded, with reasonable economic growth, subdued inflation and supportive monetary policy during the first half of 2017.

On a sector level, IT performed very strong gaining 31% during the first half of the year. This strong performance was broad based, as the whole sector benefitted from multiple growth drivers such as: the iPhone 8 launch driving strong demand for electronic components, mass adoption of OLED displays and solid state hard disks (SSD's) and artificial intelligence which drives new semiconductor development and tightens supply/demand in the DRAM and NAND-flash industry. This has boosted earnings at Samsung Electronics, SK Hynix and TSMC. The weakest sector during the first half was Energy as oil sold off steadily across the month to a low of -25.4% during late June. On a country level, the Chinese stock market was the strongest performer appreciating 24.5%. In part, this was driven by improved macro-economic data as PPI inflation bottomed out early in the year. The positive turn in PPI inflation has improved China's Industrial profit growth. In addition, China's property cycle has remained robust and is supporting domestic consumption. This subsequently boosted investor attitudes toward Chinese equities. From a style perspective, 'growth' stocks started to outperform 'value' stocks from the start of the second quarter.

Investment policy and attribution

During the first quarter of the year our net exposure gradually moved up from 27.7% to 56.3% and our Gross Exposure increased from 90.5% to 107%. In part this was driven by good performance in our long book. However, we also added to our long exposure as sentiment and economic data (incrementally) improved. Meanwhile, we kept our short exposure relatively stable. Consequently, our net and gross exposure moved up during the first quarter of the year. As Asian equity markets performed strongly we started to take profit in the long book and lowered our short exposure as our conviction decreased after one of the strongest first quarters in years for Asian equity markets. As a result both our net and gross exposures came off during the second quarter.

MANAGER'S REPORT (continued)
For the period from 1 January 2017 to 30 June 2017

Investment policy and attribution (continued)

Our ex-ante volatility during the first half was subdued due to supressed realised volatility in global equity markets. The ex-ante volatility number stayed in a 4% to 6% range, ending the first half year of 2017 at 4.48%. Our ex-ante beta was a bit more volatile as we entered the year with a relatively low market exposure of 0.08 while it ended the period at 0.21.

Performance during the first half of the year was primarily driven by stock selection in the technology sector. Three of the top five largest contributors were tech stocks. Together, these stocks added 2.86% to the fund's performance compared to 4.78% for the top five gainers as a whole. Two of which, Samsung Electronics and SK Hynix, were beneficiaries of strong DRAM pricing due to favourable supply/demand dynamics. Our largest contributor, Haier Electronics, the Chinese home electric appliances company, added 1.13% to the performance of the fund as the company benefitted from the pick-up in Chinese consumption on the back of solid real estate price appreciation. Our top five negative contributors in total subtracted 1.8% of which -0.77% can be attributed to long positions in two gold mining stocks. In total the spread between the top gainers and losers is 1.98% meaning that most of the performance of the fund was driven by the tails of the return contribution distribution.

Outlook

For the next three months our view remains that the cyclical risk-on rally in Asian equities will continue. However, from the last quarter of the year onwards, we remain skeptical whether the current bull run in Asian equities can continue. In part this is due to excess liquidity drying up globally, which usually provides a headwind for risk assets with a 6-12 month lag. The deterioration in liquidity was very visible in China during April as authorities made headlines due to their crackdown on the shadow banking system. Also, U.S. credit growth, per Commercial and Industrial loan data from the FED, is slowing, which bodes ill for the U.S. economy. Hence, for the coming months we expect liquidity to remain supportive, which reduces the probability of a drawdown in equity markets. However, when liquidity starts to dry up, it is difficult to imagine market participants stepping in to provide liquidity at current equity valuations in the United States. Consequently, looking at markets from a liquidity perspective we remain cautious at these valuation levels.

The reflation trade of late remains a fact versus fiction narrative. With longer term facts (overcapacity, high debt levels, demographic headwinds) being challenged by short term fiction (better soft economic data points, expectations of tax reforms and infrastructure spending). With daily headlines being dominated by reflation it becomes easy to forget the backdrop in which we currently operate. To become structurally more bullish we would need to see hard economic data points picking up further (wage growth, capex and inflation). Sustainable economic growth, needed for us to become more bullish, needs to be driven by productivity gains and not by further credit fueled fixed asset investment.

Our long book is tilted towards high quality cyclicals with strong balance sheets in Technology and Consumer Discretionary. We strongly believe that the DRAM/NAND-flash cycle has more legs and provides some very attractive investment opportunities in Samsung Electronics and SK Hynix. Chinese consumers will continue to benefit from real wage growth, which bodes well for companies like Haier and Brilliance. On the short side, we believe that Australia's record run of 26 years without recession is coming to an end. There are some attractive short opportunities are in banks and the retail sector. Another market with sound long-term fundamentals is India, which is set to benefit from a demographic tailwind, positive regulatory reform and a bottoming credit cycle.

The Hague, 31 August 2017

R.A. Dingemans, on behalf of Orange Dragon Company B.V. Director Pelargos Capital B.V.	P.P.J. van de Laar, Director Pelargos Capital B.V.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	30 June 2017	31 December 2016
		€	€
Assets			
Financial assets at fair value through profit or loss	3,11	58,780,342	58,541,498
Amounts due from brokers	6	70,124	4,002,914
Dividends receivable		375,901	93,753
Margin account	5	18,675,691	23,182,895
Cash and cash equivalents	4	60,466,645	63,437,383
Total current assets		**138,368,703**	**149,258,443**
Liabilities			
Financial liabilities at fair value through profit or loss	3,11	14,914,717	18,219,229
Amounts due to brokers	6	2,161,019	4,855,745
Dividends payable		114,573	58,410
Management fee payable	7	99,569	106,709
Interest payable		79,604	117,628
Accrued expenses	8	78,208	142,376
Total current liabilities (excluding net assets attributable to holders of redeemable units of participation)		**17,447,690**	**23,500,097**
Net assets attributable to holders of redeemable units of participation		**120,921,013**	**125,758,346**

Class A	**30 June 2017**	**31 December 2016**	**31 December 2015**
Number of units of participation (Note 13)	242.63	242.63	242.63
Net asset value per unit of participation	€ 1,002.26	€ 987.90	€ 988.90
Class B			
Number of units of participation (Note 13)	121,290.16	128,306.82	125,002.07
Net asset value per unit of participation	€ 994.95	€ 978.27	€ 974.37
Total Net Asset Value	**€ 120,921,013**	**€ 125,758,346**	**€ 122,038,554**

