PELARGOS JAPAN ALPHA FUND

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM

1 JANUARY 2020
TO
30 JUNE 2020

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the period from 1 January 2020 to 30 June 2020 **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. (formerly 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 London Branch 5 Broadgate London EC2M 2QS United Kingdom Goldman Sachs International Plumtree Court 25 Shoe Lane London, EC4A 4AU United Kingdom
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. (formerly SGG 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 International and UBS AG.

MANAGER'S REPORT
For the period from 1 January 2020 to 30 June 2020

Performance

2020	Jan	Feb	March	April	May	June	YTD
Class A EUR	1.65%	-6.33%	2.62%	-1.21%	1.76%	0.78%	-1.01%
Class B EUR	1.70%	-6.30%	2.66%	-1.77%	1.80%	0.83%	-0.76%
Class C USD	1.57%	-5.92%	2.93%	-0.95%	1.90%	0.92%	0.18%

Source: BNY Mellon Fund Services.

In the first six months of 2020 the Pelargos Japan Alpha Fund returned -1.01% for the class A EUR, -0.76% for the class B EUR shares and 0.18% for the class C USD shares. This brought the inception-to-date performance of class B shares to 55.51%, which translates into an annualised return of 3.8%. The MSCI Japan lost -8.88% in the first half of 2020 and +15.56% since inception of the Fund. At the end of June, the Fund size stood at €138.4mln as the Fund received some inflows.

Review of first half 2020

Equity markets were off to a strong start in early 2020 as the global economic recovery gathered pace from the 2018-2019 slowdown. However, as February progressed it became increasingly clear that the mysterious respiratory disease that was first discovered in Wuhan, China, had spread to other continents and was infecting people at an accelerating pace. This became known as the Covid-19 pandemic and was the worst global health crisis since the 1918 Spanish Flu outbreak. By late March, many countries around the world had issued various social distancing measures and restrictions to travel and mobility in an effort to contain the virus. Hospitals were facing a shortage in intensive care beds and respiratory support equipment. These lock-down measures halted public life in many countries and with that, the global economy collapsed. The economic contraction was the sharpest and largest on record, even worse than the Great-Depression in the 1930's. With the economic collapse, global equity markets started falling from late February and by mid-March losses extended to 20-40% from early-February highs. Against this backdrop, global policy makers came into immediate action and an unprecedented amount of fiscal and monetary stimulus was announced in a matter of weeks. As policy support kicked in, equity markets started to recover and gains of 15-20% from the March lows were no exception. The economic recovery has been much more muted, with sluggish consumption, weak industrial production and global unemployment at elevated levels. Japan has been a bright spot in this global pandemic as it only had a limited number of infections and therefore did not need to shut down its economy. The MSCI Japan managed to recover a significant part of its earlier losses and lost -8.9% over the first 6 months of 2020. Defensive sectors such as Health Care and Telecommunication outperformed and the biggest losses were incurred in Energy, Financials and Real Estate.

Investment policy and attribution

The global economic backdrop started improving in late 2019, and Japanese companies benefitting from this were sharing their record free cash flows with their stakeholders. One of the key focus points of the corporate governance improvement agenda are centered around the implementation of shareholder return policies. As a result of this, dividends have been steadily rising, and so did share buy-backs. Additionally, companies started to (finally) address cross-shareholdings and parent-child listings. These developments confirmed our structural bullish views on Japanese equities as one of the most undervalued markets, with a catalyst to unlock that value. At the end of January, the net and gross exposure had been at the high end of their historic ranges: the net exposure stood at 38.3% and the gross exposure at 207.3%. 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 March, as the put options protected the Fund's value in a collapsing market.

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 caps 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.

MANAGER'S REPORT (continued)
For the period from 1 January 2020 to 30 June 2020

Investment policy and attribution (continued)

The top 5 highest contributing stocks, ranked in descending order of contribution, in the first half of 2020 were: long Maeda Road Construction, followed by short Dentsu, short Japan Airlines, short East Japan Railways and short Daito Trust Construction. It is worth highlighting our biggest gainer, Maeda Road Construction, which was actually a long position during the market collapse in March and April.

