PELARGOS JAPAN ALPHA FUND

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM

1 JANUARY 2021
TO
30 JUNE 2021

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021 **Page**

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FUND INFORMATION

REGISTERED OFFICE	WTC, E-Tower, 7th Floor Prinses Margrietplantsoen 43 2595 AM The Hague The Netherlands www.pelargoscapital.com
MANAGER	Pelargos Capital B.V. WTC, E-Tower, 7th Floor Prinses Margrietplantsoen 43 2595 AM The Hague The Netherlands
DEPOSITARY	The Bank of New York Mellon SA/NV WTC Building, Podium Office, B-Tower Strawinskylaan 337 1077 XX Amsterdam The Netherlands
LEGAL OWNER	Stichting Pelargos Japan Alpha Fund c/o: IQ EQ 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 London Branch 5 Broadgate London EC2M 2QS United Kingdom Goldman Sachs Bank Europe SE* Taunusanlage 9-10 60329 Frankfurt am Main Germany
LEGAL ADVISOR	De Brauw Blackstone Westbroek N.V. Claude Debussylaan 80 1082 MD Amsterdam The Netherlands
INDEPENDENT AUDITOR	PricewaterhouseCoopers Accountants N.V. Fascinatio Boulevard 350 3065 WB Rotterdam The Netherlands

FUND PROFILE

Pelargos Japan Alpha Fund
The Pelargos Japan 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 the Net Asset Value ("NAV") calculation was 10 July 2008.

Key Features Document ("Essentiële Beleggersinformatie") and Prospectus
The Fund's Key Features Document applies containing Fund 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 Japanese enterprises. 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 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 Japan 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), M. (Michael) Kretschmer and P. (Pieter) van Putten.

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

Stichting Pelargos Japan Alpha Fund ("Stichting") is the legal owner of the assets of the Fund. The Manager of the "Stichting" is IQ EQ Custody B.V.

Administrator
The Bank of New York Mellon SA/NV, Amsterdam Branch, is the administrator of the Fund and is listed in the trade register held by the Amsterdam Chamber of Commerce under number 34363596. 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 SA/NV which is registered with the Luxembourg Trade and Companies Register under number B 105.087.

Prime Brokers
The Prime Brokers (the "Prime Brokers") of the Fund are Goldman Sachs Bank Europe SE and UBS AG.

MANAGER'S REPORT
For the period from 1 January 2021 to 30 June 2021

Performance

2021	Jan	Feb	Mar	Apr	May	Jun	YTD
Class B EUR	-1.38%	1.55%	3.76%	-0.97%	-1.66%	4.27%	5.53%
Class C USD	-1.34%	1.63%	3.47%	-0.84%	-1.50%	4.18%	5.57%

Source: BNY Mellon Fund Services.

In the first six months of 2021, Pelargos Japan Alpha Fund returned 5.53% for the class B EUR shares and 5.57% for the Class C USD shares. This brought the inception-to-date performance of Class B shares to 66.48%, which translates into an annualised net return of 3.7%.

The MSCI Japan gained 7.9% in the first half of 2021 and +45.8% since inception of the Fund. At the end of June, the Fund size stood at €147.3 million, with gains coming from performance.

Review of first half 2021

Equity markets were off to a solid start in early 2021, as the global economic outlook brightened with the start of large scale vaccination programs in most developed economies since December 2020. This positive sentiment coincided with typical seasonality for cyclical sector outperformance at the start of the year. Global equity markets had a strong first quarter of 2021, despite the second and third wave of Covid-19 breakouts, that led to lockdowns and state of emergency in many developed countries. Lockdowns mainly affected the service and hospitality sectors, whereas manufacturing was still benefitting from solid consumption trends for goods. The combination of government welfare checks, reduced service spending, high saving levels, further added to pent-up demand for goods. As global supply chains were still de-bottlenecking the 2020 Covid-19 induced production cut-backs, strong demand for raw materials started to impact pricing. Commodity prices rose sharply from the 2020 troughs and most commodities doubled in price over the past 12 months. Higher input costs and a tight labour market against easy year-over-year comparisons had put upward pressure on inflation. Although the Federal Reserves Board (the "US Fed") and other central banks insisted current inflation is transitory, bond yields have creeped up as investors see solid economic growth and higher inflation as a cocktail that might trigger monetary tightening from 2023. This fear of central banks turning hawkish earlier than initially expected led to consolidation in global equity markets.

In Japan, June was peak season for the annual shareholder meetings, and in our view, this year's AGMs are extremely important, because the proxy advisors, such as Glass Lewis or ISS, have been tightening their voting recommendations. The Toshiba case has once again displayed the sorry state of Japan's board room ethics and involvement of politically motivated technocrats. On June 10, an extremely detailed, 139-page report was published by external, independent lawyers on how the board and government officials tried to influence the 2020 AGM. The report uses unusual clear language in describing the way Toshiba and METI cooperated to exert influence on shareholders. It is encouraging that these facts made it into the public domain for all to see. METI's intervention and Toshiba's power-play have, at the end, backfired. At the 2021 AGM, the Toshiba board was defeated and educated investors highlighting deficiencies in corporate governance have won. This is another important step in the corporate governance revolution that is unfolding in Japan.