The accompanying notes form an integral part of these condensed financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 January 2017 to 30 June 2017

	Note	1 January 2017 to 30 June 2017 €	1 January 2016 to 30 June 2016 €
Income			
Interest income	9	84,813	162,908
Gross dividend income	10	978,462	889,184
Net gain on financial assets and liabilities at fair value through profit or loss		415,129	1,554,305
Net gain/(loss) on cash and cash equivalents		2,378,368	(104,579)
Other income		183,194	-
Total income		**4,039,966**	**2,501,818**
Expenses			
Dividend expense on securities sold short	10	(422,132)	(912,091)
Management fee	7	(610,089)	(588,329)
Interest expense and borrowing fee	9	(699,390)	(1,118,661)
Audit fee		(15,760)	(15,250)
Administration fee		(59,762)	(58,755)
Depositary fee	7	(22,040)	(21,330)
Legal fee		(6,800)	(10,000)
Other expenses		(7,231)	(8,290)
Costs of supervision	7	(8,750)	(9,000)
Trustee's fee	7	(6,371)	(5,575)
Total operating expenses		**(1,858,325)**	**(2,747,281)**
Profit /(loss) before tax		**2,181,641**	**(245,463)**
Withholding taxes		(119,216)	(111,112)
Profit/(loss) after tax		**2,062,425**	**(356,575)**
Other comprehensive income		-	-
Increase/(decrease) attributable to holders of redeemable units of participation		**2,062,425**	**(356,575)**

The accompanying notes form an integral part of these condensed financial statements.

STATEMENT OF CASH FLOWS
For the period from 1 January 2017 to 30 June 2017

	1 January 2017 to 30 June 2017 €	1 January 2016 to 30 June 2016 €
Cash flows from operating activities		
Increase/(decrease) attributable to holders of redeemable units of participation	**2,062,425**	**(356,575)**
Adjustment for net foreign exchange gain - cash and cash equivalent	(2,378,368)	(156,595)
Adjustment for interest income	(84,813)	(162,908)
Adjustment for dividend income	(978,462)	(889,184)
Adjustment for interest expenses	699,390	1,118,661
Adjustment for dividend expenses	422,132	912,091
Adjustments to reconcile increase/(decrease) attributable to holders of redeemable units of participation to net cash used in operating activities:		
(Increase) in financial assets at fair value through profit or loss	(238,844)	(4,724,469)
(Decrease) in financial liabilities at fair value though profit or loss	(3,304,512)	(1,650,143)
Decrease in margin cash	4,507,204	6,363,140
(Decrease)/increase in management fee payable	(7,140)	93,203
Decrease/(increase) in amounts due from brokers	3,932,790	(698,016)
(Decrease)/increase in amounts due to brokers	(2,694,726)	1,026,213
(Decrease) in accrued expenses	(64,168)	(37,151)
Cash provided by operating activities	**1,872,908**	**838,267**
Interest received	84,813	162,908
Dividend received	696,314	647,873
Interest paid	(737,414)	(1,098,522)
Dividend paid	(365,969)	(875,676)
Net cash provided by/(used in) operating activities	**1,550,652**	**(325,150)**
Cash flows from financing activities		
Payments from redemptions of redeemable units of participation	(6,875,000)	(4,463,300)
Cash flow related to equalisation credit/deficit previous period	(24,758)	(44,192)
Net cash flow used in financing activities	**(6,899,758)**	**(4,507,492)**
Net decrease in cash and cash equivalents	(5,349,106)	(4,832,642)
Net foreign exchange gain - cash and cash equivalents	2,378,368	156,595
Cash and cash equivalents at the beginning of the period	63,437,383	72,083,793
Cash and cash equivalents at the end of the period	**60,466,645**	**67,407,746**

The accompanying notes form an integral part of these condensed financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS OF PARTICIPATION
For the period from 1 January 2017 to 30 June 2017

	Note	Number of shares	1 January 2017 to 30 June 2017 €
Balance at the beginning of the period		**128,549**	**125,758,346**
Increase attributable to holders of redeemable units of participation resulting from operations for the period		-	2,062,425
Payments for redeemable units of participation during the period	13	(6,991)	(6,875,000)
Redemption related to equalisation deficit previous period	13	(25)	(24,758)
Net assets attributable to holders of redeemable units of participation at the end of the period		**121,533**	**120,921,013**

	Note	Number of shares	1 January 2016 to 30 June 2016 €
Balance at the beginning of the period		**125,245**	**122,038,554**
Increase attributable to holders of redeemable units of participation resulting from operations for the period		-	(356,575)
Payments for redeemable units of participation during the period	13	(4,547)	(4,463,300)
Redemption related to equalisation deficit previous period	13	(45)	(44,192)
Net assets attributable to holders of redeemable units of participation at the end of the period		**120,653**	**117,174,487**

The accompanying notes form an integral part of these condensed financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

1. FUND INFORMATION

General
Pelargos Asia Alpha Fund (the "Fund") is an open-ended investment fund incorporated on 17 June 2008. The first trade date for Class B units of participation was on 23 June 2008. Initial subscriptions for Class A units of participation were received on dealing date 27 January 2009. The Fund is not listed on any stock exchange. The units of participation are registered per investor.

The Fund will, under certain conditions, be able to issue and purchase units of participation. Issue and redemption of units of participation is possible on a dealing date, which is the first business day of each month. The Manager holds the right to suspend redemptions in case of extreme market circumstances, when effectuating the lock up on Class B units of participation or in case of a significant size of the redeemed amount. The right to suspend redemptions is explained in more detail in the Prospectus of the Fund.

The Fund is a Fund for Joint Account, which means that there is a contractual obligation among the Manager, the Title Holder and the Participant. The Manager has an Alternative Investment Fund Managers Directive (AIFMD) license and is regulated by the Netherlands Authority for the Financial Markets (AFM) and the Dutch Central Bank. Per 1 March 2017 the AIFMD license has been extended with the following investment services provided to professional investors only: (i) individual portfolio management, (ii) investment advice and (iii) receiving and transmitting investment orders.

The Bank of New York Mellon SA/NV, Amsterdam branch, provides administration and transfer agency services to the Fund. Certain administration services are being outsourced to BNY Mellon Fund Services (Ireland) DAC in Dublin, Ireland. BNY Mellon Fund Services (Ireland) DAC is a licensed entity, authorised and regulated by the Central Bank of Ireland. Furthermore, certain services in relation to transfer agency are being outsourced to The Bank of New York Mellon (Luxembourg) S.A.

