PELARGOS JAPAN ALPHA FUND

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM

1 JANUARY 2019
TO
30 JUNE 2019

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the period from 1 January 2019 to 30 June 2019 **Page**

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FUND INFORMATION

REGISTERED OFFICE	WTC, E-Tower, 7th Floor Prinses Margrietplantsoen 43 2595 AM The Hague The Netherlands www.pelargoscapital.com
MANAGER	Pelargos Capital B.V. WTC, E-Tower, 7th Floor Prinses Margrietplantsoen 43 2595 AM The Hague The Netherlands
DEPOSITARY	The Bank of New York Mellon SA/NV WTC Building, Podium Office, B-Tower Strawinskylaan 337 1077 XX Amsterdam The Netherlands
LEGAL OWNER	Stichting Pelargos Japan Alpha Fund c/o: IQ EQ Custody B.V. Amerika Building Hoogoorddreef 15 1101 BA Amsterdam The Netherlands
ADMINISTRATOR	The Bank of New York Mellon SA/NV WTC Building, Podium Office, B-Tower Strawinskylaan 337 1077 XX Amsterdam The Netherlands
PRIME BROKERS	UBS AG London Branch 5 Broadgate London EC2M 2QS United Kingdom Goldman Sachs 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), M. (Michael) Kretschmer and P. (Pieter) van Putten.

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

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

Administrator
The Bank of New York Mellon SA/NV, Amsterdam Branch, is the administrator of the Fund and is listed in the trade register held by the Amsterdam Chamber of Commerce under number 34363596. Certain administration services are being outsourced to BNY Mellon Fund Services (Ireland) Designated Activity Company (DAC) in Dublin, Ireland. The Administrator was incorporated under Irish law on 31 May 1994 and is registered under number 218007 with the Companies Registration Office in Ireland. Furthermore, certain services in relation to transfer agency are being outsourced to The Bank of New York Mellon Luxembourg SA/NV which is registered with the Luxembourg Trade and Companies Register under number B 105.087.

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

MANAGER'S REPORT
For the period from 1 January 2019 to 30 June 2019

Performance

2019	Jan	Feb	Mar	Apr	May	Jun	YTD
Class A EUR	1.00%	-0.04%	0.47%	0.94%	-0.09%	0.52%	2.84%
Class B EUR	1.05%	0.00%	0.51%	0.98%	-0.04%	0.56%	3.09%
Class C USD	1.33%	0.25%	0.75%	1.29%	0.45%	0.87%	5.03%

Source: BNY Mellon Fund Services.

In the first six months of 2019 the Pelargos Japan Alpha Fund (the"Fund") returned 2.84% for the class A EUR and 3.09% for the class B EUR shares and 5.03% for class C USD shares. This brought the inception-to-date performance of class B shares to 43.28%, which translates into an annualized return of 3.3%.

The MSCI Japan gained +4.6% in the 1st half of 2019 and +14.4% since inception of the Fund. At the end of June, the Fund size stood at €93.9mln.

Review of first half 2019

After the heavy losses in the 4th quarter of 2018 (-17.3% for the MSCI Japan) the Japanese equity market recovered in the 1st quarter of 2019 gaining +6.6% and then declined -1.8% in the 2nd quarter of 2019. The global economy remained weak and recession risk has substantially increased during the 1st half of 2019. The US central bank has been increasing short term interest rates from late 2015 up until December 2018. The incremental withdrawal of US dollar liquidity had negative repercussions for risk assets and caused two major volatility events in 2018. After the market collapse in the 4th quarter of 2018 the US FED quickly turned around and aimed to reassure market participants that the tightening cycle is over. The pause in the rate hike cycle supported risk assets globally. Nevertheless, in the 2nd quarter, long dated interest rates collapsed again signaling renewed deceleration in economic activity.

Against the backdrop of increased uncertainty, be it geopolitics with negative implications for further trade frictions or the general macroeconomic business cycle adjustment, earnings of listed Japanese companies were sharply downward revised. In Japan, the fiscal year ends March 31st and most corporates published rather conservative guidance, putting a lid on share prices. Therefore in the 2nd quarter Japanese equities were weak, as global trade and capital goods orders have not bottomed out as prior expected.