The MSCI Japan peaked in March and gave back some of it earlier gains, but still closed 7.9% higher over the first 6 months of 2021. Cyclical and interest rate sensitive sectors such as Energy, Real Estate, Banks and IT outperformed and defensive sectors such as Health Care, Utilities and Consumer Staples lagged.

MANAGER'S REPORT (continued)
For the period from 1 January 2021 to 30 June 2021

Investment policy and attribution

As the global economic outlook for 2021 (especially the second half of the year) started improving due to optimism about large scale vaccination programs, there were many investment opportunities in Japan. The combination of a cyclical upturn and attractive valuations provided a good hunting ground for stock selection. Many Japanese companies had reduced their dividends in 2020 due to economic uncertainty and as the economic recovery became more tangible and earnings visibility improved those many companies started to improve shareholder returns via dividend hikes and share buybacks. The improved economic backdrop forced companies to focus on improving corporate governance and implementation of shareholder return policies. Additionally, Japanese companies have been implementing board structures with a larger share of independent directors and addressing cross-shareholdings and parent-child listings. These developments underlie our structural bullish view on Japanese equities as one of the most undervalued markets, with a catalyst to unlock that value. As the opportunity set was so large at the start of January, the net and gross exposure had been at the upper end of their historic ranges: the net exposure stood at 83% and the gross exposure at 236%, although the ex-ante beta was only 0.24. Despite our bullish views on the outlook for Japanese equities, we always have some out of the money derivative protection, just in case an unexpected shock happens. This prudence has served us well in February and May, as the put options protected the Fund's value during some sharp 5-8% corrections.

The long book offers tremendous valuation support and therefore a higher gross exposure was warranted. The long book had a strong tilt towards high quality small and midcaps with large exposure to recurring domestic revenues. On the other side, the short book consists of either extremely overvalued Consumer Staples with earnings risk and structurally impaired business models facing cyclical earnings downgrades, especially travel and transportation related stocks.

The top 5 highest contributing stocks, ranked in descending order of contribution, in the first half of 2021 were all long positions: Info Services International Dentsu (ISID), followed by SRE Holdings, Toyo Construction, QD Laser and Mitsui & Co.

All these top contributors saw their earnings recover in the current cyclical upturn. ISID, SRE Holdings and Toyo Construction are all subsidiaries of larger companies, where the outdated corporate ownership structure is suboptimal and is increasingly attracting attention from investors. As the corporate governance reforms progress in Japan, we expect that these corporate structures will be cleaned up. Most likely through consolidation at a premium by the parent. QD Laser was a successful, recent IPO where investors started to price strong future earnings growth based on adoption of quantum dot technology for various applications in communication equipment and eye-care.

The top 5 worst contributors, ranked in descending order starting with the biggest loss, in the first half of 2021 were mainly long positions: Elecom, Keihanshin Building, Daito Trust (short), Base and Creo.

Most of these losses came from midcap companies where the earnings recovery and guidance for 2021 disappointed investors. Elecom, Base and Creo all benefit from the digital transformation that is taking place in Japan, where the adoption of online tuition, online retailing and factory automation create many long term business opportunities for these companies. Short position Daito Trust is a homebuilder that has seen a collapse in orders and a spike in cancellation. As a result, earnings collapsed and with easier year-over-year comps investors started to price in a prolonged upcycle, which we are more skeptical about given regulatory pressures. However, shares recovered more than we anticipated, and we were stopped out of the position.

MANAGER'S REPORT (continued)
For the period from 1 January 2021 to 30 June 2021

Outlook

As the global economy started to recover in late 2020 from its worst slump in recorded history, the near term visibility remains mixed. What we do know, is that the Covid-19 crisis has accelerated several trends in Japan. The crisis jump-started a wide-spread adoption of digital ways to interact, to consume, to distribute and to sell goods and services. In a traditional ecosystem with hesitation to change, the Covid-19 crisis acted as a catalyst to change behavior. Only time will tell how permanent and persuasive the shifts are. It certainly accelerated a) the demise of traditional department stores b) cutting out the middle man and direct sales through e-commerce c) dramatic shift to online customer engagement and ad-spend. The Japanese ecosystem is very employee and customer centric and both are experiencing a drastic shift in behavior with many losers and winners. We positioned our portfolio to benefit from the digital transformation of Japan, where we have built positions in SaaS-platform companies, which are seeing tremendous growth. In addition, our largest positions consist of deeply undervalued companies where corporate governance improvements will lead to a significant re-rating. We believe this barbell approach results in optimal portfolio allocations toward both growth and value opportunities in Japan.

High margin debt in capital markets make risk assets susceptible to sharp drawdowns and as we have noted before: "Certain aspects of global equities, especially US equities, have bubble symptoms and certain equity markets look short-term overbought. Japan can have its usual drawdowns resulting from liquidity imbalances, but those need to be bought …. we stick to our thesis of a structural bull cycle for Japanese equities." The costs of being listed are dramatically increasing. Transparency requirements have increased and with it reporting requirements, the rules are changing and boards have been slow to adapt. However, for many listed companies under family control, being listed becomes burdensome and attracts unwarranted outside attention. The consolidation and MBO wave only has started; even once-mighty Toshiba is being targeted by private equity. We honestly hope the delisting of Toshiba succeeds as it sends a signal to Japan Inc. that the regime shift is for good. The pandemic is no excuse anymore to defer enhancing corporate governance to attain commonly accepted business practices and follow the Corporate Governance Code guidelines as stipulated in the latest revision. We expect a steep acceleration in cross-shareholding unwinds and share buybacks.

