PELARGOS JAPAN ALPHA FUND

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM

1 JANUARY 2018
TO
30 JUNE 2018

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the period from 1 January 2018 to 30 June 2018

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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: 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 Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom
LEGAL ADVISOR	De Brauw Blackstone Westbroek N.V. Claude Debussylaan 80 1082 MD Amsterdam The Netherlands

FUND INFORMATION (continued)

INDEPENDENT AUDITOR	PricewaterhouseCoopers Accountants N.V. Fascinatio Boulevard 350 3065 WB Rotterdam The Netherlands
FINANCIAL REPORTING TO DNB	Solutional Financial Reporting B.V. Arentsburghlaan 3 2275 TT Voorburg 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), P.P.J. (Patrick) van de Laar and M. (Michael) Kretschmer is as of 1 June 2018 also Director of the Manager.

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 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 2018 to 30 June 2018

Performance

2018	Jan	Feb	Mar	Apr	May	Jun	YTD
Class A EUR	-0.30%	-1.81%	-1.07%	-0.68%	-0.11%	-0.40%	-4.29%
Class B EUR	-0.26%	-1.77%	-1.03%	-0.63%	-0.06%	-0.36%	-4.06%
Class C USD	-0.27%	-1.58%	-0.86%	-0.36%	-0.05%	-0.09%	-3.17%

Source: BNY Mellon Fund Services.

In the first six months of 2018 the Pelargos Japan Alpha Fund returned -4.3% for the class A EUR, -4.0% for the class B EUR shares and -3.2% for the class C USD shares. This brought the inception-to-date performance of class B shares to 54.1%, which translates into an annualised return of 4.8%. The relative outperformance of class C shares can be attributed to lower management fee levels and higher short term USD interest rates.

The MSCI Japan lost 4.6% in the first half of 2018 and is up 25.3% since the inception of the Fund. The Fund size increased to €98.5mln, which is the positive balance of net inflow into the fund and performance.

Review of first half 2018

The Japanese equity markets experienced a strong start to the year, as the MSCI Japan index rose 5.8% into a late January peak. This coincided with a climax in market sentiment and risk appetite, despite sharply rising interest rates, which had been ignored by the market. Sentiment quickly reversed upon a sudden and sharp rise in market volatility, which was reflected in a jump in the volatility index VIX. In February equity markets corrected by about 10-15%. This correction was followed by sideways consolidation, while volatility remained elevated into June. Global macroeconomic growth and trade remained robust, although Chinese and European growth rates softened a bit. Consumer and producer confidence remain both near historic highs, but seem to be rolling over. Solid economic growth in combination with supportive fiscal policy in the United States enables the Federal Reserve (the "Fed") to continue its interest rate normalisation. This has resulted in US dollar appreciation, which has put pressure on emerging markets in Asia. From mid-June, market sentiment deteriorated further due to fears of a trade war between the United States and its main trade partners such as China, Europe, Canada and Mexico.

Over the first half of 2018, the MSCI Japan index recorded a decline of 4.6% in yen terms and lost 3.0% when measured in US dollars. Defensive sectors such as Utilities, Healthcare and Consumer Staples outperformed and returns ranged from 5.7% to +10.8%. Materials, Industrials, Financials and the IT-sector recorded losses from 7.1% to 15.7%.

Investment policy and attribution

At the start of the year, the portfolio had a strong tilt towards deeply undervalued domestic cyclicals as both domestic and global growth were accelerating. The net exposure stood at 44% and the gross exposure was 134%, resulting in an ex-ante beta of 0.28. Value style continued its underperformance versus growth, which remained a headwind for our strategy. As volatility picked up and equity markets corrected, we reduced net exposure to 15%, whilst keeping gross exposure flat at 137% as at the end of February. As the market stabilised and dollar yen strength reversed in the second quarter we added to stock specific situations in deeply undervalued domestic cyclicals such as Ichigo Group, Alpine, Toshiba Plant Systems, Taihei Dengyo, and Ichigo Hotel REIT. This was further supported by our favorable view of the Japanese domestic economy, where consumption benefits from low unemployment, rising real wages and a recovery of in-bound tourism.

MANAGER'S REPORT (continued)
For the period from 1 January 2018 to 30 June 2018

Investment policy and attribution (continued)

Additionally, we have made some adjustments to the short book, as valuation related shorts have been suboptimal over the past 5 years, to say the least. Therefore we have balanced the hedging program consisting of the most extremely (over)valued stocks based on our quant model and introduced a price momentum adjustment to avoid exposure to sharp price increases in short positions. At the end of June the gross exposure stood at 136% with net exposure at 38%. Despite this relatively high net exposure, the ex-ante volatility and beta were 5.5% and 0.29 respectively, due to a significant allocation towards the low beta REIT sector.