The Fund's objective is to achieve capital appreciation through investing in long and short positions in equities related to enterprises located in the Asia-Pacific region. The Fund seeks to limit the downward risk and aims for returns that have a low correlation with the returns of the market index. To achieve the Fund's objective, the Manager may use leverage. Potentially increasing the return of the Fund through derivative positions and securities borrowing as well as increasing the exposure of the Fund by borrowing cash are regarded as leveraging techniques.

Classes of Participations
The assets of the Fund are divided into several classes of participation, with a specific fee structure, and if applicable lock-up period, for each class of participation. The underlying investments and risk profile of the various classes of participation are identical. Each class of participation may be further segmented in subclasses of participation, each such subclass of participation to be denominated in a different currency.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance
The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and the Dutch Financial Supervision Act and Title 9 book 2 Dutch Civil Code.

(b) Accounting policies
These financial statements are prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Boards ("IASB"). The significant accounting policies and estimation techniques adopted by the Fund for the six months ended 30 June 2017 are consistent with those adopted by the Fund for the annual financial statements for the year ended 31 December 2016.

(c) Basis of preparation
The financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss which have been measured at fair value. All accounting policies adopted by the Fund are consistent with the audited statements for the year ended 31 December 2016.

The financial statements are presented in Euro.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(c) *Basis of preparation (continued)*

The preparation of financial statements in conformity with IFRS as adopted by the EU, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Manager believes that the estimates utilised in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

The Fund’s functional and presentation currency is the Euro. As most holders of units of participation, the Manager and the Title Holder are based and operate in Euro markets, the Fund’s performance is evaluated and its liquidity is managed in Euros.

There are no standards and amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2017 that have material impact on the Fund.

New standards, amendments and interpretations effective after 1 January 2017 and have not yet been early adopted by the Fund.

The below mentioned standards, amendments to standards and interpretations in issue are not yet effective, and have not been applied in preparing these financial statements. Management is currently assessing the possible impact of these new standards and interpretations.

IFRS 9 Financial Instruments (effective date 1 January 2018)

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and Measurement with a single model that has initially only two classification categories: amortised cost and fair value. Classification of debt assets will be driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss. The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In December 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete.

The Fund will assess the impact on the financial statements prior to the effective date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(c) Basis of preparation (continued)
IFRS 15 Revenue from contracts with customers (effective 1 January 2018)
The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:
(i) identify contracts with customers
(ii) identify the separate performance obligation
(iii) determine the transaction price of the contract
(iv) allocate the transaction price to each of the separate performance obligations, and
(v) recognise the revenue as each performance obligation is satisfied.

Entities will have a choice of full retrospective application, or prospective application with additional disclosures. The Fund will assess the impact on the financial statements prior to the effective date.

3. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2017 and 31 December 2016, financial assets and liabilities at fair value through profit or loss were as follows:

	30 June 2017	31 December 2016
Equity securities	57,148,635	56,947,723
Contracts for difference	1,631,707	1,593,775
Financial assets at fair value through profit or loss	**58,780,342**	58,541,498

	30 June 2017	31 December 2016
Equity securities	(14,529,731)	(17,619,029)
Contracts for difference	(384,986)	(600,200)
Financial liabilities at fair value through profit or loss	(14,914,717)	(18,219,229)
Total financial assets and financial liabilities at fair value through profit or loss	**43,865,625**	**40,322,269**

In Note 11 risks associated with those financial instruments held are described.

As at 30 June 2017 and 31 December 2016, listed equity securities at fair value through profit or loss are recorded at fair value based on quoted market prices in active markets.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

4. CASH AND CASH EQUIVALENTS

Cash represents short-term funds available to the Fund.

	30 June 2017	31 December 2016
	€	€
Cash at broker	(4,268,998)	(1,445,827)
Money Market Fund	64,735,643	64,883,210
Total	**60,466,645**	**63,437,383**

Cash at broker relates to cash balances with the fund's Prime Brokers, excluding margin requirements.

The fund held two Mutual Money Market funds (MMF) managed by UBS Fund Services (Luxembourg) S.A. and State Street Fund Services (Ireland) Ltd.

5. MARGIN ACCOUNTS

Margin accounts represent cash deposits with brokers, transferred as collateral against open futures or other securities.

The Prime Brokers calculate the maximum amount to be loaned on the basis of all long and short securities held at the prime broker; this is called the total margin requirement. The Fund does not provide individual securities as collateral for each individual short security transaction. The total short position is taken into account in the calculation of margin requirement.

The total amount of margin requirements with the Fund's Prime Brokers as at 30 June 2017 and 31 December 2016 was as follows:

	30 June 2017	31 December 2016
	€	€
Margin accounts	18,675,691	23,182,895
Total	**18,675,691**	**23,182,895**

6. AMOUNTS DUE FROM/(TO) BROKERS

Amounts receivable from and payables to brokers include cash balances with the Fund's Prime Brokers and amounts receivable or payable for securities transactions that have not settled at the period end. Certain amounts of this cash results from the proceeds of trading securities sold short and may therefore be subject to withdrawal restrictions until such time as the securities are purchased by the Fund. The Fund has also purchased securities on margin and the related margin balances are secured on certain of the Fund's investments in securities.

As at 30 June 2017 and 31 December 2016 the following were held as amounts due to or from brokers.

	30 June 2017	31 December 2016
	€	€
Balances due from brokers	70,124	4,002,914
Balances due to brokers	(2,161,019)	(4,855,745)
Net amounts due to brokers	**(2,090,895)**	**(852,831)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 January 2017 to 30 June 2017

7. FEES AND EXPENSES

Management fee
The management fee is charged to the Fund and is credited to the Manager. The management fee is levied once a month.

The management fee is set as an annual percentage of 1.5% of the gross asset value (GAV) for Class A units of participation and 1.0% of the GAV for Class B units of participation (before deduction of the accrued performance fee). The management fee is accrued on a monthly basis. The fee is payable, in arrears following the completion and finalisation of each month end net asset value. Management fees of €610,089 (30 June 2016: €588,329) were incurred for the period ended 30 June 2017, of which €99,569 was payable at 30 June 2017 (31 December 2016: €106,709).

Performance fee
The performance fee is charged on a unit by unit basis and is credited to the Manager. The performance fee is calculated and accrued for in each net asset calculation as at each month end.

The performance fee is equal to 20% of the annual increase in the net asset value of the capital of Class A units of participation. The performance fee is 15% of the annual increase in the net asset value of the capital of Class B units of participation. The performance fee will be calculated on the basis of an annual period from calendar year end to calendar year end. In a year of introduction of a new Class in a specific currency, the performance fee will be based on the period from introduction date to calendar year end. A high watermark applies. There was no performance fee incurred or payable for the period ended 30 June 2017 or 31 December 2016.