Investment policy and attribution

As underlying economic data was and remained disappointing, the net exposure remained limited throughout the first half of 2019. At the beginning of the year the futures adjusted net exposure stood at 30% compared to 33% at the end of June. As such, the net exposure has not changed meaningfully whilst at the same time the gross exposure increased from 126% to 155%, again taking futures hedges into account. As markets stabilized and forced selling diminished, we increased exposure in the long as well as in the short book. That said, part of the increase in the gross exposure also stems from higher markets. 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.

The top 5 highest contributing stocks, ranked in descending order of contribution, in the 1st half of 2019 were long Creo (+100%), followed by long Hitachi High-Tech (+63%), long Heiwa Real Estate (+28%), long kabu.com (+48.5%) and short Pepper Food (-39%). We will highlight the top 3 here below.

We initiated a position in Creo in March 2018. At that time, Creo was a micro cap with enterprise value (market capitalization – cash on the balance) of close to 0. That means, when the stock was trading at 600 Japanese Yen, investors basically got the company for free. At the end of June, the stock traded at 1987 Japanese Yen. Creo, with its 1,100 employees, is a system operator with main customers Fujitsu and Amano. Creo develops human resource, payroll and accounting solutions, especially for HR related products there is tremendous demand as the Japanese labor market has never been that tight before.

MANAGER'S REPORT (continued)
For the period from 1 January 2019 to 30 June 2019

Investment policy and attribution (continued)

Over the past 10 years, we owned Hitachi High Tech (HHT) on 4 occasions and each realized sizable contributions to the Fund. The stock used to be extremely undervalued and even after the recent rally, we still see 20-25% upside to fair value. The reason for the strong performance was increased speculation that its parent company Hitachi Ltd. might acquire its subsidiary. In our opinion, such scenario is highly likely, since Hitachi Ltd. is reviewing all strategic options with regards to its listed subsidiaries and, in our opinion, the medical part of HHT provides tremendous benefits to the parent whilst a suitable buyer will be found for HHT's semi business.

Heiwa Real Estate's share price appreciated +28% in the 1st half of 2019. The initial position was bought in April 2016. The stock price was massively disconnected from the true value of its underlying business, which are buildings in the best locations of Tokyo. The cheap stock price reflected astonishing poor governance, but we took the view that the governance revolution is for real and that the current management board will have to address many of the issues raised by investors. Fast forward three years, the management announced another buyback, redesigned its board and most important increased rents to related parties, which used to be far below market rents.

The top 5 worst contributors, ranked in descending order starting with the biggest loss, in the 1st half of 2019 were short KDDI (+10%), long Murata Manufacturing (-19%), long MTG (-71%), long Taihei Dengyo (-9%), long Okamoto Industries (-15%).

The hit ratio in the first half of 2019 was very positive, because all the above mentioned losing position together accounted for a loss of -2%, whilst the long Creo position in itself already contributed a gain of +1.2%.

Outlook

The global economy remains extremely lackluster. Many coinciding indicators such as global PMIs, global trade and capital goods orders are pointing towards further deceleration in economic activity, rather than the much hoped for bottom of the adjustment cycle. The collapse in global yields is a harbinger of worse to come. Indeed, risk assets are rallying because the FED-put is at work and central bankers are shifting towards accommodation again. Of course, easy money can and will cushion the downturn, but in the meantime we remain cautiously positioned with the majority of the net exposure in high yielding, underappreciated REITs. We expect another very bad quarter for cyclical sectors related to global trade, factory automation, auto capex and IT, just to name a few. Almost all the exposure in our Industrials book is domestic demand related companies with high recurring service revenue. The structural factors are all in place to justify a substantial re-rating of Japanese equities. The labor market is extremely tight and inflationary pressures are building in almost all industries. Wages will increase for the years to come, no matter how the next down-cycle unfolds. The current cyclical bear market will prove that Japan has structurally moved from a deflationary economy into a low-inflation setting, which benefits risk assets in general; however labor-intensive business models without pricing power will be on the losing end.