The Hague, 26 August 2021

R.A. Dingemans,
on behalf of Orange Dragon Company B.V.
Director Pelargos Capital B.V.

M. Kretschmer,
Director Pelargos Capital B.V.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	30 June 2021	31 December 2020
		€	€
Current assets			
Financial assets at fair value through profit or loss	3,11	180,381,027	189,850,021
Amounts due from brokers	6	2,599,130	823,362
Dividends receivable		470,023	666,955
Margin accounts	5	44,409,934	53,071,827
Cash and cash equivalents	4	-	2,597,540
Total current assets		**227,860,114**	**247,009,705**
Current liabilities			
Financial liabilities at fair value through profit or loss	3,11	14,028,135	36,154,931
Bank overdraft	4	64,491,092	69,813,142
Amounts due to brokers	6	772,792	1,415,831
Dividends payable		12,708	7,837
Management fee payable	7	116,860	113,386
Performance fee accrued	7	957,521	37,358
Crystalised performance fee payable	7	128,696	-
Interest payable		16,984	16,111
Research fee payable		1,299	-
Equalisation credit payable	7	14	-
Accrued expenses	8	73,621	115,715
Total current liabilities (excluding net assets attributable to holders of redeemable units of participation)		**80,599,722**	**107,674,311**
Net assets attributable to holders of redeemable units of participation		**147,260,392**	**139,335,394**

	30 June 2021	31 December 2020	31 December 2019
Class A - Euro			
Number of units of participation (Note 13)	-	-	236.27
Net asset value per unit of participation	-	-	€ 1,348.50
Class B - Euro			
Number of units of participation (Note 13)	81,132.81	81,228.68	74,501.74
Net asset value per unit of participation	€ 1,664.82	€ 1,577.58	€ 1,567.07
Class C – US Dollar			
Number of units of participation (Note 13)	12,510.30	12,510.30	15,329.87
Net asset value per unit of participation	$1,155.45	$1,094.49	$1,073.78
Net asset value per unit of participation (Euro Equivalent)	€ 974.32	€ 894.52	€ 956.60
Total Net Asset Value	**€ 147,260,392**	**€ 139,335,394**	**€ 131,733,030**

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

STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 January 2021 to 30 June 2021

	Note	1 January 2021 to 30 June 2021 €	1 January 2020 to 30 June 2020 €
Income			
Interest income	9	4,286	16,099
Gross dividend income	10	1,995,236	4,553,626
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	3	3,335,825	(1,370,020)
Net foreign exchange gain/(loss) on cash and cash equivalents	3	5,916,757	(1,020,529)
Other income		112,767	51,541
Total income		**11,364,871**	**2,230,717**
Expenses			
Dividend expense on securities sold short	10	(195,869)	(332,054)
Performance fees	7	(957,521)	(3,778)
Management fee	7	(679,137)	(619,848)
Interest expense and borrowing fee	9	(798,909)	(859,377)
Research fee	7	(279,028)	(382,589)
Audit fee	7	(24,000)	(6,000)
Administration fee	7	(58,765)	(68,539)
Depositary fee	7	(25,377)	(27,894)
Legal fee	7	(10,000)	(20,800)
Costs of supervision	7	(20,121)	(2,000)
FATCA fee		(1,375)	-
Trustee fee	7	(7,500)	(7,500)
Equalisation fee	7	(14)	
Other expenses	7	(26,355)	(25,040)
Total expenses		**(3,083,971)**	**(2,355,419)**
Profit/(loss) before taxation		**8,280,900**	**(124,702)**
Withholding taxes		(204,564)	(486,758)
Profit/(loss) after taxation		**8,076,336**	**(611,460)**
Increase/(decrease) attributable to holders of redeemable units of participation		**8,076,336**	**(611,460)**

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

STATEMENT OF CASH FLOWS
For the period from 1 January 2021 to 30 June 2021

	1 January 2021 to 30 June 2021 €	1 January 2020 to 30 June 2020 €
Cash flows from operating activities		
Increase/(decrease) attributable to holders of redeemable units of participation	**8,076,336**	**(611,460)**
Adjustment for net foreign exchange (gain)/loss - cash and cash equivalents	(5,916,757)	1,020,529
Adjustment for interest income	(4,286)	(16,099)
Adjustment for dividend income	(1,995,236)	(4,553,626)
Adjustment for interest expense and borrowing fee	798,909	859,377
Adjustment for dividend expense	195,869	332,054
Adjustments to reconcile increase/(decrease) attributable to holders of redeemable units of participation to net cash (used in)/provided by operating activities:		
Decrease/(increase) in financial assets at fair value through profit or loss	9,468,994	(37,905,575)
(Decrease)/increase in financial liabilities at fair value though profit or loss	(22,126,796)	17,619,779
Increase/(decrease) in margin cash	8,661,893	(7,530,970)
(Decrease)/increase in bank overdraft	(5,322,050)	36,720,036
Increase in management fee payable	3,474	6,669
Increase/(decrease) in performance fee accrued/payable	920,163	(58,854)
(Decrease) in amounts due to brokers	(643,039)	(254,552)
(Increase) in amounts due from brokers	(1,775,768)	(4,177,985)
Increase in crystalised performance fee payable	128,696	-
Increase in equalisation credit payable	14	-
Increase in research fee	1,299	2,369
Increase in accrued expenses	(42,094)	(22,531)
Cash (used in)/provided by operating activities	**(9,570,379)**	**1,429,161**
Interest received	4,286	16,099
Interest paid	(798,036)	(852,864)
Dividend received	2,192,168	4,123,242
Dividend paid	(190,998)	(307,103)
Net cash (used in)/provided by operating activities	**(8,362,959)**	**4,408,535**
Cash flows from financing activities		
Proceeds from issue of redeemable units of participation	-	10,075,000
Payments from redemptions of redeemable units of participation	(60,000)	(2,689,544)
Cash flow related to equalisation deficit previous period	(91,338)	(122,996)
Decrease/increase in subscriptions received in advance	-	5,000
Net cash flow (used in)/provided by financing activites	**(151,338)**	**7,267,460**
Net (decrease)/increase in cash and cash equivalents	(8,514,297)	11,675,995
Net foreign exchange gain/(loss) - cash and cash equivalents	5,916,757	(1,020,529)
Cash and cash equivalents at the beginning of the period	2,597,540	182,206
Cash and cash equivalents at the end of the period	**-**	**10,837,672**