Performance fee – equalisation
The performance fee is calculated according to the "equalisation" method, which means that each participant pays a fee that truly corresponds to the increase in value of the units of participation that he/she holds. Participations are subscribed to against the gross asset value per participation. If the subscription price exceeds the high water mark (HWM) on a dealing day, an equalisation credit is granted to the participant. Following the date of grant, the value of the equalisation credit fluctuates with the increase and decrease of the NAV. The equalisation credit will at no time turn into a negative value, and it will not increase beyond the value at the time of issue. By issuing participations against the value of the participant's equalisation credit at the ultimate valuation day of the financial year of the Fund, the credit will be finally settled. There was no equalisation credit settled at 30 June 2017 and 30 June 2016.

Conversely, a participant that acquires participations at a time that the HWM exceeds the NAV per participation, at which point in time the GAV equals the NAV as no performance fee is accrued, will build up an equalisation deficit from the moment that the NAV per participation exceeds the subscription price. Any deficit will be finally settled by way of mandatory redemption of the equalisation deficit bearing participations. The Manager is entitled to the ensuing claim. Redemptions will take place per the ultimate dealing day of the financial year of the Fund, or at redemption during the year. The equalisation deficit as of 30 June 2017 amounted to €105,736 (30 June 2016: €Nil).

Other costs charged to the assets of the Fund

	1 January 2017 to 30 June 2017	**1 January 2016 to 30 June 2016**
	€	**€**
Administration fee	59,762	58,755
Audit fee	15,760	15,250
Costs of supervision	8,750	9,000
Depositary fee	22,040	21,330
Legal fee	6,800	10,000
Trustee's fee	6,371	5,575
Other expenses	7,231	8,290
Total	**126,714**	**128,200**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

7. FEES AND EXPENSES (continued)

Other costs charged to the assets of the Fund (continued)
Costs of supervision are fees charged by the supervising authorities AFM and the Dutch Central Bank.

The Depositary charges a fee as an annual percentage of 0.03% of the NAV at each month end, subject to a minimum fee of €25,000 per annum.

The Title Holder receives a trustee's fee of €11,000 on an annual basis, excluding VAT and indexation starting in 2015.

Subscription and redemption fees
The Fund may upon issue and redemption of a unit of participation charge a fee up to 1.0% of the subscription and redemption amount. These costs may be charged in order to cover the costs incurred in transactions related to subscription and/or redemption and are credited to the Fund. During the period from 1 January 2017 to 30 June 2017, the Fund charged a fee of €Nil (30 June 2016: €Nil).

Soft dollar arrangement
The Manager may choose to allocate transactions to brokers with whom the Manager has concluded a commission sharing agreement (CSA). A CSA is concluded with a view allowing the Manager to provide a better level of service to the Fund, with the aim of improving the results. Pursuant to a CSA, the broker receives a commission for executing a transaction that is split ('unbundled') into: 1) execution and 2) research. The sum of money received by the broker that is related to research is entered into a separate account and may be used by the Manager in order to pay for certain services rendered by either the broker or by a third party. The Manager will, however, at all times aim for best execution.

The Fund has entered into a CSA with Merrill Lynch and Instinet in order to facilitate the purchase of generic, macro-economic, technical and company specific research services from, for example: TIS Group, Marc Faber, GMI, QAS, Elliot Wave, Starmine and Tap Japan.

8. ACCRUED EXPENSES

	30 June 2017	31 December 2016
	€	€
Administration fee	33,820	75,793
Audit fee	14,991	31,006
Costs of supervision	8,750	-
Depositary fee	11,440	24,418
Legal fee	4,306	6,434
Trustee's fee	4,301	4,725
Other accrued expenses	600	-
Total	**78,208**	**142,376**

9. INTEREST INCOME/EXPENSE AND BORROWING FEE

	1 January 2017 to 30 June 2017	1 January 2016 to 30 June 2016
	€	€
Interest income	84,813	162,908
Interest expense	(665,524)	(967,747)
Borrowing fee	(33,866)	(150,914)
Total	**(614,577)**	**(955,753)**

Borrowing fees incurred during the year resulted from borrowing securities in relation to short positions.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

10. DIVIDEND INCOME/EXPENSE

	1 January 2017 to 30 June 2017	1 January 2016 to 30 June 2016
Gross dividend income	978,462	889,184
Dividend expense on securities sold short	(422,132)	(912,091)
Total	**556,330**	**(22,907)**

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

Risk management is an integral part of the investment and the operational process. Risk management can be distinguished in financial risk management, operational risk management and independent risk measurement. Financial risk management encompasses all elements of the investment process. A number of risk management systems allow us to notice any deviations from intended positioning and targets. Operational risk management encompasses the four areas of potential losses: processes, systems, people and external events. Risk measurement is an independent function, which is functionally separated from the operational department and portfolio management.

The Fund's investment objective is to preserve capital and then achieve absolute returns for participants by investing in securities of Asian Companies. The Fund aims to achieve strong risk adjusted returns without large exposure to the overall stock market and without taking high volatility single factor risks.

Financial instruments and associated risks
The Fund will primarily invest in a diversified portfolio consisting of long and short positions in listed equities. The Fund may utilise derivative financial instruments for the purpose of risk management and for potentially improving returns.

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies employed by the Fund are discussed below.

The Fund is exposed to several risks. The Prospectus of the Fund describes an extensive list. The following risks are described below: equity risk, currency risk, interest rate risk, credit risk and liquidity risk. Each type of risk is arising from the financial instruments it holds and is discussed in turn below. Qualitative and quantitative analyses are provided where relevant to give the reader an understanding of the risk management methods used by the Manager.

Fair value estimation
IFRS 13 Fair Value Measurement, states that when measuring fair value, the objective is to estimate the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (i.e. to estimate an exit price).