The Hague, 29 August 2019

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

P. van Putten,
Director Pelargos Capital B.V.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	30 June 2019	31 December 2018
		€	€
Current assets			
Financial assets at fair value through profit or loss	3,11	88,131,743	71,145,772
Amounts due from brokers	6	7,599,589	71,639
Dividends receivable		488,545	338,373
Margin accounts	5	35,407,327	27,135,874
Cash and cash equivalents	4	24,819,823	37,002,285
Total current assets		**156,447,027**	**135,693,943**
Current liabilities			
Financial liabilities at fair value through profit or loss	3,11	49,001,749	36,581,091
Amounts due to brokers	6	13,210,598	7,942,622
Dividends payable		152,340	173,537
Management fee payable	7	67,176	72,051
Interest payable		2,184	127
Research fee payable	7	16,604	-
Accrued expenses	8	55,839	57,623
Total current liabilities (excluding net assets attributable to holders of redeemable units of participation)		**62,506,490**	**44,827,051**
Net assets attributable to holders of redeemable units of participation		**93,940,537**	**90,866,892**

	30 June 2019	31 December 2018	31 December 2017
Class A - Euro			
Number of units of participation (Note 13)	236.27	236.27	236.27
Net asset value per unit of participation	€ 1,236.14	€ 1,202.05	€ 1,395.81
Class B - Euro			
Number of units of participation (Note 13)	56,176.43	56,193.96	56,177.52
Net asset value per unit of participation	€ 1,432.80	€ 1,389.86	€ 1,605.87
Class C – US Dollar			
Number of units of participation (Note 13)	15,329.87	15,329.87	9,415.81
Net asset value per unit of participation	$977.53	$930.72	$1,047.80
Net asset value per unit of participation (Euro Equivalent)	€ 768.07	€ 814.17	€ 872.59
Total Net Asset Value	**€ 93,940,537**	**€ 90,866,892**	**€ 98,759,430**

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

STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 January 2019 to 30 June 2019

	Note	1 January 2019 to 30 June 2019 €	1 January 2018 to 30 June 2018 €
Income			
Interest income	9	36,220	560
Gross dividend income	10	1,686,598	1,050,178
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		3,946,136	(964,949)
Net (loss) on cash and cash equivalents		(397,734)	(1,832,096)
Total gain/(loss)		**5,271,220**	**(1,746,307)**
Expenses			
Dividend expense on securities sold short	10	(516,626)	(423,396)
Management fee	7	(424,734)	(460,521)
Interest expense and borrowing fee	9	(586,258)	(438,457)
Research fee	7	(277,795)	(295,042)
Audit fee	7	(19,000)	(17,243)
Administration fee	7	(49,184)	(51,452)
Depositary fee	7	(16,450)	(17,695)
Legal fee	7	(4,000)	(2,250)
Costs of supervision	7	(11,338)	(6,000)
Trustee fee	7	(6,875)	(5,375)
Other expenses		(9,649)	(11,706)
Total expenses		**(1,921,909)**	**(1,729,137)**
Gain/(loss) before taxation		**3,349,311**	**(3,475,444)**
Withholding taxes		(250,697)	(133,082)
Gain/(loss) after taxation		**3,098,614**	**(3,608,526)**
Increase/(decrease) attributable to holders of redeemable units of participation		**3,098,614**	**(3,608,526)**