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS OF PARTICIPATION

For the period from 1 January 2021 to 30 June 2021

	Note	Number of units	1 January 2021 to 30 June 2021 €
Balance at the beginning of the period		**93,739**	**139,335,394**
Increase attributable to holders of redeemable units of participation resulting from operations for the period		-	8,076,336
Proceeds from redeemable units of participation during the period	13	(38)	(60,000)
Redemption related to equalisation deficit previous period	13	(58)	(91,338)
Net assets attributable to holders of redeemable units of participation at the end of the period		**93,643**	**147,260,392**

For the period from 1 January 2020 to 30 June 2020	Note	Number of units	1 January 2020 to 30 June 2020 €
Balance at the beginning of the period		**90,068**	**131,733,030**
(Decrease) attributable to holders of redeemable units of participation resulting from operations for the period		-	(611,460)
Issue of redeemable units of participation during the period	13	6,649	10,075,000
Proceeds from redeemable units of participation during the period	13	(2,805)	(2,689,544)
Redemption related to equalisation deficit previous period	13	(88)	(122,996)
Net assets attributable to holders of redeemable units of participation at the end of the period		**93,824**	**138,384,030**
Net assets attributable to holders of redeemable units of participation at the end of the period		**93,824**	**138,384,030**

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

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

1. FUND INFORMATION

General
The Pelargos Japan Alpha Fund (the "Fund") is an open-ended investment fund incorporated on 19 June 2008. The Fund was incorporated with its registered office in The Hague on 21 April 2008 and is listed in the trade register held by the The Hague Chamber of Commerce under number 27317679. The registered office is WTC E-Tower, 7th Floor, Prinses Margrietplantsoen 43, 2595 AM The Hague, The Netherlands. The first trade date for Class B (Euro) units of participation was on trade date 11 July 2008. Initial subscriptions for Class A (Euro) units of participation were received on trade date 27 January 2009. As at 31 December 2020, Class A (Euro) have been fully redeemed. On 11 May 2017, Class C units of participation were introduced. The Class C units of participation may be issued in two subclasses denominated in US Dollars and in Euro. The first trade date for the Class C (USD) units of participation was on trade date 3 July 2017. 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 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 Legal Owner 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. The AIFMD license has an extension for the following investment services which may be provided to professional investors on: (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 Japanese enterprises. 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. The Fund may use leverage to achieve the return targets or for liquidity reasons in case units of participation are redeemed. Assets will predominantly be invested in Japanese securities.

Classes of Participations
The assets of the Fund are divided into several Classes of Participation, with a specific fee structure 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) Basis of preparation
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.

These financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"). The significant accounting policies and estimation techniques adopted by the Fund for the six months ended 30 June 2021 are consistent with those adopted by the Fund for the annual financial statements for the year ended 31 December 2020.

The financial statements are presented in Euros (€).

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(a) 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 Legal Owner are based and operate in Euro markets, the Fund's performance is evaluated and its liquidity is managed in Euro.

Standards and amendments to existing standards effective 1 January 2021
There are no standards and amendments to existing standards that are effective on 1 January 2021, that have had a material effect on the financial statements of the Fund.

New standards, amendments and interpretations effective after 1 January 2021
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been adopted in preparing these financial statements. None of these have had a material effect on the financial statements of the Fund.

3. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2021 and 31 December 2020, financial assets and liabilities at fair value through profit or loss were as follows:

	30 June 2021	31 December 2020
	€	€
Financial assets at fair value through profit or loss:		
Equity securities	177,816,518	188,530,860
Options	2,047,654	1,319,161
Futures	516,855	-
Financial assets at fair value through profit or loss	**180,381,027**	**189,850,021**
Financial liabilities at fair value through profit or loss:		
Equity securities	(14,022,898)	(33,963,248)
Futures	-	(1,939,405)
Forward foreign currency contracts	(5,237)	(252,278)
Financial liabilities at fair value through profit or loss	**(14,028,135)**	**(36,154,931)**
Total financial assets and financial liabilities at fair value through profit or loss	**166,352,892**	**153,695,090**

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

As at 30 June 2021 and 31 December 2020, listed equity securities, forward foreign currency contracts, futures and options 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
For the period from 1 January 2021 to 30 June 2021

3. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

For periods ended 30 June 2021 and 30 June 2020, the net gains and losses breakdown of net gain or loss on financial assets and liabilities at fair value through profit or loss was as follows:

	30 June 2021	**30 June 2020**
	€	**€**
Realised gains	22,967,670	36,768,804
Unrealised gains	17,996,418	16,073,584
Realised losses	(23,085,716)	(29,481,648)
Unrealised losses	(14,542,547)	(24,730,760)
Total	**3,335,825**	**(1,370,020)**

The financial assets and liabilities at fair value through profit or loss are classified under category 'assets and liabilities at fair value through profit and loss'.