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Fair value estimation (continued)
If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The following tables analyse the fair value hierarchy of the Fund's financial assets and liabilities measured at fair value as at 30 June 2017 and as at 31 December 2016:

Financial assets at fair value through profit or loss	**30 June 2017 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities	57,148,635	57,148,635	-	-
Derivatives	1,631,707	-	1,631,707	-
Total	58,780,342	57,148,635	1,631,707	-

Financial liabilities at fair value through profit or loss	**30 June 2017 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities sold short	(14,529,731)	(14,529,731)	-	-
Derivatives	(384,986)	-	(384,986)	-
Total	**(14,914,717)**	**(14,529,731)**	**(384,986)**	-

Financial assets at fair value through profit or loss	**31 December 2016 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities	56,947,723	46,585,051	10,362,672	-
Derivatives	1,593,775	-	1,593,775	-
Total	**58,541,498**	**46,585,051**	**11,956,447**	**-**

Financial liabilities at fair value through profit or loss	**31 December 2016 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities sold short	(17,619,029)	(17,619,029)	-	-
Derivatives	(600,200)	-	(600,200)	-
Total	**(18,219,229)**	**(17,619,029)**	**(600,200)**	**-**

For the period ended 30 June 2017 and 31 December 2016, there were no transfers between levels.

For assets and liabilities carried at amortised cost, their carrying values are a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Equity risk
Equity risk is the risk that the Fund is exposed to the volatility of the fair value of the equity securities it holds. The fair value of individual securities may fluctuate as a result of e.g. company specific news, broad market movements, interest rate risk or foreign currency movements. The Manager continuously monitors the (potential) determinants of the value of the securities held and the total portfolio value. As such, risk management is an integral part of investment management which comprises security selection and portfolio construction. Frequently various stock, sector and country exposures are measured and managed against the norms which have been defined for those exposures. Further the overall portfolio is monitored using various (external) portfolio risk (optimising) systems to monitor and manage market or style exposures.

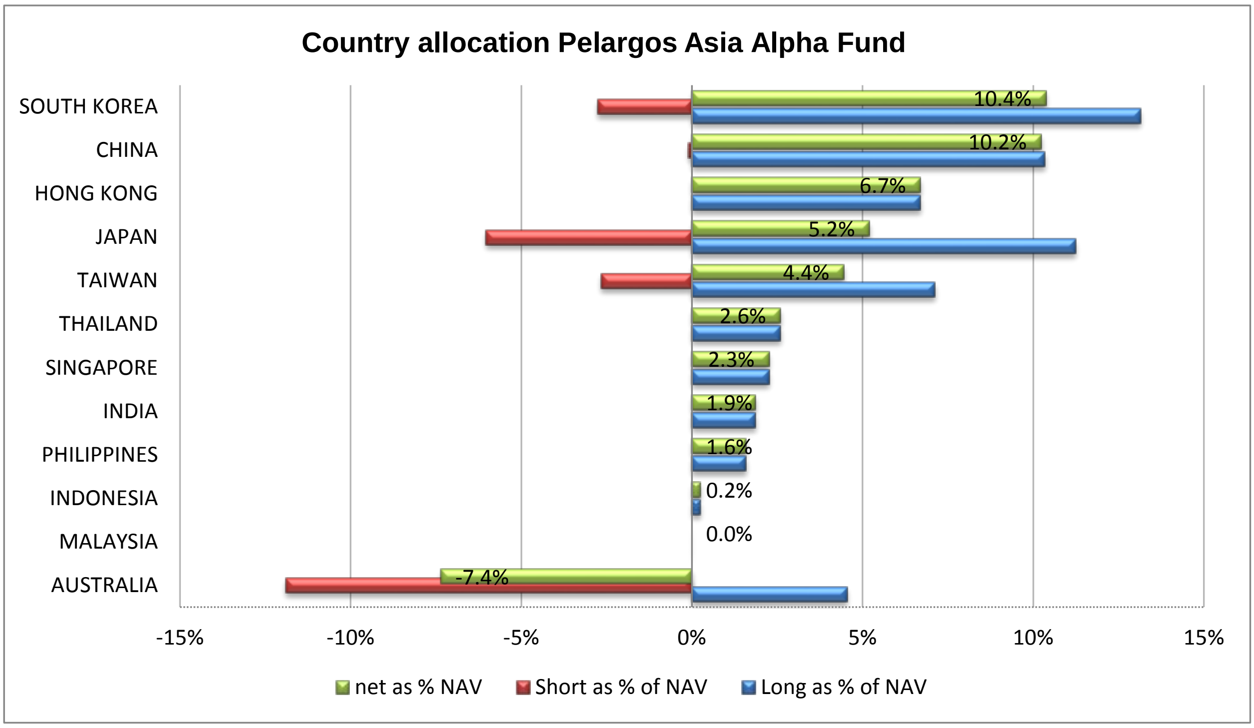
Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency (Euro).

Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the Euro.

IFRS 7 considers the foreign exchange exposure related to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. The Fund however monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund has the possibility to hold and to manage currency exposures, but in principle will hedge significant exposures.

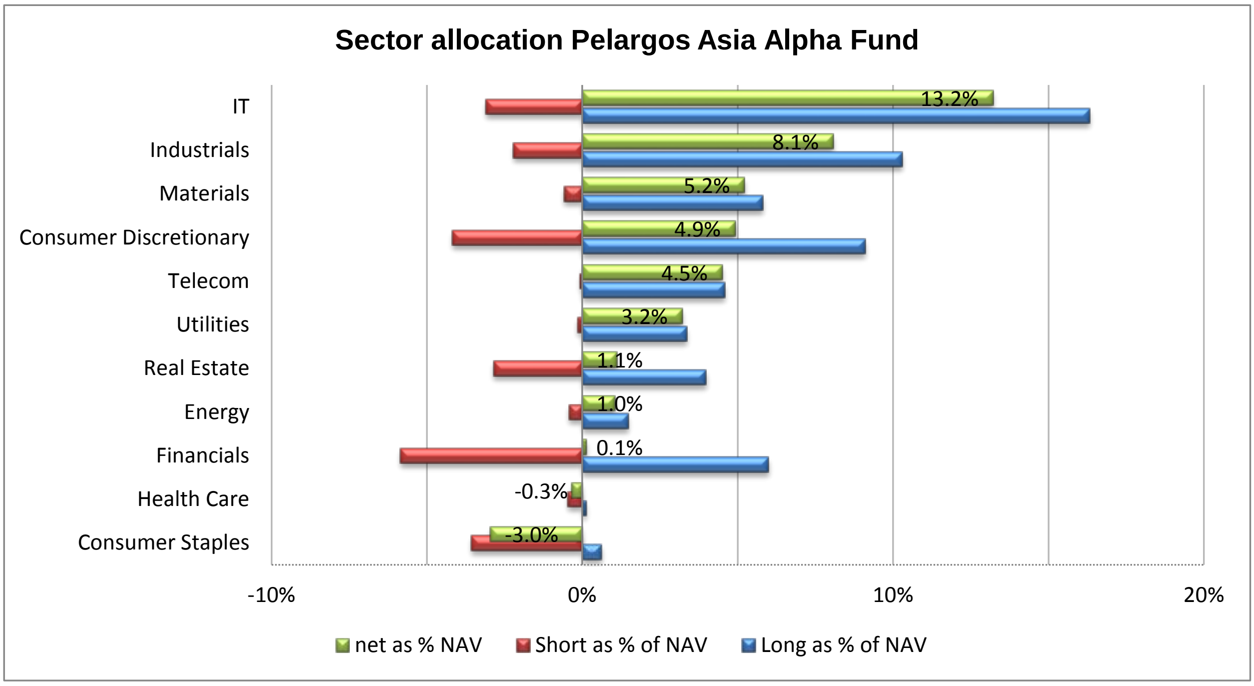
Concentration risk
The country allocation (net exposure, long positions and short positions per country) as a percentage of the NAV at 30 June 2017 was as follows:



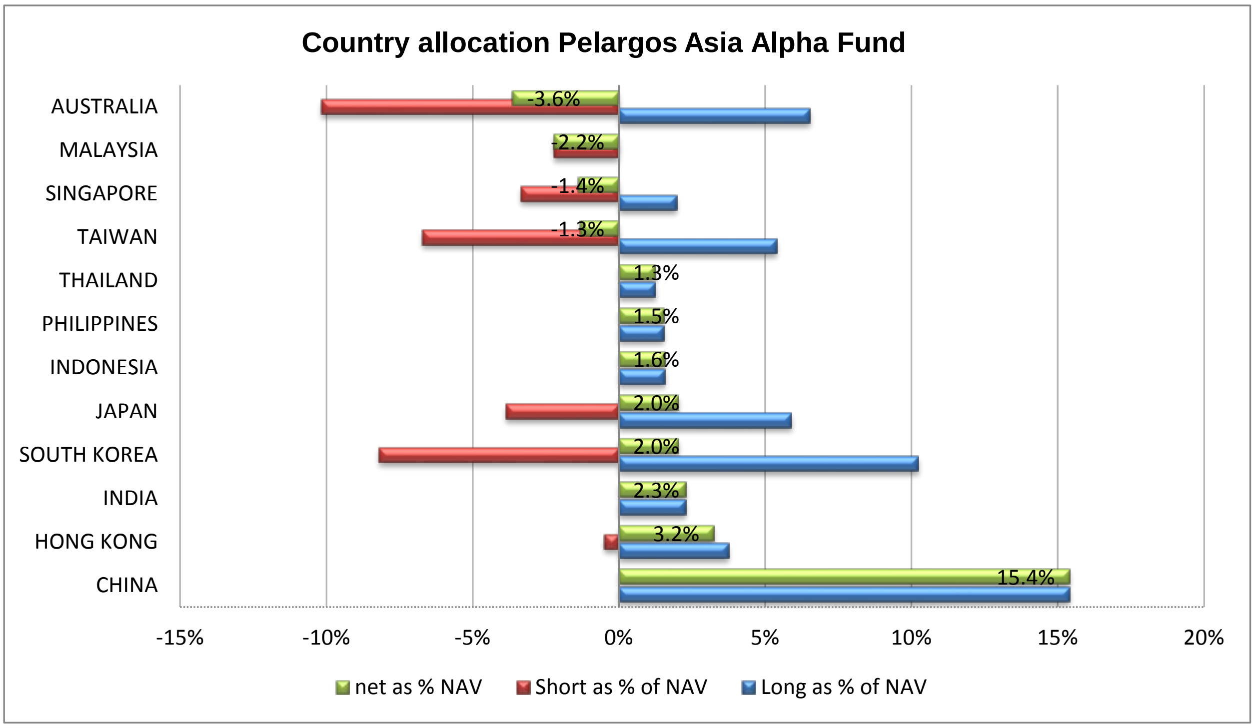
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Concentration risk (continued)
The sector allocation (net exposure, long positions and short positions per country) as a percentage of the NAV at 30 June 2017 was as follows:



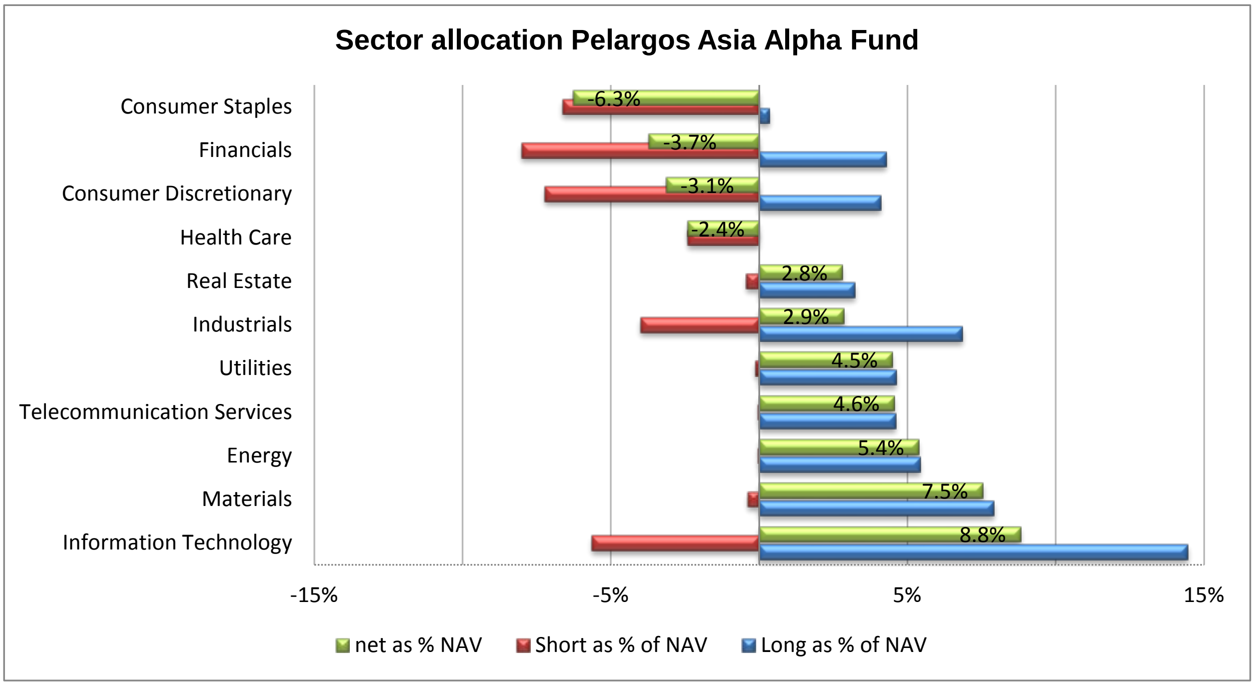
The country allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at 31 December 2016 was as follows:



NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Concentration risk (continued)
The sector allocation (net exposure, long positions and short positions per country) as a percentage of the NAV at 31 December 2016 was as follows:



Interest rate risk
The majority of the Fund's financial assets are non-interest-bearing. At the Statement of Financial Position date, the Fund has not invested in deposits or fixed income securities. The Fund invested in two Mutual Money Markets funds, which invest in papers in interest bearing securities. As a result, the Fund is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Fund is subject to cash flow interest rate risk; however the effect is not considered material due to the short-term nature.