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

STATEMENT OF CASH FLOWS
For the period from 1 January 2019 to 30 June 2019

	1 January 2019 to 30 June 2019 €	1 January 2018 to 30 June 2018 €
Cash flows from operating activities		
Increase/(decrease) attributable to holders of redeemable units of participation	**3,098,614**	**(3,608,526)**
Adjustment for net foreign exchange gain - cash and cash equivalents	397,734	1,832,096
Adjustment for interest income	(36,220)	(560)
Adjustment for dividend income	(1,686,598)	(1,050,178)
Adjustment for interest expense and borrowing fee	586,258	438,457
Adjustment for dividend expense	516,626	423,396
Adjustments to reconcile increase/(decrease) attributable to holders of redeemable units of participation to net cash (used in)/provided by operating activities:		
(Increase)/decrease in financial assets at fair value through profit or loss	(16,985,971)	2,490,182
Increase in financial liabilities at fair value through profit or loss	12,420,658	3,629,511
(Decrease) in margin cash	(8,271,453)	(901,209)
(Decrease) in management fee payable	(4,875)	(7,226)
Decrease in performance fee payable	-	(553,772)
Increase in amounts due to brokers	5,267,976	7,522,632
(Increase) in amounts due from brokers	(7,527,950)	(6,631,549)
Increase in research fee	16,604	16,589
(Increase) in accrued expenses	(1,784)	(4,515)
(Increase) in equalisation credit payable	-	(10,554)
Cash (used in)/provided by operating activities	**(12,210,381)**	**3,584,774**
Interest paid	(584,201)	1,066,530
Dividend received	1,536,426	(442,327)
Dividend paid	(537,823)	(430,035)
Net cash (used in)/provided by operating activities	**(11,759,759)**	**3,778,942**
Cash flows from financing activities		
Proceeds from issue of redeemable units of participation	-	3,304,420
Payments from redemptions of redeemable units of participation	(24,969)	-
Cash flow related to equalisation credit/deficit previous period	-	10,502
Net cash flow (used in)/provided by financing activites	**(24,969)**	**3,314,922**
Net (decrease)/increase in cash and cash equivalents	(11,784,728)	7,093,864
Net foreign exchange loss - cash and cash equivalents	(397,734)	(1,832,096)
Cash and cash equivalents at the beginning of the period	37,002,285	21,739,446
Cash and cash equivalents at the end of the period	**24,819,823**	**27,001,214**

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 2019 to 30 June 2019

	Note	Number of shares	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**

	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**

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

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2019 to 30 June 2019

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 2019 are consistent with those adopted by the Fund for the annual financial statements for the year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

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 2018, except for the adoption of new standards, amendments and interpretations effective from 1 January 2019.

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 2019

IFRS 16, 'Leases' (effective January 2019)
IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.
The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability. The depreciation would usually be on a straight-line basis. In the statement of cash flows, a lessee separates the total amount of cash paid into principal (presented within financing activities) and interest (presented within either operating or financing activities) in accordance with IAS 7.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The initial lease asset equals the lease liability in most cases.

The lease asset is the right to use the underlying asset and is presented in the statement of financial position either as part of property, plant and equipment or as its own line item.

The Fund did not trade in lease transactions. In the Manager's opinion, adoption of IFRS 16 did not have a material impact on the recognition, measurement or disclosures in the Fund's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

3. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2019 and 31 December 2018, 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 2019**	**31 December 2018**
	€	**€**
Equity securities	88,131,743	70,821,530
Options	-	252
Futures	-	323,990
Financial assets at fair value through profit or loss	88,131,743	71,145,772
Financial liabilities at fair value through profit or loss:		
Equity securities	(48,698,376)	(36,503,901)
Options	-	(19)
Futures	(74,596)	-
Forward foreign currency contracts	(228,777)	(77,171)
	(49,001,749)	(36,581,091)
Total financial assets and financial liabilities at fair value through profit or loss	**39,129,994**	**34,564,681**

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

As at 30 June 2019 and 31 December 2018, 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.

For the period ended 30 June 2019 and 30 June 2018, the gains and losses breakdown of net gains or losses on financial assets and liabilities at fair value through profit or loss was as follows:

	30 June 2019	**30 June 2018**
	€	**€**
Realised gains	8,394,418	10,443,271
Unrealised gains	13,799,758	(11,722,113)
Realised losses	(10,528,066)	12,890,322
Unrealised losses	(7,719,974)	(12,576,429)
Total	**3,946,136**	**(964,949)**

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 2019	**31 December 2018**
	€	**€**
Cash at broker	24,819,823	24,624,220
Money market fund	-	12,378,065
Total	**24,819,823**	**37,002,285**

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

As at 30 June 2019, the Fund did not hold any money market fund (“MMF”). As at 30 June 2018, the Fund held one MMF managed by Goldman Sachs International, which was the Goldman Sachs Euro Liquid Reserves Fund.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

5. MARGIN ACCOUNTS

Margin accounts represent cash deposits with brokers, transferred as collateral against open derivatives 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 €33,305,472 (31 December 2018: €25,434,099) with Goldman Sachs International and €2,101,855 (31 December 2018: €1,701,775) with UBS AG.