4. CASH AND CASH EQUIVALENTS

Cash represents short-term funds available to the Fund.	**30 June 2021**	**31 December 2020**
	€	**€**
Cash at broker	-	2,597,540
Banks overdrafts	(64,491,092)	(69,813,142)
Total	**(64,491,092)**	**(67,215,602)**

Non restricted cash at broker relates to cash balances with the Fund's Prime Brokers, excluding margin requirements. Bank overdrafts relates to negative cash balance with Fund's Prime Broker Goldman Sachs Bank Europe SE and UBS AG, including the amount of margin requirements.

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 was €32,855,533 (31 December 2020: €39,471,985) with Goldman Sachs Bank Europe SE and €11,554,401 (31 December 2020: €13,599,842) with UBS AG.

	30 June 2021	**31 December 2020**
	€	**€**
Margin accounts	44,409,934	53,071,827
Total	**44,409,934**	**53,071,827**

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

6. AMOUNTS DUE TO BROKERS

Amounts receivable from and payable 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 year-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 2021 and 31 December 2020, the following were held as amounts due to or from brokers:

	30 June 2021	31 December 2020
	€	€
Balances due from brokers	2,599,130	823,362
Balances due to brokers	(772,792)	(1,415,831)
Net amounts due to brokers	**1,826,338**	**(592,469)**

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, 1.0% of the GAV for Class B units of participation and 0.5% of the gross asset value (GAV) for Class C 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 €679,137 (30 June 2020: €619,848) were incurred for the period ended 30 June 2021, of which €116,860 (31 December 2020: €113,386) was payable at 30 June 2020.

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 is 15% of the annual increase in the net asset value of the capital of Class C 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.

Performance fees of €957,521 (30 June 2020: €3,778) were incurred for the period ended 30 June 2021, of which €1,086,217, including crystalised performance fees of €128,696 incurred in 2020, were payable at 30 June 2021 (31 December 2020: €37,358).

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 unit of 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. The equalisation credit as of 30 June 2021 amounted to €14 (31 December 2020 €Nil).

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

7. FEES AND EXPENSES (continued)

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 NAV at the time of issue. 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. Redemption 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 2021 amounted to €106,021 (31 December 2020: €91,338).

Other costs charged to the assets of the Fund

	1 January 2021 to 30 June 2021	1 January 2020 to 30 June 2020
	€	€
Administration fee	58,765	68,539
Audit fee	24,000	6,000
Costs of supervision	20,121	2,000
Depositary fee	25,377	27,894
Legal fee	10,000	20,800
FATCA fee	1,375	-
Trustee fee	7,500	7,500
Other expenses	26,355	25,040
Total	**173,493**	**157,773**

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 Legal Owner receives a trustee 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 ended 30 June 2021 and 30 June 2020 charged no subscription or redemption fees.

Research fees
The Fund holds Research Collection Accounts (RCA) at its executing brokers. The broker receives a commission for executing a transaction that is split into (1) an execution fee and (2) a research fee. The money received by the broker that is related to research is entered into a separate account with the broker, the RCA. Collected monies on the RCA are periodically transferred to the Research Payment Account (RPA) held by the Manager. The Manager makes use of the "Transactional Method" to fund its RPA. The Manager uses the received monies to procure research offered by research service providers, with the aim of improving the results of the Fund. The total amount of research fees during the period ended 30 June 2021 amounted to €279,028 (30 December 2020: €610,423).

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

8. ACCRUED EXPENSES

	30 June 2021	31 December 2020
	€	€
Administration fee	20,136	30,308
Audit fee	17,428	38,926
Costs of supervision	14,850	24,586
Depositary fee	4,905	11,981
FATCA fee	1,185	2,750
Legal and tax advice fees	13,518	5,898
Trustee fee	174	339
Other accrued expenses	1,425	927
Total	**73,621**	**115,715**

9. INTEREST INCOME/EXPENSE AND BORROWING FEE

	1 January 2021 to 30 June 2021	1 January 2020 to 30 June 2020
	€	€
Interest income	4,286	16,099
Interest expense	(746,695)	(654,162)
Borrowing fee	(52,214)	(205,215)
Total	**(794,623)**	**(843,278)**

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

10. DIVIDEND INCOME/EXPENSE

	1 January 2021 to 30 June 2021	1 January 2020 to 30 June 2020
	€	€
Gross dividend income	1,995,236	4,553,626
Dividend expense on securities sold short	(195,869)	(332,054)
Total	**1,799,367**	**4,221,572**

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 Japanese 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.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Financial instruments and associated risks (continued)
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, concentration 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 for 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.