The five largest positive contributors on a single stock level were all long positions and were either driven by very strong earnings/price momentum or deep value situations that started to re-rate. In decreasing order they were : Ichigo, Toshiba Plant Systems, Ichigo Hotel REIT, Pola Orbis and Ichigo Office REIT. The five largest negative contributors were also long positions, and in increasing order: Heiwa Real Estate, Sumco Corp., Canon Marketing, Maeda Road and Suruga Bank.

Outlook

The global environment for risk assets is becoming increasingly tricky. The Federal Reserve is on a tightening cycle aiming to normalise rates, which has and will have negative consequences for credit creation and therefore risk assets. The incremental approach by the Fed in addition to a still very accommodative Bank of Japan and European Central Bank means a measured return to a higher volatility regime. Economic growth is still solid and bottlenecks started to appear in Japan manifesting itself in an extremely tight labor market. The big theme of 2018 is wage pressure and buy backs. Wages started to increase rapidly, especially in real terms. The deflationist mindset of the consumer is shifting was well. It is increasingly better understood that service is not a 'free' good and that hard working employees in the service sector need to be appropriately compensated. The willingness and ability of management to raise prices will separate the winning business models from the losing business models. Concerning share buybacks, we are extremely enthusiastic about the potential to see a widespread implementation of buybacks and increased shareholder returns. Japan has a long way to go, but in a gradual manner, it will get there, meaning a higher level of Return-On-Equity.

Annual shareholder meetings have been held and we are impatiently awaiting the outcome of the votes. We have increasingly voted against management boards where we see little to no progress in its attitude towards shareholder returns. Japan is on the cusp of a capital market revolution and times have changed, which is not recognised by most of the, still too gradual and slow moving, management teams hiding behind corporate culture instead of stepping up to its leadership responsibilities.

The Hague, 30 August 2018

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 2018

	Note	30 June 2018	31 December 2017
		€	€
Current assets			
Financial assets at fair value through profit or loss	3,11	85,322,087	87,812,269
Amounts due from brokers	6	9,004,414	2,372,865
Dividends receivable		242,314	258,666
Interest receivable		560	-
Margin accounts	5	33,228,087	32,326,878
Cash and cash equivalents	4	27,001,214	21,739,446
Total current assets		**154,798,676**	**144,510,124**
Current liabilities			
Financial liabilities at fair value through profit or loss	3,11	48,411,283	44,781,772
Amounts due to brokers	6	7,613,354	90,722
Dividends payable		148,277	154,916
Management fee payable	7	73,816	81,042
Performance fee payable	7	-	553,772
Interest payable		-	3,870
Equalisation credit payable		-	10,554
Research fee		16,589	-
Accrued expenses	8	69,531	74,046
Total current liabilities (excluding net assets attributable to holders of redeemable units of participation)		**56,332,850**	**45,750,694**
Net assets attributable to holders of redeemable units of participation		**98,465,826**	**98,759,430**

Class A - Euro	**30 June 2018**	**31 December 2017**	**31 December 2016**
Number of units of participation (Note 13)	236.27	236.27	236.27
Net asset value per unit of participation	€ 1,335.88	€ 1,395.81	€ 1,360.27
Class B - Euro			
Number of units of participation (Note 13)	56,193.96	56,177.52	59,944.95
Net asset value per unit of participation	€ 1,540.70	€ 1,605.87	€ 1,555.82
Class C – US Dollar			
Number of units of participation (Note 13)	13,317.23	9,415.81	-
Net asset value per unit of participation	$1,014.57	$1,047.80	-
Net asset value per unit of participation (Euro Equivalent)	€ 868.97	€ 872.59	-
Total Net Asset Value	**€ 98,465,826**	**€ 98,759,430**	**€ 93,584,787**

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

STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 January 2018 to 30 June 2018

	Note	1 January 2018 to 30 June 2018 €	1 January 2017 to 30 June 2017 €
Investment income			
Interest income	9	560	-
Gross dividend income	10	1,050,178	829,311
Net (loss) on financial assets and liabilities at fair value through profit or loss		(964,949)	(827,105)
Net loss/gain on cash and cash equivalents		(1,832,096)	389,815
Total income		**(1,746,307)**	**392,021**
Operating expenses			
Dividend expense on securities sold short	10	(423,396)	(357,657)
Management fee	7	(460,521)	(441,701)
Interest expense and borrowing fee	9	(438,457)	(337,294)
Research fee	7	(295,042)	-
Audit fee		(17,243)	(15,760)
Administration fee		(51,452)	(45,271)
Depositary fee	7	(17,695)	(16,015)
Legal fee		(2,250)	-
Costs of supervision	7	(6,000)	(6,000)
Trustee fee	7	(5,375)	(6,371)
Other expenses		(11,706)	(9,466)
Total operating expenses		**(1,729,137)**	**(1,235,535)**
Loss before taxation		**(3,475,444)**	**(843,514)**
Withholding taxes		(133,082)	(113,927)
Loss after taxation		**(3,608,526)**	**(957,441)**
Other comprehensive income		-	-
Decrease attributable to holders of redeemable units of participation		**(3,608,526)**	**(957,441)**