	30 June 2019	**31 December 2018**
	€	**€**
Margin accounts	35,407,327	27,135,874
Total	**35,407,327**	**27,135,874**

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.

As at 30 June 2019 and 31 December 2018, the following were held as amounts due to or from brokers:

	30 June 2019	**31 December 2018**
	€	**€**
Balances due from brokers	7,599,589	71,639
Balances due to brokers	(13,210,598)	(7,942,622)
Net amounts due (to)/from brokers	**(5,611,009)**	**(7,870,983)**

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 €424,734 (30 June 2018: €460,521) were incurred for the period ended 30 June 2019, of which €67,176 (31 December 2018: €72,051) was payable at 30 June 2019.

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. No performance fees were incurred for the period ended 30 June 2019 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

7. FEES AND EXPENSES (continued)

Performance fee continued)

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. There was no equalisation credit as of 30 June 2019 and 31 December 2018.

Conversely, a participant that acquires participations at a time that the HWM exceeds the NAV per participation, at which point in time the GAV equals the NAV as no performance fee is accrued, will build up an equalisation deficit from the moment that the NAV per participation exceeds the subscription price 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. There was no equalisation deficit as of 30 June 2019 and 31 December 2018.

Other costs charged to the assets of the Fund	**1 January 2019 to 30 June 2019**	**1 January 2018 to 30 June 2018**
	€	**€**
Administration fee	49,184	51,452
Audit fee	19,000	17,243
Costs of supervision	11,338	6,000
Depositary fee	16,450	17,695
Legal fee	4,000	2,250
Other expenses	9,649	11,706
Trustee fee	6,875	5,375
Total	**116,496**	**111,721**

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 2019, the Fund charged a fee of €Nil (30 June 2018: €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 2019 amounted to €277,795 (30 June 2018: €295,042) of which €16,604 (31 December 2018: €Nil) was payable.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

8. ACCRUED EXPENSES

	30 June 2019	31 December 2018
	€	€
Administration fee	17,003	17,384
Audit fee	16,641	13,159
Costs of supervision	8,844	11,378
Depositary fee	5,494	5,757
Legal and tax advice fees	2,594	5,076
Trustee fee	3,350	3,456
Other accrued expenses	1,913	1,413
Total	**55,839**	**57,623**

9. INTEREST INCOME/EXPENSE AND BORROWING FEE

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	€	€
Interest income	36,220	560
Interest expense	(290,669)	(296,083)
Borrowing fee	(295,589)	(142,374)
Total	**(550,038)**	**(437,897)**

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

10. DIVIDEND INCOME/EXPENSE

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	€	€
Gross dividend income	1,686,598	1,050,178
Dividend expense on securities sold short	(516,626)	(423,396)
Total	**1,169,972**	**626,782**

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

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

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

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

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

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

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

The following table analyses the fair value hierarchy of the Fund's financial assets and liabilities measured at fair value at the period/year ended 30 June 2019 and as at 31 December 2018:

Financial assets at fair value through profit or loss	**30 June 2019**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities	88,131,743	88,131,743	-	-
Total	**88,131,743**	**88,131,743**	**-**	**-**

Financial liabilities at fair value through profit or loss	**30 June 2019**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities	(48,698,376)	(48,698,376)	-	-
Derivatives	(303,373)	-	(303,373)	-
Total	**(49,001,749)**	**(48,698,376)**	**(303,373)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Fair value estimation (continued)

Financial assets at fair value through profit or loss	**31 December 2018**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities	70,821,530	70,821,530	-	-
Derivatives	324,242	-	324,242	-
Total	**71,145,772**	**70,821,530**	**324,242**	**-**

Financial liabilities at fair value through profit or loss	**31 December 2018**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities	(36,503,901)	(36,503,901)	-	-
Derivatives	(77,190)	-	(77,190)	-
Total	**(36,581,091)**	**(36,503,901)**	**(77,190)**	**-**

For the period ended 30 June 2019 and the year ended 31 December 2018, there were no transfers between Levels.