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 table analyses the fair value hierarchy of the Fund's financial assets and liabilities measured at fair value at the period ended 30 June 2021

Financial assets at fair value through profit or loss	**30 June 2021**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities	177,816,518	177,816,518	-	-
Derivatives	2,564,509	-	2,564,509	-
Total	**180,381,027**	**177,816,518**	**2,564,509**	**-**

Financial liabilities at fair value through profit or loss	**30 June 2021**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities	(14,022,898)	(14,022,898)	-	-
Derivatives	(5,237)	-	(5,237)	-
Total	**(14,028,135)**	**(14,022,898)**	**(5,237)**	**-**

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Fair value estimation (continued)
The following table analyses the fair value hierarchy of the Fund's financial assets and liabilities measured at fair value at the year ended 31 December 2020:

Financial assets at fair value through profit or loss	31 December 2020	Level 1	Level 2	Level 3
	€	€	€	€
Equity securities	188,530,860	188,530,860	-	-
Derivatives	1,319,161	-	1,319,161	-
Total	**189,850,021**	**188,530,860**	**1,319,161**	**-**

Financial liabilities at fair value through profit or loss	31 December 2020	Level 1	Level 2	Level 3
	€	€	€	€
Equity securities	(33,963,249)	(33,963,249)	-	-
Derivatives	(2,191,682)	-	(2,191,682)	-
Total	**(36,154,931)**	**(33,963,249)**	**(2,191,682)**	**-**

For the period/year ended 30 June 2021 and 31 December 2020, there were no transfers between Levels.

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

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). The Fund may hold cash in and securities denominated in other currencies. The value of such holdings, expressed in the currency in which the pertinent (Sub) Class of Participations is administered, may therefore be influenced by currency fluctuations.

IFRS 7 Financial Instruments - Disclosures 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 following table demonstrates management's best estimate of the sensitivity to a reasonable change in the foreign exchange rates, with all other variables being constant, of the most representative Fund's foreign currency exposures. The currency sensitivity below is based upon a movement of exchange rates and the direct currency exposures as a result of Fund holdings which are denominated in currencies other than Euro, the functional currency of the Fund.

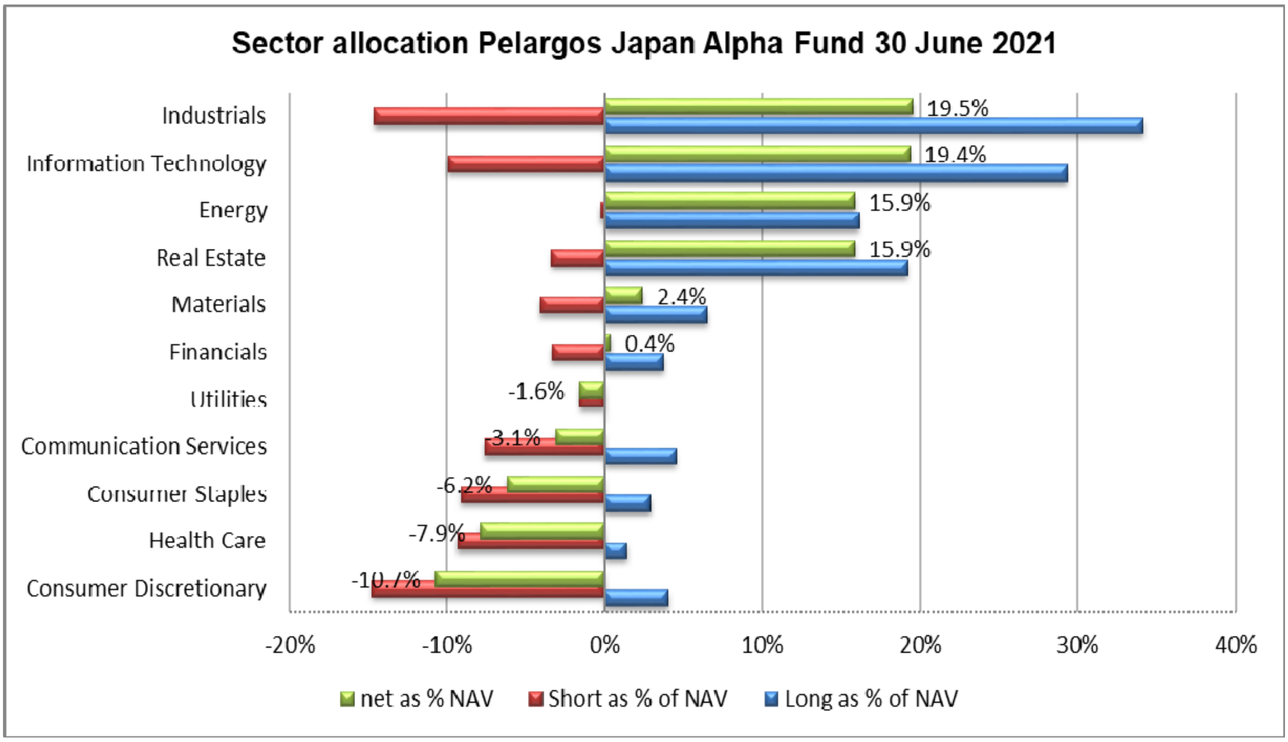
The Fund has the possibility to hold and to manage currency exposures, but in principle will hedge significant exposures.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