Maeda Road Construction had been a portfolio holding since 2018 as the extremely cheap valuations and outdated corporate ownership structure made it an obvious target for "action". And after two years, the take-over saga had reached an intermediate climax as Maeda Corp., bought "control" with a majority stake at the tender offer price of JPY3950 (which was a 50% premium when the deal was launched). In the meantime, Maeda Road had distributed a 20% special dividend to scare off its pursuer Maeda Corp., and also paid its annual 5% dividend at fiscal year-end.

The top 5 worst contributors, ranked in descending order starting with the biggest loss, in the first half of 2020 were all long positions: Hitachi Capital, Nomura Real Estate, Ichigo Holdings, Toshiba TEC and Ichigo Office REIT.

Most of these losses came from Real Estate exposure as investors priced in a deep recession scenario with rents collapsing 30% and vacancies climbing sharply from historic low levels. Especially REIT shares prices were hit badly by regional banks' forced selling in March. Regional banks were heavily invested in yield producing REITs, but for regulatory and tax purposes were forced sellers into fiscal year end. At some point in mid-March, the entire REIT index was down 47%, and from those panic-selling levels we have added to our preferred REIT assets.

Outlook

The global economy starts to recover from its worst slump in recorded history, the near term visibility is extremely murky. 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 truly hope, that the voting behavior at this year's AGMs in June, will be a similar tipping-point situation that acts as a structural catalyst. With Covid-19 (hopefully) diminishing in the second half of the year, we look forward to intensifying communication with various management teams and encourage them to address the massive undervaluation of their company's share price.

The Hague, 25 August 2020

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

Pieter van Putten,
Director Pelargos Capital B.V.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	30 June 2020	31 December 2019
		€	€
Current assets			
Financial assets at fair value through profit or loss	3,11	173,465,897	135,560,322
Amounts due from brokers	6	5,416,602	1,238,617
Dividends receivable		751,457	321,073
Margin accounts	5	54,880,421	47,349,451
Cash and cash equivalents	4	10,837,672	182,206
Total current assets		**245,352,049**	**184,651,669**
Current liabilities			
Financial liabilities at fair value through profit or loss	3,11	61,825,998	44,206,219
Bank overdraft	4	42,758,819	6,038,783
Amounts due to brokers	6	2,079,107	2,333,659
Dividends payable		96,393	71,442
Subscriptions received in advance	17	5,000	-
Management fee payable	7	115,990	109,321
Performance fee payable	7	3,778	62,632
Interest payable		9,285	2,772
Research fee payable		5,193	2,824
Accrued expenses	8	68,456	90,987
Total current liabilities (excluding net assets attributable to holders of redeemable units of participation)		**106,968,019**	**52,918,639**
Net assets attributable to holders of redeemable units of participation		**138,384,030**	**131,733,030**

	30 June 2020	31 December 2019	31 December 2018
Class A - Euro			
Number of units of participation (Note 13)	236.27	236.27	236.27
Net asset value per unit of participation	€ 1,334.90	€ 1,348.50	€ 1,202.05
Class B - Euro			
Number of units of participation (Note 13)	81,077.15	74,501.74	56,193.96
Net asset value per unit of participation	€ 1,555.15	€ 1,567.07	€ 1,389.86
Class C – US Dollar			
Number of units of participation (Note 13)	12,510.30	15,329.87	15,329.87
Net asset value per unit of participation	$1,075.70	$1,073.78	$930.72
Net asset value per unit of participation (Euro Equivalent)	€ 957.75	€ 956.60	€ 814.17
Total Net Asset Value	**€ 138,384,030**	**€ 131,733,030**	**€ 90,866,892**