Credit risk
Credit risk refers to the potential loss arising if a counterparty is unable to fulfill its financial obligations when due. The Fund is exposed to credit risk in terms of cash deposited at banks or prime brokers, (rehypothecated) securities held at prime brokers and derivatives with other financial institutions as counterparties.

The Fund held two Mutual Money Market funds, managed by UBS Fund Services (Luxembourg) S.A. and State Street Fund Services (Ireland) Ltd.

The Fund's derivative contracts held were equity CFD's. For the period ended 30 June 2017 OTC derivative transactions were only executed with the Fund's Prime Broker UBS AG.

To mitigate credit risk, two prime brokers have been legally appointed, allowing a transfer of securities and cash. Further, securities and cash are only held at, and derivatives are only executed with (investment grade) rated counterparties. Long term ratings for UBS AG at 30 June 2017 were A1 (31 December 2016: Aa3) at Moody's and A+ (31 December 2016: A+) at S&P. Long term ratings for Goldman Sachs International at 30 June 2017 were A1 (31 December 2016: A3) at Moody's and A+ (31 December 2016: BBB+) at S&P.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)
The Prime Brokers may acquire legal title to the Fund's assets up to an amount of more than 100% (max 140%) of the value of the (i) liabilities or (ii) net indebtedness, as the case may be, of the Fund towards the relevant Prime Brokers (rehypothecation). The Fund will have a right to the redelivery of equivalent assets from the Prime Brokers. In the event of an insolvency of either party, the obligation to redeliver will be given a cash value and will form part of a set off calculation against the amount the Fund owes the Prime Brokers. To the extent that the Prime Brokers have rehypothecated assets in excess of the amount that the Fund owes, the Fund ranks as a general creditor for the excess following the operation of set-off, with the risk that such excess may not be reclaimed. The Fund continuously monitors the creditworthiness of its Prime Brokers and has appointed multiple Prime Brokers. Goldman Sachs International prime broker account is not yet active.

To enable to short securities, the Fund borrows securities. At 30 June 2017, the Fund borrowed securities for an amount of €21,096,835 (31 December 2016: €39,166,762).

The maximum exposure in relation to financial instruments and other debtors is the carrying value of the financial assets.

The Fund has entered into master netting agreements with its Prime Broker. Under these agreements all assets and liabilities with the Prime Broker can be offset with each other.

Liquidity risk
Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Fund is exposed to cash redemptions of redeemable units of participation for a monthly dealing day, with 15 business day's previous notice. With regard to Class B units of participation this relates to redemption requests received after the one year lock up period.

The Fund invests the majority of its assets in investments that are listed and traded in active markets, all listed on major Asian stock exchanges.

The liquidity of all securities will be continuously monitored by the Manager, who aims to be able to exit 50% of the assets in the Fund within one week and 95% in one month time.

The Fund may invest in derivative contracts traded over the counter, which are not traded on a regulated exchange and may be illiquid. As a result, the Fund may not be able to liquidate quickly its investments in these instruments at their fair value to meet its liquidity requirements. If OTC derivative contracts are used, the counterparties will be rigorously selected and monitored.

12. DERIVATIVE CONTRACTS

Typically, derivative contracts serve as components of the Fund's investment strategies and are utilised primarily to structure and hedge investments to enhance performance and reduce risk to the Fund. The derivative contracts that the Fund held or issued, were equity contract for difference ("CFDs"), index futures contracts, equity option and forward foreign currency contracts.

The Fund records its derivative activities on a mark-to-market basis. The Fund uses widely recognised valuation models for determining fair values of over-the-counter CFD derivatives.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 January 2017 to 30 June 2017

12. DERIVATIVE CONTRACTS (continued)

For CFD financial instruments, inputs into models are based on the price of the underlying financial instruments and are therefore market observable. CFDs represent agreements that obligate two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise determined notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore, amounts required for the future satisfaction of the CFD may be greater or less than the amount recorded. The realised gain or loss depends upon the prices at which the underlying financial instruments of the CFD is valued at the CFD settlement date and is included in the Statement of Comprehensive Income.

The Fund purchases or sells put and call options through listed exchanges and the OTC markets. Options purchased by the Fund provide the Fund with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Fund is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

A futures contract is an agreement between two parties to buy and sell a security, index or currency at a specific price or rate at a future date. Upon entering into a futures contract, the Fund is required to deposit with a broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as ‘initial cash margin’. Subsequent payments (‘variation margin’) are made or received by the Funds each day, depending upon the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealised gains or losses and the Funds recognise a realised gain or loss when the contract is closed. Unrealised gains and losses on futures contracts are recognised in the Statement of Comprehensive Income.

Forward foreign currency contracts are valued by reference to the forward price at which a new forward contract of the same size and maturity could be undertaken at the valuation date. Forward foreign currency contracts entered into by the Fund represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreed or contracted quantity. The realised/unrealised gain or loss is equal to the difference between the value of the contract at the onset and the value of the contract at settlement date/year-end date and are included in the Statement of Comprehensive Income.

Unrealised gains or losses are valued in accordance with the accounting policy stated in Note 2 and the resulting movement in the unrealised gain or loss is recorded in the Statement of Comprehensive Income.

As of 30 June 2017 and 31 December 2016, the following derivative contracts were included in the Fund’s Statement of Financial Position at fair value through profit or loss:

30 June 2017	**Fair value assets**	**Fair value liabilities**
	€	**€**
Contracts for difference	1,631,707	(384,986)
Total derivative contracts	**1,631,707**	**(384,986)**

31 December 2016	**Fair value assets**	**Fair value liabilities**
	€	**€**
Contracts for difference	1,593,775	(600,200)
Total derivative contracts	**1,593,775**	**(600,200)**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

12. DERIVATIVE CONTRACTS (continued)

The table below details the total exposure at 30 June 2017 and 31 December 2016. Gross exposure is the sum of absolute market value of all long and short positions. Net exposure is the balance of market value of all long and short positions. At 30 June 2017 the Fund held long and short positions in CFD's.