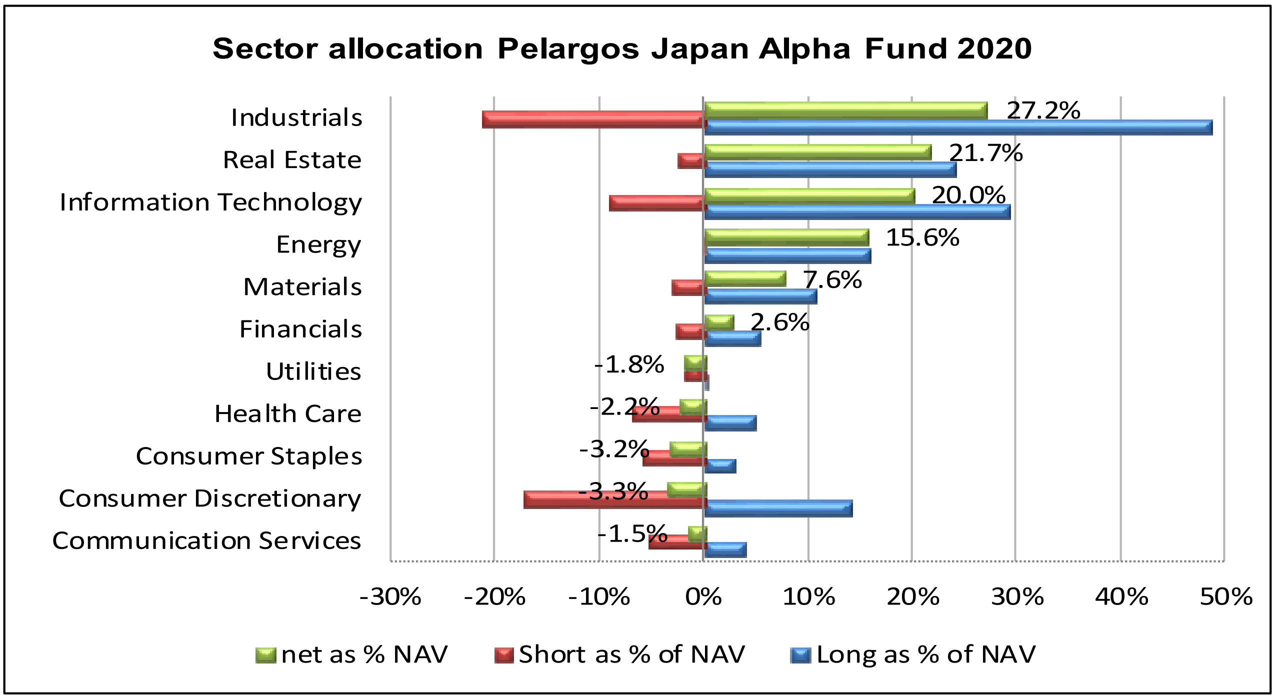
11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Concentration risk

The sector allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at 31 December 2020 was as follows:



The sector allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at 31 December 2020 was as follows:



NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

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 a Money Market Fund, which invests in papers in interest bearing securities. As a result, the Fund is subject to limited direct 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.

For the period ended 30 June 2021 and year ended 31 December 2020, OTC derivative transactions were executed with the Fund's Prime Brokers Goldman Sachs Bank Europe SE and UBS. The Fund's derivative contracts held were futures, options and forward foreign currency contracts.

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 Goldman Sachs Bank Europe SE at 30 June 2021 were A1 at Moody's and n/a at S&P (30 December 2020: A1 at Moody's and A+ at S&P). Long-term ratings for UBS AG at 30 June 2021 was Aa3 (31 December 2020: A3) at Moody's and A+ (31 December 2020: A-) at S&P.

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.

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

To enable to short securities, the Fund borrows securities. At 30 June 2021, the Fund borrowed securities for an amount of €14,022,898 (31 December 2020: €35,373,525).

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

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

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 valuation day, with 15 business day's previous notice.

The Fund invests the majority of its assets in investments that are listed and traded in active markets; all listed on major Japanese 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 with 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 futures, forward foreign currency contracts and options.

The Fund records its derivative activities on a mark-to-market basis.

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

12. DERIVATIVE CONTRACTS (continued)

As at 30 June 2021 and as at 31 December 2020, the following derivative contracts were included in the Fund's Statement of Financial Position at fair value through profit or loss:

	Fair value assets 30 June 2021 €	Fair value liabilities 30 June 2021 €
Forward foreign currency contracts	-	(5,237)
Futures	516,855	-
Options	2,047,654	-
Total derivative contracts	**2,564,509**	**(5,237)**

	Fair value assets 31 December 2020 €	Fair value liabilities 31 December 2020 €
Forward foreign currency contracts	-	(252,278)
Futures	-	(1,939,405)
Options	1,319,161	-
Total derivative contracts	**1,319,161**	**(2,191,683)**

The table below details the total derivatives exposure at 30 June 2021 and 31 December 2020. 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 31 December 2020, the Fund held options and equity index futures.

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 2021 the leverage is 199.9% (31 December 2020: 234.8%).