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

STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2020 to 30 June 2020

	Note	1 January 2020 to 30 June 2020 €	1 January 2019 to 30 June 2019 €
Income			
Interest income	9	16,099	36,220
Gross dividend income	10	4,553,626	1,686,598
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	3	(1,370,020)	3,946,136
Net foreign exchange (loss) on cash and cash equivalents	3	(1,020,529)	(397,734)
Other income		51,541	-
Total income		**2,230,717**	**5,271,220**
Expenses			
Dividend expense on securities sold short	10	(332,054)	(516,626)
Performance fees	7	(3,778)	-
Management fee	7	(619,848)	(424,734)
Interest expense and borrowing fee	9	(859,377)	(586,258)
Research fee	7	(382,589)	(277,795)
Audit fee	7	(6,000)	(19,000)
Administration fee	7	(68,539)	(49,184)
Depositary fee	7	(27,894)	(16,450)
Legal fee	7	(20,800)	(4,000)
Costs of supervision	7	(2,000)	(11,338)
Trustee fee	7	(7,500)	(6,875)
Other expenses	7	(25,040)	(9,649)
Total expenses		**(2,355,419)**	**(1,921,909)**
(Loss)/profit before taxation		**(124,702)**	**3,349,311**
Withholding taxes		(486,758)	(250,697)
(Loss)/profit after taxation		**(611,460)**	**3,098,614**
(Decrease)/increase attributable to holders of redeemable units of participation		**(611,460)**	**3,098,614**

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

STATEMENT OF CASH FLOWS
For the period from 1 January 2020 to 30 June 2020

	1 January 2020 to 30 June 2020 €	1 January 2019 to 30 June 2019 €
Cash flows from operating activities		
(Decrease)/increase attributable to holders of redeemable units of participation	**(611,460)**	**3,098,614**
Adjustment for net foreign exchange loss - cash and cash equivalents	1,020,529	397,734
Adjustment for interest income	(16,099)	(36,220)
Adjustment for dividend income	(4,553,626)	(1,686,598)
Adjustment for interest expense and borrowing fee	859,377	586,258
Adjustment for dividend expense	332,054	516,626
Adjustments to reconcile (decrease)/increase attributable to holders of redeemable units of participation to net cash provided by/(used in) operating activities:		
(Increase) in financial assets at fair value through profit or loss	(37,905,575)	(16,985,971)
Increase in financial liabilities at fair value though profit or loss	17,619,779	12,420,658
(Decrease) in margin cash	(7,530,970)	(8,271,453)
Increase in bank overdraft	36,720,036	-
Increase/(decrease) in management fee payable	6,669	(4,875)
Increase in performance fee payable	(58,854)	-
(Decrease)/increase in amounts due to brokers	(254,552)	5,267,976
(Increase) in amounts due from brokers	(4,177,985)	(7,527,950)
Increase in research fee payable	2,369	16,604
Increase/(decrease) in accrued expenses	(22,531)	(1,784)
Cash provided by/(used in) operating activities	**1,429,161**	**(12,210,381)**
Interest received	16,099	36,220
Interest paid	(852,864)	(584,201)
Dividend received	4,123,242	1,536,426
Dividend paid	(307,103)	(537,823)
Net cash provided by/(used in) operating activities	**4,408,535**	**(11,759,759)**
Cash flows from financing activities		
Proceeds from issue of redeemable units of participation	10,075,000	-
Payments from redemptions of redeemable units of participation	(2,689,544)	(24,969)
Cash flow related to equalisation credit previous year	(122,996)	-
Increase in subscriptions received in advance	5,000	-
Net cash flow provided by/(used in) financing activites	**7,267,460**	**(24,969)**
Net increase/(decrease) in cash and cash equivalents	11,675,995	(11,784,728)
Net foreign exchange (loss) - cash and cash equivalents	(1,020,529)	(397,734)
Cash and cash equivalents at the beginning of the period	182,206	37,002,285
Cash and cash equivalents at the end of the period	**10,837,672**	**24,819,823**

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 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**