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

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

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

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency (Euro). The Fund may hold cash in and securities denominated in other currencies. The value of such holdings, expressed in the currency in which the pertinent (Sub) Class of Participations is administered, may therefore be influenced by currency fluctuations.

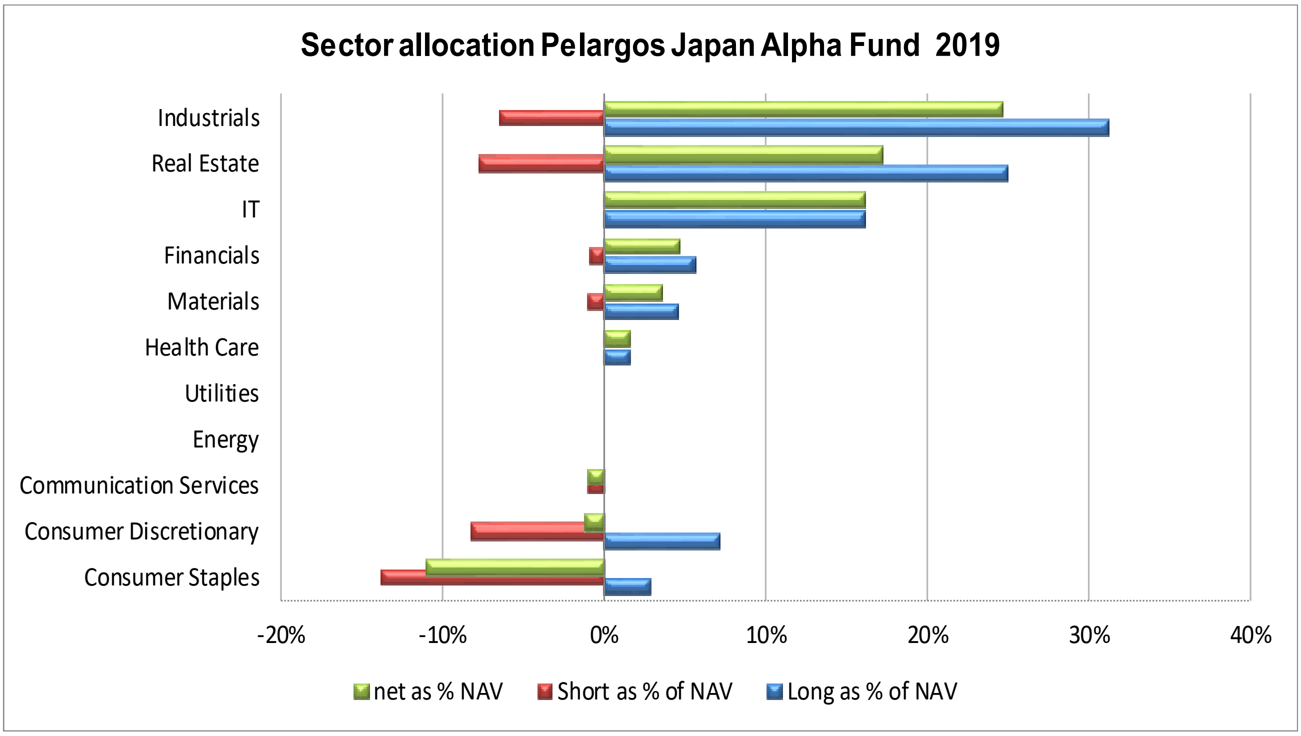
IFRS 7 Financial Instruments - Disclosures considers the foreign exchange exposure related to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. The Fund however monitors the exposure on all foreign currency denominated assets and liabilities.