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

STATEMENT OF CASH FLOWS
For the period from 1 January 2018 to 30 June 2018

	1 January 2018 to 30 June 2018 €	1 January 2017 to 30 June 2017 €
Cash flows from operating activities		
Decrease attributable to holders of redeemable units of participation	**(3,608,526)**	**(957,441)**
Adjustment for net foreign exchange loss - cash and cash equivalents	1,832,096	389,815
Adjustment for interest income	(560)	-
Adjustment for dividend income	(1,050,178)	(829,311)
Adjustment for interest expense and borrowing fee	438,457	337,294
Adjustment for dividend expense	423,396	357,657
Adjustments to reconcile increase/(decrease) attributable to holders of redeemable units of participation to net cash (used in)/provided by operating activities:		
(Decrease) in financial assets at fair value through profit or loss	2,490,182	2,039,559
Increase/(decrease) in financial liabilities at fair value though profit or loss	3,629,511	(1,977,658)
(Decrease)/increase in margin cash	(901,209)	952,455
(Decrease) in management fee payable	(7,226)	(8,144)
(Decrease) in performance fee payable	(553,772)	(241,109)
Increase in amounts due to brokers	7,522,632	2,339,612
(Increase) in amounts due from brokers	(6,631,549)	(2,841,390)
(Decrease) in subscriptions received in advance	-	(13,000)
(Decrease) in research fee	16,589	-
Increase/(decrease) in accrued expenses	(4,515)	(62,966)
Increase in equalisation credit payable	(10,554)	-
Cash provided by/(used in) operating activities	**3,584,774**	**(514,627)**
Interest received	-	-
Dividend received	1,066,530	877,956
Interest paid	(442,327)	(339,575)
Dividend paid	(430,035)	(405,679)
Net cash provided by/(used in) operating activities	**3,778,942**	**(381,925)**
Cash flows from financing activities		
Proceeds from issue of redeemable units of participation	3,304,420	36,000
Payments from redemptions of redeemable units of participation	-	(5,860,000)
Cash flow related to equalisation credit/deficit previous period	10,502	(5,088)
Net cash flow provided by/(used in) financing activites	**3,314,922**	**(5,829,088)**
Net increase/(decrease) in cash and cash equivalents	7,093,864	(6,211,013)
Net foreign exchange loss - cash and cash equivalents	(1,832,096)	(389,815)
Cash and cash equivalents at the beginning of the period	21,739,446	42,186,173
Cash and cash equivalents at the end of the period	**27,001,214**	**35,585,345**

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 2018 to 30 June 2018

	Note	Number of shares	1 January 2018 to 30 June 2018
			€
Balance at the beginning of the period		**65,830**	**98,759,430**
Decrease attributable to holders of redeemable units of participation resulting from operations during the period		-	(3,608,526)
Issue of redeemable units of participation during the period	13	3,905	3,304,420
Subscription related to equalisation surplus			10,554
Redemption related to equalisation deficit previous period	13	12	(52)
Net assets attributable to holders of redeemable units of participation at the end of the period		**69,747**	**98,465,826**

	Note	Number of shares	1 January 2017 to 30 June 2017
			€
Balance at the beginning of the period		**60,181**	**93,584,787**
Decrease attributable to holders of redeemable units of participation resulting from operations during the period		-	(957,441)
Issue of redeemable units of participation during the period	13	23	36,000
Proceeds from redeemable units of participation during the period		(3,801)	(5,860,000)
Redemption related to equalisation deficit previous period	13	(3)	(5,088)
Net assets attributable to holders of redeemable units of participation at the end of the period		**56,400**	**86,798,258**

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

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2018 to 30 June 2018

1. FUND INFORMATION

General
The Pelargos Japan Alpha Fund (the "Fund") is an open-ended investment fund incorporated on 19 June 2008. 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. The Fund is not listed on any stock exchange. The units of participation are registered per investor.

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. The first trade date for the Class C (USD) units of participation was on trade date 3 July 2017.

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 or in case of a significant size of the redeemed amount. The right to suspend redemptions is explained in more detail in the Prospectus of the Fund.

The Fund is a Fund for Joint Account, which means that there is a contractual obligation among the Manager, the 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 following investment services which may be provided to professional investors only; (i) individual portfolio management, (ii) investment advice and (iii) receiving and transmitting investment orders.

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

The Fund's objective is to achieve capital appreciation through investing in long and short positions in equities related to 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) Statement of compliance
The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and the Dutch Financial Supervision Act and Title 9 book 2 Dutch Civil Code.