For the period from 1 January 2019 to 30 June 2019	Note	Number of units	1 January 2019 to 30 June 2019 €
Balance at the beginning of the period		**71,760**	**90,866,892**
Increase attributable to holders of redeemable units of participation resulting from operations for the period		-	3,098,614
Proceeds from redeemable units of participation during the period	13	(18)	(24,969)
Net assets attributable to holders of redeemable units of participation at the end of the period		**71,742**	**93,940,537**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

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. 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, 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) 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 2020 are consistent with those adopted by the Fund for the annual financial statements for the year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)
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. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Fund's financial statements for the year ended 31 December 2019, except for the adoption of new standards, amendments and interpretations effective from 1 January 2020.

The financial statements are presented in Euros (€).

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 2020
There are no standards and amendments to existing standards that are effective on 1 January 2020, that have had a material effect on the financial statements of the Fund.

New standards, amendments and interpretations effective after 1 January 2020
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, 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 2020 and 31 December 2019, financial assets and liabilities at fair value through profit or loss were as follows:

	30 June 2020	31 December 2019
	€	€
Financial assets at fair value through profit or loss:		
Equity securities	171,956,688	135,281,927
Options	16,938	259,950
Futures	1,492,271	18,445
Financial assets at fair value through profit or loss	**173,465,897**	**135,560,322**
Financial liabilities at fair value through profit or loss:		
Equity securities	(61,706,592)	(43,964,298)
Forward foreign currency contracts	(119,406)	(241,921)
Financial liabilities at fair value through profit or loss	**(61,825,998)**	**(44,206,219)**
Total financial assets and financial liabilities at fair value through profit or loss	**111,639,899**	**91,354,103**

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

As at 30 June 2020 and 31 December 2019, 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 (continued)
For the period from 1 January 2020 to 30 June 2020

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

For period ended 30 June 2020 and 30 June 2019, 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 2020	30 June 2019
	€	€
Realised gains	36,768,804	8,394,418
Unrealised gains	16,073,584	13,799,758
Realised losses	(29,481,648)	(10,528,066)
Unrealised losses	(24,730,760)	(7,719,974)
Total	**(1,370,020)**	**3,946,136**

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 2020	31 December 2019
	€	€
Cash at broker	10,837,672	182,206
Banks overdrafts	(42,758,819)	(6,038,783)
Total	**(31,921,147)**	**(5,856,577)**

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

As at 30 June 2020, the Fund did not hold any money market fund (“MMF”) (31 December 2019: none).

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 €37,307,960 (31 December 2019: €42,725,677) with Goldman Sachs International and €17,572,461 (31 December 2019: €4,623,774) with UBS AG.

	30 June 2020	31 December 2019
	€	€
Margin accounts	54,880,421	47,349,451
Total	**54,880,421**	**47,349,451**

6. AMOUNTS DUE (TO)/FROM 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 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

6. AMOUNTS DUE FROM/(TO) BROKERS (continued)

As at 30 June 2020 and 31 December 2019, the following were held as amounts due to or from brokers:

	30 June 2020	**31 December 2019**
	€	**€**
Balances due from brokers	5,416,602	1,238,617
Balances due to brokers	(2,079,107)	(2,333,659)
Net amounts due from/(to) brokers	**3,337,495**	**(1,095,042)**

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 €619,848 (30 June 2019: €424,734) were incurred for the period ended 30 June 2020, of which €115,990 (31 December 2019: €109,321) 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 €3,778 (30 June 2019: €Nil) were incurred for the period ended 30 June 2020, of which €3,778 (31 December 2019: €62,632) was payable at 30 June 2020 (30 June 2019: €Nil).

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 2020 amounted to €Nil (31 December 2019: €Nil).