The leverage of the Fund is a ratio between the total gross exposure and the net asset value of the Fund. The maximum leverage the Fund may have is 250%. At 30 June 2017 the leverage was 85.10% (31 December 2016: 90.8%).

30 June 2017	Net Exposure	Gross Exposure	Gross as % of NAV
	€	€	€
Equities	32,540,336	76,210,685	63.03%
Contracts for difference	13,573,254	26,707,478	22.09%
Total exposure	46,113,590	102,918,163	
Total as % of NAV	38.14%	85.10%	85.10%

31 December 2016	Net Exposure	Gross Exposure	Gross as % of NAV
	€	€	€
Equities	31,522,869	76,468,966	60.80%
Contracts for difference	(5,324,742)	37,770,724	30.00%
Total exposure	26,198,127	114,239,690	
Total as % of NAV	20.80%	90.80%	90.80%

13. REDEEMABLE UNITS OF PARTICIPATION

Since inception of the Fund Class A and Class B units of participation were issued, both only in Euro. The (initial) investment required of a participant in Class A is Euro 10,000. Subsequent subscriptions and redemptions have a minimum size of Euro 1,000.

Class B has a "lock up" of one year. For the minimum (initial) investment for the 'seeding' investor, employees and employees of directors is Euro 1,000 and for other participants Euro 10,000. Subscriptions and redemptions have a minimum size of Euro 1,000

Each participant is entitled to cast one vote for each unit of participation. One or more participants who jointly hold at least 10% of the total number of participations can request the Manager to hold a meeting and can add topics to the agenda.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

13. REDEEMABLE UNITS OF PARTICIPATION (continued)

Transactions in units of participation for Class A for the period to 30 June 2017 and 30 June 2016 were as follows:

	Number of units of participation 30 June 2017	**Number of units of participation 30 June 2016**
Class A (EUR)		
Units of participation balance at the beginning of the period	242.63	242.63
Units of participation at the end of the period	**242.63**	**242.63**

Transactions in units of participation for Class B for the period ended 30 June 2017 and 30 June 2016 were as follows:

	Number of units of participation 30 June 2017	**Number of units of participation 30 June 2016**
Class B (EUR)		
Units of participation balance at the beginning of the period	128,306.82	125,002.07
Redemption of redeemable units of participation	(6,991.35)	(4,546.41)
Redemption related to equalisation deficit	(25.31)	(45.36)
Units of participation at the end of the period	**121,290.16**	**120,410.30**

Capital management
As a result of the ability to issue and redeem shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue or redemption of redeemable shares beyond those included in the Fund’s constitution.

The Fund’s objectives for managing capital are:

1. To achieve long-term capital appreciation;
The Fund aims for returns which have a low correlation with the returns of the market index. To achieve this objective the Fund uses investment instruments and applies an investment and risk management policy as described in the prospectus.

2. To maintain sufficient liquidity to meet redemption requests as they arise.

Note 11 ‘Risk associated with financial instruments’ explains equity risk, currency risk, interest rate risk, credit risk and liquidity risk in more detail.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

14. RELATED PARTY TRANSACTIONS

Employees of directors and employees of Pelargos Capital B.V. held jointly 106.89 (31 December 2016: 106.93) units of participation Class B in the Fund. Pelargos Capital B.V. held 143.13 (31 December 2016: 143.13) units of participation Class A in the Fund.

Two investment funds managed by Aegon Investment Management B.V. (AIM B.V.) held 121,183.27 (31 December 2016: 128,199.89) units of participation Class B and 99.50 (31 December 2016: 99.50) units of participation Class A.

AIM B.V. is a 100% subsidiary of Aegon Asset Management Holding B.V., which is a 100% subsidiary of Aegon N.V. Aegon Asset Management Holding B.V. holds 73.34 % (31 December 2016: 73.34%) of the shares in Pelargos Capital B.V.

The Fund held 216,119.55 (31 December 2016: 130,000) units of participation in the Pelargos Japan Long Short Value Fund Class A in Japanese Yen.

15. PERSONAL INTERESTS OF DIRECTORS

In accordance with article 122 paragraph 2 Bgfo the Fund is required to list the total holdings in securities by the employees of directors in investments, which are also held by the Fund as of 30 June 2017.

As of 30 June 2017 and 31 December 2016 there are no personal interests of the employees of directors in investments, which were also held by the Fund.

As of 30 June 2017 and 31 December 2016, the personal interests of the employees of directors in the Fund are as follows:

	Market Value 30 June 2017 €	Market Value 31 December 2016 €
Pelargos Asia Alpha Fund	106,352	104,569
	106,352	**104,569**

16. DIVIDEND AND ALLOCATION OF RESULT

During the period from 1 January 2017 to 30 June 2017, the Fund did not pay dividends. The result is included in the net assets attributable to holders of redeemable units of participation.

17. VOTING POLICY

The Fund does not pursue an active voting policy.

18. INVESTOR MONEY REGULATIONS

In response to the Central Bank of Ireland publishing the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers (the “Investor Money Regulations” or “IMR”) in March 2015 (effective from 1 July 2016), the Manager undertook, together with BNY Mellon Fund Services (Ireland) Designated Activity Company, a review of the way in which subscription, distribution and redemption monies are channelled to and from the Fund. As a result of this review, subscription and redemption monies are (effective from 1 July 2016), channelled through a cash collection account in the name of the Fund. Pending issue of the units and / or payment of subscription proceeds to an account in the name of the Fund, and pending payment of redemption proceeds or distributions, the relevant investor will be an unsecured creditor of the Fund in respect of amounts paid by or due to it. At 30 June 2017, the value of such subscriptions amounted to €Nil.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2017 to 30 June 2017

19. SUBSEQUENT EVENTS

There are no subsequent events impacting the Fund subsequent to 30 June 2017 up to the date of approval of these financial statements.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The Manager approved the financial statements on 31 August 2017.

OTHER NOTES
For the period from 1 January 2017 to 30 June 2017

The accompanying Statement of Financial Position as at 30 June 2017, and the Statement of Comprehensive Income, and Statement of Changes in Net Assets Attributable to Holders of Redeemable Units of Participation for the period then ended, have been compiled from the records of the Pelargos Asia Alpha Fund, and from other information supplied to us by the Fund. There has not been an audit performed and consequently, there is not an opinion expressed on these accounts.