(b) Accounting policies
These financial statements 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 2018 are consistent with those adopted by the Fund for the annual financial statements for the year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2018 to 30 June 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(c) Basis of preparation
The financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss which have been measured at fair value. All accounting policies adopted by the Fund are consistent with the audited financial statements for the year ended 31 December 2017.

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.

New standards, amendments and interpretations effective after 1 January 2018 and have not yet been early adopted by the Fund.

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

IFRS 16, Financial Instruments (effective January 2019)
The IASB published IFRS 16 Leases in January 2016 with an effective date of 1 January 2019. The new standard requires lessees to recognise nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payments. We do not expect that adoption of these regulations will have a material effect on the financial statements. All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

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

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than in the Statement of Profit and Loss.

On adoption of IFRS 9 the Fund's investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Fund's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(c) Basis of preparation (continued)

New standards, amendments and interpretations effective after 1 January 2018.

IFRS 9 Financial Instruments (effective date 1 January 2018)
IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and Measurement with a single model that has initially only two classification categories: amortised cost and fair value. Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. This standard has a mandatory effective date of 31 December 2018.

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

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

Entities will have a choice of full retrospective application, or prospective application with additional disclosures. In the Manager's opinion, adoption of IFRS 15 would have no material impact on the recognition, measurement or disclosures in the Fund's financial statements.

3. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2018 and 31 December 2017, financial assets and liabilities at fair value through profit or loss were as follows:

Financial assets at fair value through profit or loss:	**30 June 2018**	**31 December 2017**
	€	**€**
Equity securities	85,322,087	87,812,269
Financial assets at fair value through profit or loss	85,322,087	87,812,269
Financial liabilities at fair value through profit or loss:		
Equity securities	(48,407,555)	(44,718,820)
Forward foreign currency contracts	(3,728)	(62,952)
Financial liabilities at fair value through profit or loss	(48,411,283)	(44,781,772)
Total financial assets and financial liabilities at fair value through profit or loss	**36,910,804**	**43,030,497**

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

As at 30 June 2018 and 31 December 2017, listed equity securities and forward foreign currency contracts at fair value through profit or loss are recorded at fair value based on quoted market prices in the active markets.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

4. CASH AND CASH EQUIVALENTS

Cash represents short-term funds available to the Fund.

	30 June 2018	31 December 2017
	€	€
Cash at broker	14,650,672	13,711,856
Banks Overdrafts	(696,536)	(489,222)
Money Market Fund	13,047,078	8,516,812
Total	**27,001,214**	**21,739,446**

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

The Fund held a Money Market Fund managed by Goldman Sachs International, which is the Goldman Sachs Euro Liquid Reserves Fund.

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 €30,686,152 (31 December 2017: €30,333,551) with Goldman Sachs International and €2,541,935 (31 December 2017: €1,993,327) with UBS AG at 30 June 2018.

	30 June 2018	31 December 2017
	€	€
Margin accounts	33,228,087	32,326,878
Total	**33,228,087**	**32,326,878**

6. AMOUNTS DUE FROM/(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 2018 and 31 December 2017, the following were held as amounts due to or from brokers:

	30 June 2018	31 December 2017
	€	€
Balances due from brokers	9,004,414	2,372,865
Balances due to brokers	(7,613,354)	(90,722)
Net amounts due to/from brokers	**1,391,060**	**2,282,143**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

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 finalization of each month end net asset value. Management fees of €460,521 (30 June 2017: €441,701) were incurred for the period ended 30 June 2018, of which €73,816 (31 December 2017: €81,042) was payable at 30 June 2018.

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 €Nil (31 December 2017: €553,772) were incurred for the period ended 30 June 2018, of which €Nil (31 December 2017: €553,772 was payable at 30 June 2018.

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 2018 amounted to €Nil (30 June 2017: €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 2018 amounted to €Nil (30 June 2017: €21).

Subscription and redemption fees
The Fund may upon issue and redemption of a unit of participation charge a fee up to 1.0% of the subscription and redemption amount. These costs may be charged in order to cover the costs incurred in transactions related to subscription and/or redemption and are credited to the Fund. During the period from 1 January 2018 to 30 June 2018, the Fund charged a fee of €Nil (30 June 2017: €Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

7. FEES AND EXPENSES (continued)

Other costs charged to the assets of the Fund

	1 January 2018 to 30 June 2018	1 January 2017 to 30 June 2017
	€	€
Administration fee	51,452	45,271
Audit fee	17,243	15,760
Costs of supervision	6,000	6,000
Depositary fee	17,695	16,015
Legal fee	2,250	-
Other expenses	11,706	6,371
Research fee	295,042	-
Trustee fee	5,375	9,467
	406,763	**98,884**

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.

Research fee
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 entered into the RCA's in the six months ended 30 June 2018 amounted to €295,042.