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 2020 amounted to €39,890 (31 December 2019: €122,996).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

7. FEES AND EXPENSES (continued)

Other costs charged to the assets of the Fund	**1 January 2020 to 30 June 2020**	**1 January 2019 to 30 June 2019**
	€	**€**
Administration fee	68,539	49,184
Audit fee	6,000	19,000
Costs of supervision	2,000	11,338
Depositary fee	27,894	16,450
Legal fee	20,800	4,000
Other expenses	25,040	9,649
Trustee fee	7,500	6,875
Total	**157,773**	**116,496**

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 2020, the Fund charged redemption fees of €Nil (30 June 2019: €Nil).

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 2020 amounted to €382,589 (31 December 2019: €512,893).

8. ACCRUED EXPENSES

	30 June 2020	**31 December 2019**
	€	**€**
Administration fee	35,032	20,280
Audit fee	2,976	37,578
Costs of supervision	1,586	14,528
Depositary fee	16,393	6,944
Legal and tax advice fees	4,979	5,886
Trustee fee	3,876	3,526
Other accrued expenses	3,614	2,245
Total	**68,456**	**90,987**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

9. INTEREST INCOME/EXPENSE AND BORROWING FEE

	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
	€	€
Interest income	16,099	36,220
Interest expense	(654,162)	(290,669)
Borrowing fee	(205,215)	(295,589)
Total	**(843,278)**	**(550,038)**

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

10. DIVIDEND INCOME/EXPENSE

	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
	€	€
Gross dividend income	4,553,626	1,686,598
Dividend expense on securities sold short	(332,054)	(516,626)
Total	**4,221,572**	**1,169,972**

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.

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:

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Fair value estimation (continued)

- 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 as at 30 June 2020 and as at 31 December 2019:

Financial assets at fair value through profit or loss	**30 June 2020 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities	171,956,688	171,956,688	-	-
Derivatives	1,509,209	-	1,509,209	-
Total	**173,465,897**	**171,956,688**	**1,509,209**	**-**

Financial liabilities at fair value through profit or loss	**30 June 2020 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities	(61,706,592)	(61,706,592)	-	-
Derivatives	(119,406)	-	(119,406)	-
Total	**(61,825,998)**	**(61,706,592)**	**(119,406)**	**-**

Financial assets at fair value through profit or loss	**31 December 2019 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities	135,281,927	135,281,927	-	-
Derivatives	278,395	-	278,395	-
Total	**135,560,322**	**135,281,927**	**278,395**	**-**

Financial liabilities at fair value through profit or loss	**31 December 2019 €**	**Level 1 €**	**Level 2 €**	**Level 3 €**
Equity securities	(43,964,298)	(43,964,298)	-	-
Derivatives	(241,921)	-	(241,921)	-
Total	**(44,206,219)**	**(43,964,298)**	**(241,921)**	**-**

For the period/year ended 30 June 2020 and 31 December 2019, 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 2020 to 30 June 2020

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.