30 June 2021	Net exposure	Gross exposure	Gross as % NAV
	€	€	
Equities	163,406,333	191,452,775	130.0%
Futures	(58,387,403)	58,387,403	39.6%
Options	(40,379,459)	44,603,897	30.3%
Total exposure	**64,639,471**	**294,444,075**	**199.9%**
Total as % of NAV	**43.9%**	**199.9%**	**199.9%**

31 December 2020	Net exposure	Gross exposure	Gross as % NAV
	€	€	
Equities	154,386,683	222,337,611	159.6%
Futures	(69,940,608)	69,940,608	50.2%
Options	30,593,946	34,881,392	25.0%
Total exposure	**115,040,021**	**327,159,611**	**234.8%**
Total as % of NAV	**82.6%**	**234.8%**	**234.8%**

13. REDEEMABLE UNITS OF PARTICIPATION

Since inception of the Fund Class A, Class B and Class C units of participation were issued, Class A, B and C are denominated in Euro. At 31 December 2020, Class A has been fully redeemed and Class B and Class C currently remain. The (initial) investment required for a participant in Class A was Euro 10,000. Subsequent subscriptions and redemptions had a minimum size of Euro 1,000.

The minimum (initial) investment in Class A and Class B for the 'seeding' investor, employees and employees of the directors is Euro 1,000 and for other Participants Euro 10,000. Subscriptions and redemptions have a minimum size of Euro 1,000.

On 11 May 2017, the Manager decided to introduce a new Class C units of participation. The Class C units of participation may be issued in two subclasses denominated in US Dollars and in Euro.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

13. REDEEMABLE UNITS OF PARTICIPATION (continued)

The minimum (initial) investment in Class C for the 'seeding' investor, employees and employees of the directors is Euro 1,000 and USD 1,000 and for other Participants Euro 100,000 and USD 100,000. Subscriptions and redemptions have a minimum size of Euro and USD 1,000. Class C units of participation may be issued in two subclasses denominated in US Dollars and in Euro.

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.

Transactions in units of participation for the period ended 30 June 2021 and 30 June 2020 were as follows:

	Number of units of participation 30 June 2021	Number of units of participation 30 June 2020
Class A (EUR)		
Units of participation balance at the beginning of the period	-	236
Units of participation at the end of the period	**-**	**236**
Class B (EUR)		
Units of participation balance at the beginning of the period	81,229	74,502
Issue of redeemable units of participation	-	6,649
Redemption of redeemable units of participation	(38)	(11)
Issue/Redemption related to equalisation credit/(deficit)	(58)	(63)
Units of participation at the end of the period	**81,133**	**81,077**
Class C (USD)		
Units of participation balance at the beginning of the period	12,510	15,330
Redemption of redeemable units of participation	-	(2,794)
Issue/redemption related to equalisation credit/(deficit)	-	(26)
Units of participation at the end of the period	**12,510**	**12,510**

Capital management
As a result of the ability to issue and redeem units, 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 units 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
For the period from 1 January 2021 to 30 June 2021

14. RELATED PARTY TRANSACTIONS

Employees of directors and employees of Pelargos Capital B.V. held jointly 225.98 (31 December 2020: 263.99) units of participation Class B in the Fund. Pelargos Capital B.V. held 116.88 (31 December: 2020: 117.09) units of participation Class B Euro.

Two investment funds managed by Aegon Investment Management B.V. (AIM B.V.) held 80,673.74 (31 December 2020: 80,731.17) units of participation Class B.

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 2020: 73.34%) of the shares in Pelargos Capital B.V.

The related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

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 2021.

As of 30 June 2021 and 31 December 2020, there are no personal interests of the employees of directors in investments, which were also held by the Fund.

As of 30 June 2021 and 31 December 2020, the personal interests of employees of directors and a non-executive director of the Fund are as follows:

	Market Value 30 June 2021	**Market Value 31 December 2020**
	€	**€**
Pelargos Japan Alpha Fund	378,574	416,472
	378,574	**416,472**

16. DIVIDEND AND ALLOCATION OF RESULT

During the period/year ended 30 June 2021 and 31 December 2020, the Fund did not pay dividends. The result is included in the net assets attributable to holders of redeemable units of participation.

17. 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 2021 and 31 December 2020, there were no such subscriptions or redemptions.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2021 to 30 June 2021

18. SIGNIFICANT EVENTS

There are no significant events at the period ended 30 June 2021.

19. SUBSEQUENT EVENTS

There are no subsequent events impacting the Fund subsequent to 30 June 2021 and up to the date of approval of these financial statements.

20. APPROVAL OF THE FINANCIAL STATEMENTS

Approved on behalf of the Manager:

Director Pelargos Capital B.V.

Date: 26 August 2021.

OTHER NOTES
For the period from 1 January 2021 to 30 June 2021

1. VOTING POLICY

The Manager adheres to the Japan Stewardship Code (the Code) as of September 2016. The Code, published in 2014, sets out best practice principles for responsible institutional investors. The Manager has a voting policy to support the Code and will in the best interest of the Participants engage with Japan listed companies in which the Fund invests.

The Manager subscribes to the Code. Stewardship is about being an active investor and entering into a dialogue with management of companies about strategic issues in the companies which we believe should be changed or improved. During 2021, the Manager voted at virtually all AGMs of companies of which it held stock in the portfolios, and it voting against management proposal where it felt these proposals were not in the interest of the investor. A detailed voting report is available on the website of the Manager.

2. APPROVAL OF THE FINANCIAL STATEMENTS

The Manager approved the financial statements on 26 August 2021.