8. ACCRUED EXPENSES

	30 June 2018	31 December 2017
	€	€
Administration fee	17,056	24,828
Audit fee	16,607	13,794
Costs of supervision	18,321	12,321
Depositary fee	5,884	8,986
German tax expense	4,015	-
Legal and tax advice fees	3,507	5,225
Trustee fee	1,892	3,377
Other accrued expenses	2,249	5,515
Total	**69,531**	**74,046**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

9. INTEREST INCOME/EXPENSE AND BORROWING FEE

	1 January 2018 to 30 June 2018	1 January 2017 to 30 June 2017
	€	€
Interest income	560	-
Interest expense	(296,083)	(238,465)
Borrowing fee	(142,374)	(98,829)
Total	**(437,897)**	**(337,294)**

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

10. DIVIDEND INCOME/EXPENSE

	1 January 2018 to 30 June 2018	1 January 2017 to 30 June 2017
	€	€
Gross dividend income	1,050,178	829,311
Dividend expense on securities sold short	(423,396)	(357,657)
Total	**626,782**	**471,654**

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 utilize 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).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Fair value estimation (continued)
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/year ended 30 June 2018 and as at 31 December 2017:

Financial assets at fair value through profit or loss	**30 June 2018**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities	85,322,087	85,322,087	-	-
Total	**85,322,087**	**85,322,087**	**-**	**-**

Financial liabilities at fair value through profit or loss	**30 June 2018**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities sold short	(48,407,555)	(48,407,555)	-	-
Derivatives	(3,728)	(3,728)	-	-
Total	**(48,411,283)**	**(48,411,283)**	**-**	**-**

Financial assets at fair value through profit or loss	**31 December 2017**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities	87,812,269	87,812,269	-	-
Derivatives	-	-	-	-
Total	**87,812,269**	**87,812,269**	**-**	**-**

Financial liabilities at fair value through profit or loss	**31 December 2017**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities sold short	(44,718,820)	(44,718,820)	-	-
Derivatives	(62,952)	-	(62,952)	-
Total	**(44,781,772)**	**(44,718,820)**	**(62,952)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Fair value estimation (continued)
For the period ended 30 June 2018 and the year ended 31 December 2017, 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 (optimizing) systems to monitor and manage market or style exposures.

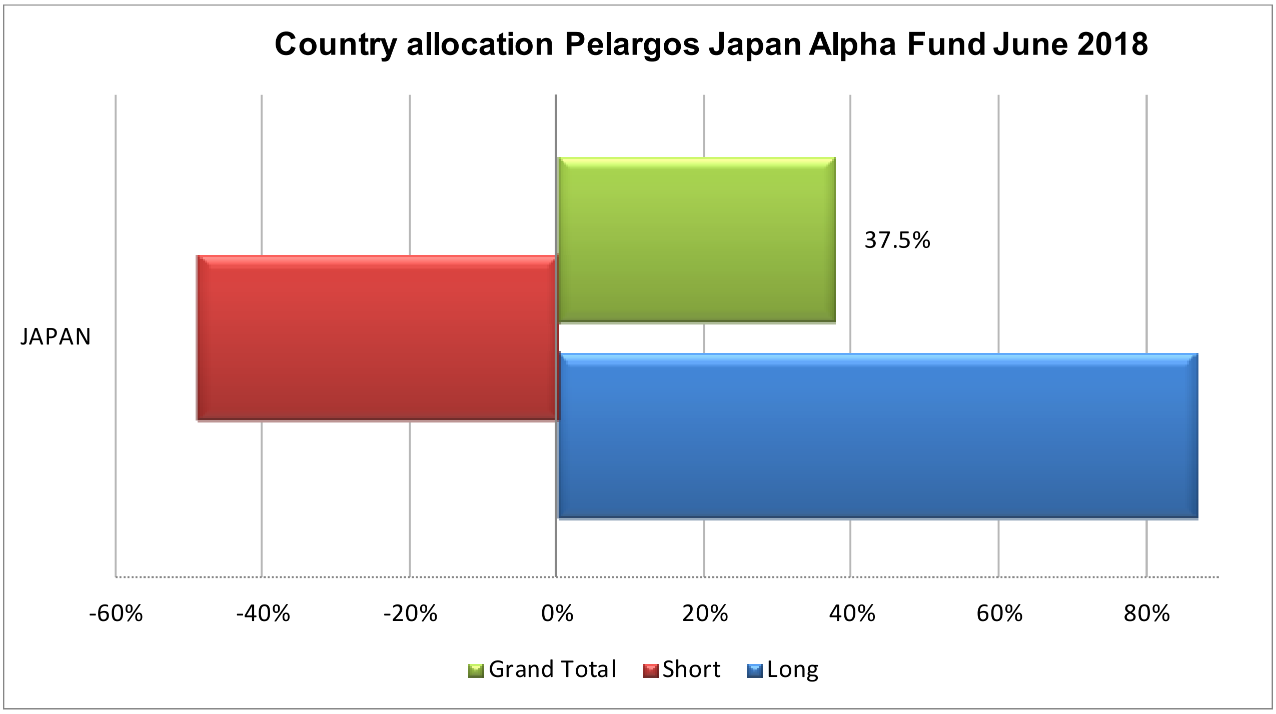
Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

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 and foreign currency risk. The Fund however monitors the exposure on all foreign currency denominated assets and liabilities.