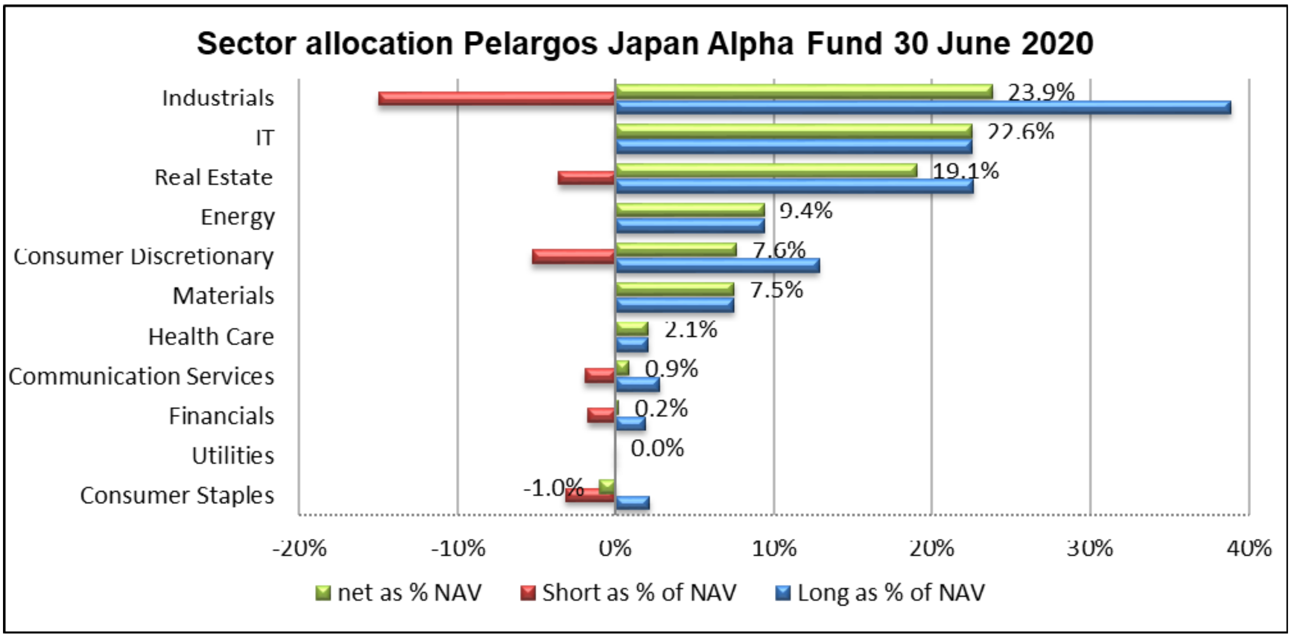
Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency (Euro). 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 Fund has the possibility to hold and to manage currency exposures, but in principle will hedge significant exposures.

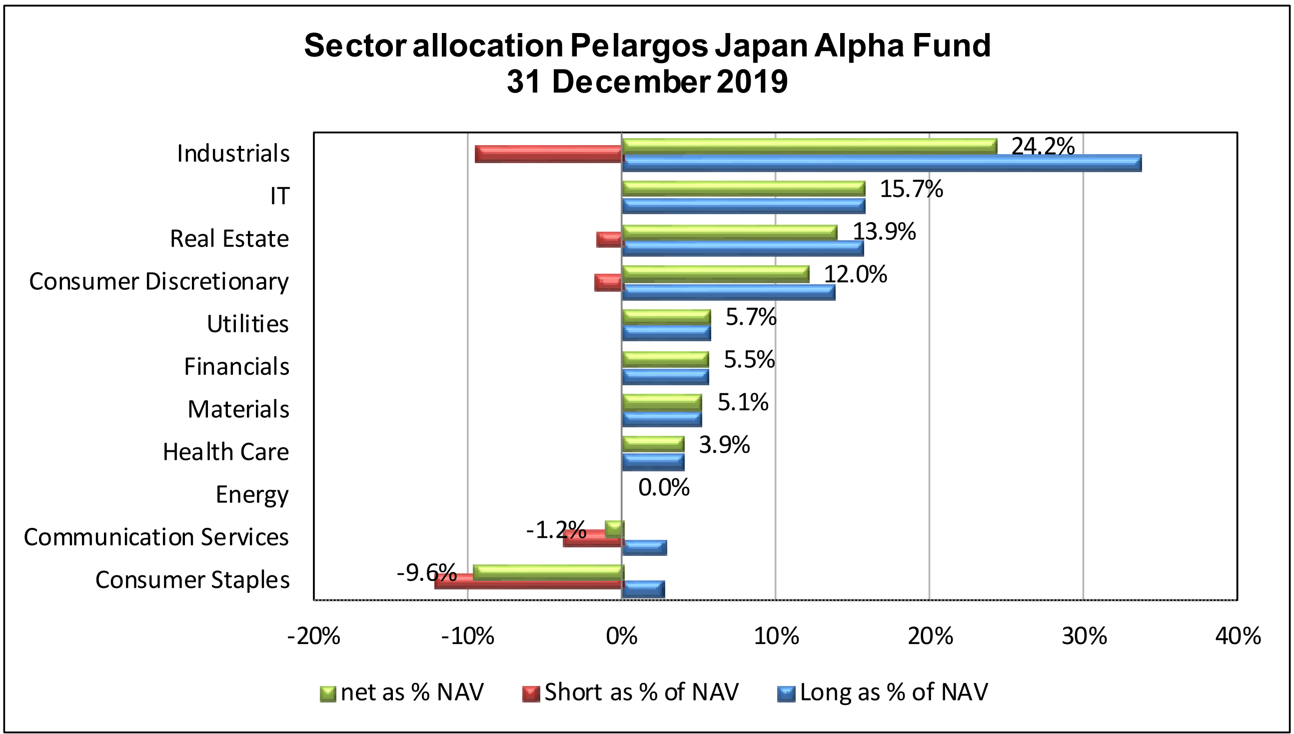
Concentration risk
The sector allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at 30 June 2020 was as follows:



NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Concentration risk (continued)
The sector allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at 31 December 2019 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 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.

As at 30 June 2020 and 31 December 2019, the Fund did not hold any money market fund ("MMF").

For the period ended 30 June 2020 and the year ended 31 December 2019, OTC derivative transactions were executed with the Fund's Prime Brokers Goldman Sachs International and UBS AG. 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 International at 30 June 2020 were A1 (31 December 2019: A1 (Moody's)) and A+ (S&P) (31 December 2019: A+). Long-term ratings for UBS AG at 30 June 2020 was A+ (31 December 2019: Aa3) at Moody's and Aa2 (31 December 2019: A+) at S&P.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

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.

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 2020, the Fund borrowed securities for an amount of €55,175,380 (31 December 2019: €43,964,298).

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

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/period-end date and are included in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

12. DERIVATIVE CONTRACTS (continued)

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.

As at 30 June 2020 and 31 December 2019, 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 2020	Fair value liabilities 30 June 2020
	€	€
Forward foreign currency contracts	-	(119,406)
Futures	1,492,271	-
Options	16,938	-
Total derivative contracts	**1,509,209**	**(119,406)**

	Fair value assets 31 December 2019	Fair value liabilities 31 December 2019
	€	€
Forward foreign currency contracts	-	(241,921)
Futures	18,445	-
Options	259,950	-
Total derivative contracts	**278,395**	**(241,921)**

The table below details the total derivatives exposure at 30 June 2020 and 31 December 2019. 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 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 2020, the leverage is 207.3% (31 December 2019: 145.9%).

30 June 2020	Net exposure	Gross exposure	Gross as % NAV
	€	€	
Equities	111,175,606	228,292,688	165.0%
Futures	(58,396,436)	58,396,436	42.2%
Options	172,382	172,382	0.1%
Total exposure	**52,951,552**	**286,861,506**	**207.3%**
Total as % of NAV	**38.3%**	**207.3%**	**207.3%**

31 December 2019	Net exposure	Gross exposure	Gross as % NAV
	€	€	
Equities	91,322,657	179,256,094	136.1%
Futures	(9,511,672)	9,511,672	7.2%
Options	764,679	3,388,949	2.6%
Total exposure	**82,575,664**	**192,156,715**	**145.9%**
Total as % of NAV	**62.7%**	**145.9%**	**145.9%**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

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. The (initial) investment required for a participant in Class A is Euro 10,000. Subsequent subscriptions and redemptions have a minimum size of Euro 1,000.

The minimum (initial) investment in Class A and 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 introduced 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.

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.

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 Class A, Class B and Class C for the period ended 30 June 2020 and 30 June 2019 were as follows:

	Number of units of participation 30 June 2020	**Number of units of participation 30 June 2019**
Class A (EUR)		
Units of participation balance at the beginning of the period	236	236
Units of participation at the end of the period	**236**	**236**
Class B (EUR)		
Units of participation balance at the beginning of the period	74,502	56,194
Issue of redeemable units of participation	6,649	(18)
Redemption of redeemable units of participation	(11)	-
Issue/Redemption related to equalisation credit/(deficit)	(63)	-
Units of participation at the end of the period	**81,077**	**56,176**
Class C (USD)		
Units of participation balance at the beginning of the period	15,330	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**	**15,330**

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

13. REDEEMABLE UNITS OF PARTICIPATION (continued)

Capital management (continued)
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.

