



PELARGOS CAPITAL B.V.

Financial figures 2017

The Hague
30 August 2017

Company information

Statutory directors

Orange Dragon Company B.V.
P.P.J. van de Laar

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Independent auditor

PricewaterhouseCoopers Accountants N.V.
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Company profile

Pelargos Capital B.V. (Pelargos) is an investment boutique with an institutional type infrastructure that provides absolute return type products focused on alpha generation in Asian equity markets. Pelargos was founded in March 2008 with Aegon Asset Management as cornerstone investor.

In June 2008 and July 2008 two Dutch domiciled funds, the Pelargos Asia Alpha Fund respectively the Pelargos Japan Alpha Fund were launched. In May 2016 the Pelargos Japan Long Short Value Fund was launched; this is a Cayman domiciled Unit Trust fund, with Elian as Trustee. The three funds strive for capital growth by taking long and short exposures in securities related to Asian respectively Japanese companies.

The Management Committee at Pelargos consists of Richard Dingemans (CEO), Patrick van de Laar (CFO/COO) and Michael Kretschmer (CIO).

Key figures

Key figures (€)	HY1 2017	HY1 2016	2016
Revenues	1.239.536	1.139.367	2.370.325
Costs	1.488.743	1.283.122	2.751.478
Net result	-256.874	-98.937	-381.153
Equity	2.974.121	3.513.211	3.230.995
Assets under management	225.728.694	214.698.731	230.167.218

Legal information

Pelargos, 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.

Pelargos was established on March 4th in 2008. 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 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 on 9 December 2010. As of 22 July 2014, this license has been converted into an AIFMD license. Pelargos has been granted an extension to its license, which enables it to offer additional investment services (as meant in *Article 2:67, 2nd paragraph, sub a, sub b and sub d Wet Financieel Toezicht*) by Autoriteit Financiële Markten as of 1 March 2017.

Management report

Introduction

During the first half year of 2017, the Pelargos Japan Alpha Fund realised a performance of minus 1.0%, whereas the Pelargos Asia Alpha Fund realised a performance of 1.7%. Assets under management decreased from €231 mln to €226 million mainly due to redemptions resulting from a rebalancing by our cornerstone investor Aegon.

Business developments

Pelargos applied in 2016 at Autoriteit Financiële Markten (AFM) for an extension of our AIFMD license in order to be able to manage individual client portfolios. This license has been granted by AFM as of 1 March 2017. The license enables us to manage institutional mandates (managed accounts) or funds.

Furthermore we expanded the range of shareclasses for our Japan Strategy by adding a Founder-shareclass with highly attractive fee levels. Additionally, we established a USD hedged shareclass for the Pelargos Japan Alpha Fund. This class was launched with seeding from a well-known German institutional investor at the 1st of July and has seen follow-on subscriptions since.

Risk control

We distinguish financial and operational risks related to the company ('direct risks') and financial and operational risks related to the company as they refer to the funds managed ('indirect risks'). A further elaboration on risks is provided in the annual report, the annual reports of the funds managed by Pelargos, as well in the prospectus of those funds.

Financials

In the first half year of 2017 Pelargos realized a loss of € 256.874. As of June 30 Pelargos had 11.3 full time employees. We remain highly focused on cost reduction. However, an institutional quality infrastructure requires a certain operational set up. This means that the main driver of restoring profitability will come from increasing revenues through acquisition of new customers. With the new license as well as the off-shore fund structure in place, we are confident that break even level can be achieved in the foreseeable term.

The Hague, 30 August 2017

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

P.P.J. van de Laar

M. Kretschmer

Balance sheet per 30 June 2017

(Before profit distribution)

ASSETS	30 June 2017	31 December 2016
	€	€
Fixed assets		
Property and equipment	12.261	14.703
Hardware	798	1.920
	13.059	16.623
Current assets		
Accounts receivable	215.705	216.336
Units of participations in Funds	424.949	431.186
Corporate income tax	29.482	69.482
Current account related parties	65.135	123.402
Other current assets	47.527	0
	782.798	840.406
Bank	2.568.405	2.915.210
	2.568.405	2.915.210
Total assets	3.364.262	3.772.239

LIABILITIES	30 June 2017	31 December 2016
	€	€
Equity		
Share capital	18.000	18.000
Ordinary share premiums	482.000	482.000
Other reserve	2.730.995	3.112.148
Net Result	-256.874	-381.153
	2.974.121	3.230.995
Long term liability	100.406	115.967
	100.406	115.967
Current		
Tax	40.092	36.214
Other current liabilities	249.643	389.063
	289.735	425.277
Total liabilities	3.364.262	3.772.239

Profit and loss account 1 January – 30 June 2017

	30 June 2017	31 December 2016
	€	€
Total revenues	1.239.536	1.139.367
Total costs	1.488.743	1.283.122
Earnings from operations	-249.207	-143.755
Investment results	-6.238	-5.451
Other income	338	48.555
Earning before interest and tax	-255.107	-100.651
Interest result	-1.767	1.714
Result before tax	-256.874	-98.937
Corporate income tax	-	-
Result after tax	-256.874	-98.937

Cash flow statement 1 January – 30 June 2017

CASHFLOW STATEMENT	30 June 2017 €	31 December 2016 €
Earnings from operations	-249.207	-143.755
Adjustments for		
Depreciation	3.564	5.052
Change in receivables	57.608	-150.714
Change in liabilities	-151.103	-352.392
Due corporate tax	0	0
	-89.931	-498.054
Cash flow from operations	-339.138	-641.809
Investment results	-6.238	-5.451
Investments in fixed assets	0	-7.775
Cash flow from investments	-6.238	-13.226
Interest	-1.767	1.714
Dividends paid	0	0
Cash flow from financing	-1.767	1.714
Other income	338	48.555
Cash flow from other	338	48.555
Change in cash	-346.805	-604.766