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

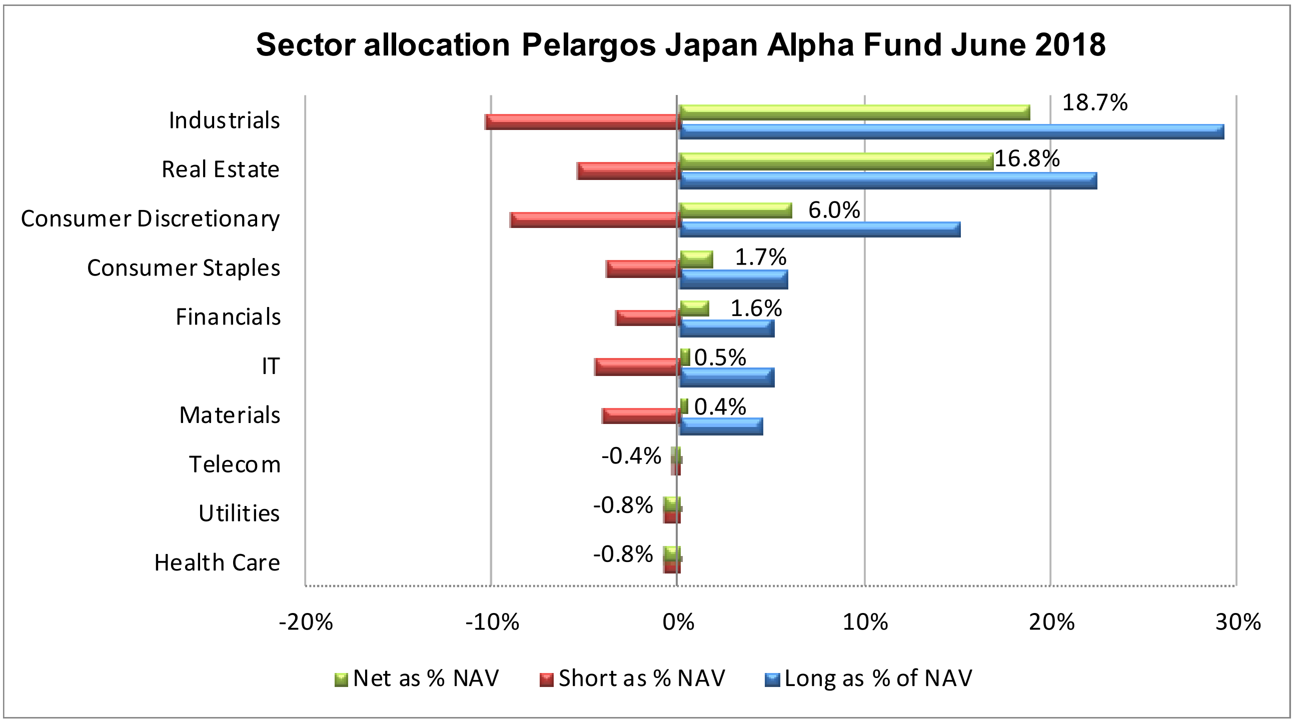
Concentration risk
The country allocation (net exposure, long positions and short positions per country) as a percentage of the NAV at 30 June 2018 was as follows:



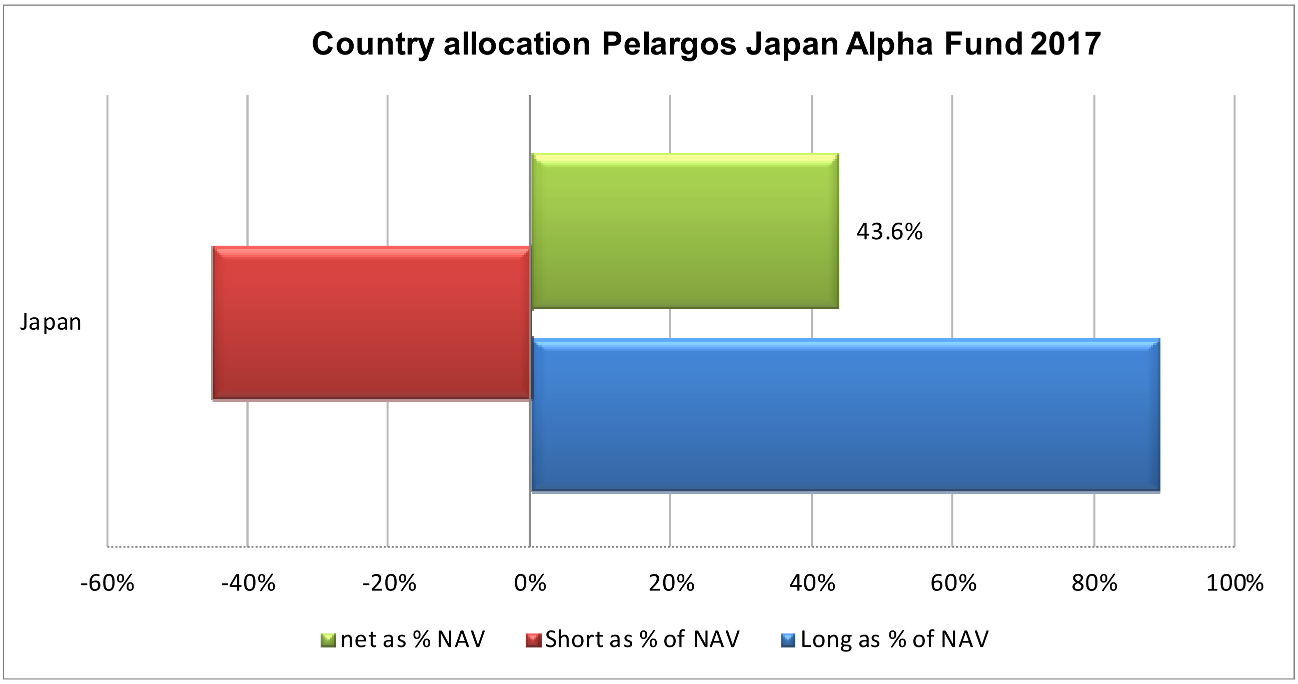
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

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 30 June 2018 was as follows:



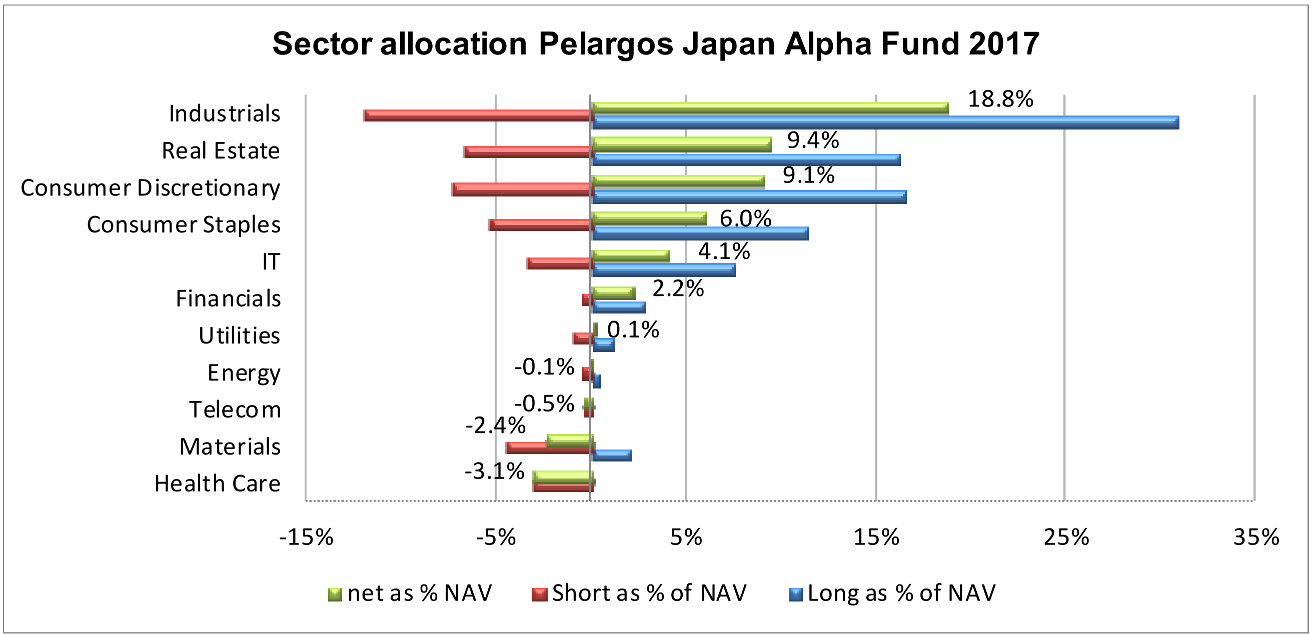
The country allocation (net exposure, long positions and short positions per country) as a percentage of the NAV at 31 December 2017 was as follows:



NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

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 2017 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.