14. RELATED PARTY TRANSACTIONS

Employees of directors and employees of Pelargos Capital B.V. held jointly 260.78 (31 December 2019: 257.43) units of participation Class B in the Fund. Pelargos Capital B.V. held 136.47 (31 December: 2019: 136.47) units of participation Class A Euro.

Two investment funds managed by Aegon Investment Management B.V. (AIM B.V.) held 80,731.17 (31 December 2019: 74,193.92) units of participation Class B and 99.80 (31 December 2019: 99.80) 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 2019: 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 2020.

As of 30 June 2020 and 31 December 2019, there are no personal interests of the employees of directors in investments, which were also held by the Fund.

As of 30 June 2020 and 31 December 2019, the personal interests of employees of directors and a non-executive director of the Fund are as follows:

	Market Value 30 June 2020	Market Value 31 December 2019
	€	€
Pelargos Japan Alpha Fund	405,551	403,412
	405,551	**403,412**

16. DIVIDEND AND ALLOCATION OF RESULT

During the period/year ended 30 June 2020 and 31 December 2019, 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 2020, the balance of such subscriptions received in advance amounted to €5,000 (31 December 2019: €Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2020 to 30 June 2020

18. SIGNIFICANT EVENTS

During the first quarter of 2020, the world was hit by a pandemic, COVID-19. The Manager's Business Continuity Plan was activated and all staff started working from home. The Manager has carried out a detailed evaluation of the impact of this crisis on the financial results and position of the Fund as well as on the Fund's operations, resulting in the following findings:

1. The Fund is running a limited liquidity risk as the Fund's investments in listed Japanese equities offer sufficient market liquidity to service possible client redemptions. If there is a liquidity issue, the Fund's prospectus allows for the activation of a gating clause. So far, the Fund has seen net client subscriptions since the crisis started to unfold.

2. The Fund's credit risk is limited, as the fund only works with reputable counterparties as Prime Brokers (Goldman Sachs and UBS) whose credit rating have not changed since the beginning of the crisis.

3. The Fund is a hedge fund, which strategy is designed to offer a protection against sharp movements in the Japanese equity market where the Fund invests. The Fund's performance during the two-month period of March & April 2020 was slightly positive (+1.46%), showing the Fund's resilience to market volatility.

4. The Business Continuity Plans of the Manager and its service providers (Prime Brokers Goldman Sachs and UBS, the Administrator and Depositary, BNY Mellon) are working well and all operational processes have been running smoothly up to the time of this report.

The Manager has come to the conclusion that up to the date of this report, the impact of the Covid-19 crisis on the operations of the Fund has been limited.

Pelargos will continue to monitor the situation around Covid-19 and take action where necessary. As the outbreak of the virus causes uncertainty with a potential negative impact on the Japanese equity market and therefore the overall financial performance of the Fund, the Manager will monitor the related risks as described above closely. Although, as described above, it is currently not possible to estimate and/or quantify the future effects of the Coronavirus outbreak, the Manager believes that, to their best knowledge and the assessment made, there is no material uncertainty with regard to the going concern assumption used in preparing the financial statements of the Fund.

19. SUBSEQUENT EVENTS

There are no subsequent events impacting the Fund subsequent to 30 June 2020 and up to the date of approval of these financial statements.

20. APPROVAL OF THE FINANCIAL STATEMENTS

Approved on behalf of the Manager:

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Director Pelargos Capital B.V.

Date: 25 August 2020

OTHER NOTES
For the period from 1 January 2020 to 30 June 2020

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 2020, 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 25 August 2020.