The Fund held a Money Market Fund, the Goldman Sachs Euro Liquid Reserves Fund.

For the period ended 30 June 2018, OTC derivative transactions were executed with the Fund's Prime Brokers Goldman Sachs International and UBS AG. The Fund's derivative contracts held were equity index options.

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 2018 were A3 (31 December 2017: A3 (Moody's)) and BBB+ (31 December 2017: BBB+ (S&P)). Long-term ratings for UBS AG at 30 June 2018 were Ba1 (31 December 2017: Aa3) at Moody's and at S&P were A- (31 December 2017: 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)
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 2018, the Fund borrowed securities for an amount of €43,946,611 (31 December 2017: €44,721,145).

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

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

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

The Fund is exposed to cash redemptions of redeemable units of participation for a monthly 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 forward foreign currency contracts, futures 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.

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 (continued)
For the period from 1 January 2018 to 30 June 2018

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.

As at 30 June 2018 and 31 December 2017, 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 2018 €	Fair value liabilities 30 June 2018 €
Forward foreign currency contracts	-	(3,728)
Total derivative contracts	**-**	**(3,728)**

	Fair value assets 31 December 2017 €	Fair value liabilities 31 December 2017 €
Forward foreign currency contracts	-	(62,952)
Total derivative contracts	**-**	**(62,952)**

The table below details the total exposure at 30 June 2018 and 31 December 2017. 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 2018 and at 31 December 2017 the Fund held no derivative positions.

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 2018 the leverage is 135.8% (31 December 2017: 134.2%).

30 June 2018	**Net exposure**	**Gross exposure**	**Gross as % NAV**
	€	€	
Equities	36,917,106	133,737,304	135.8%
Total exposure	**36,917,106**	**133,737,304**	**-**
Total as % of NAV	**37.5%**	**135.8%**	**135.8%**

31 December 2017	**Net exposure**	**Gross exposure**	**Gross as % NAV**
	€	€	
Equities	43,095,690	132,537,981	134.2%
Total exposure	**43,095,690**	**132,537,981**	**0.0%**
Total as % of NAV	**43.6%**	**134.2%**	**134.2%**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

13. REDEEMABLE UNITS OF PARTICIPATION

Since inception of the Fund Class A, Class B units of participation were issued, Class A, B 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 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.

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 2018 and 30 June 2017 were as follows:

	Number of units of participation 30 June 2018	Number of units of participation 30 June 2017
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**

	Number of units of participation 30 June 2018	Number of units of participation 30 June 2017
Class B (EUR)		
Units of participation balance at the beginning of the period	56,178	59,946
Issue of redeemable units of participation	16	23
Redemption of redeemable units of participation	-	(3,801)
Issue/Redemption related to equalisation credit/(deficit)	-	(3)
Units of participation at the end of the period	**56,194**	**56,165**

	Number of units of participation 30 June 2018	Number of units of participation 30 June 2017
Class C (USD)		
Units of participation balance at the beginning of the period	9,416	-
Issue of redeemable units of participation	3,889	-
Issue/Redemption related to equalisation credit/(deficit)	12	-
Units of participation at the end of the period	**13,317**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

13. REDEEMABLE UNITS OF PARTICIPATION (continued)

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

The Fund's objectives for managing capital are:

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

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

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

14. RELATED PARTY TRANSACTIONS

Employees of directors and employees of Pelargos Capital B.V. held jointly 268.24 (31 December 2017: 264.51) units of participation Class B in the Fund. Pelargos Capital B.V. held 136.47 (31 December 2017: 136.47) units of participation Class A Euro.

Two investment funds managed by Aegon Investment Management B.V. (AIM B.V.) held 55,868.61 (31 December 2017: 55,868.61) units of participation Class B and 99.80 (31 December 2017: 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 2017: 73.34%) of the shares in Pelargos Capital B.V.

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 2018.

As of 30 June 2018 and 31 December 2017, there are no personal interests of the employees of directors in investments, which were also held by the Fund.

As of 30 June 2018 and 31 December 2017, the personal interests of employees of directors and a non-executive director of the Fund are as follows:

	Market Value 30 June 2018 €	Market Value 31 December 2017 €
Pelargos Japan Alpha Fund	413,277	424,773
	413,277	**424,773**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2018 to 30 June 2018

16. DIVIDEND AND ALLOCATION OF RESULT

During the period from 1 January 2018 to 30 June 2018, 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 2018, the value of such subscriptions amounted to €Nil and is included within cash and cash equivalents (31 December 2017: €Nil).

18. SUBSEQUENT EVENTS

There are no subsequent events impacting the Fund subsequent to 30 June 2018 up to the date of approval of these financial statements.

19. APPROVAL OF THE FINANCIAL STATEMENTS

The Manager approved the financial statements on 30 August 2018.

OTHER NOTES
For the period from 1 January 2018 to 30 June 2018

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.