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

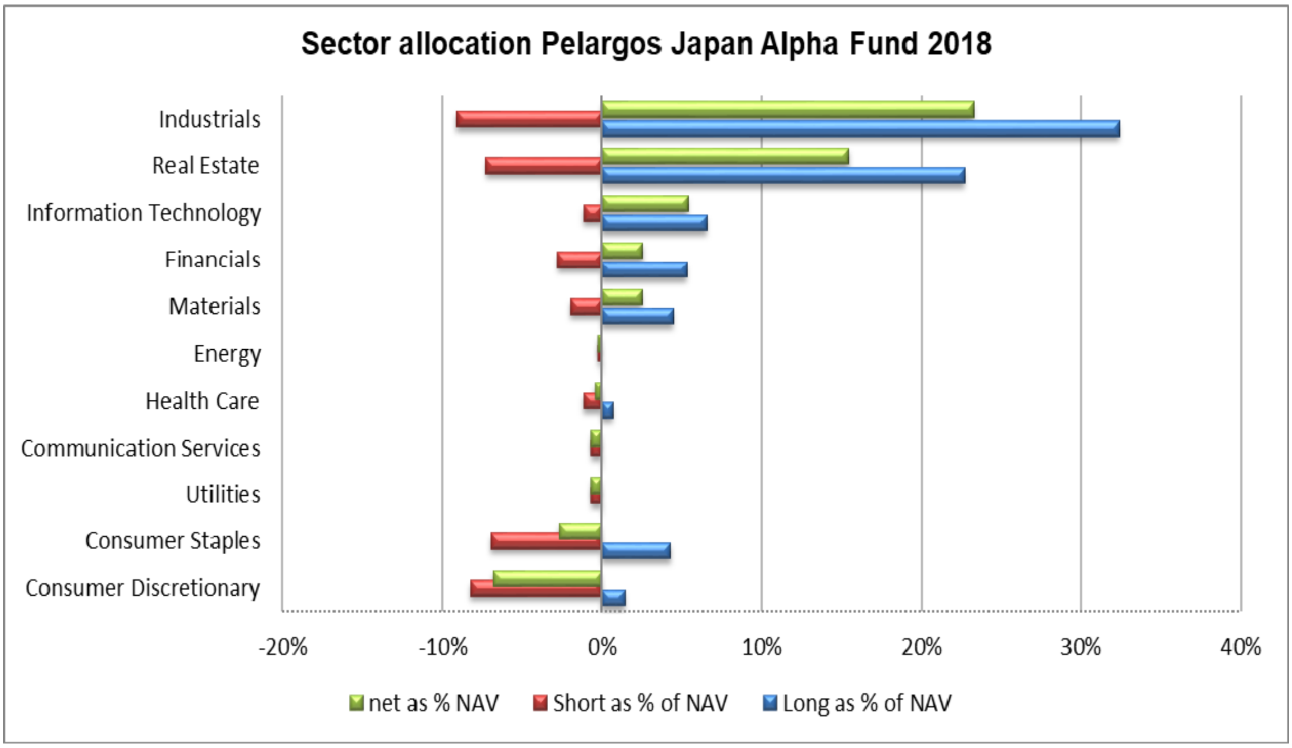
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

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 2019 was as follows:



The sector allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at 31 December 2018 was as follows:



NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

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

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

For the period ended 30 June 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 and 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 2019 were A1 (31 December 2018: A1 (Moody's)) and A+ (31 December 2018: A+ (S&P)). Long-term ratings for UBS AG at period-end were Ba1 (31 December 2018: Aa3) at Moody's and A- (31 December 2018: A+) at S&P.

The Prime Brokers may acquire legal title to the Fund's assets up to an amount of more than 100% (max 140%) of the value of the (i) liabilities or (ii) net indebtedness, as the case may be, of the Fund towards the relevant Prime Brokers (rehypothecation). The Fund will have a right to the redelivery of equivalent assets from the Prime Brokers. In the event of an insolvency of either party, the obligation to redeliver will be given a cash value and will form part of a set off calculation against the amount the Fund owes the Prime Brokers.

To the extent that the Prime Brokers have rehypothecated assets in excess of the amount that the Fund owes, the Fund ranks as a general creditor for the excess following the operation of set-off, with the risk that such excess may not be reclaimed. The Fund continuously monitors the creditworthiness of its Prime Brokers and has appointed multiple Prime Brokers.

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

To enable to short securities, the Fund borrows securities. At 30 June 2019, the Fund borrowed securities for an amount of €45,712,330 (31 December 2018: €42,778,985).

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

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.

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 2019 and 31 December 2018, 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 2019	**Fair value liabilities 30 June 2019**
	€	**€**
Forward foreign currency contracts	-	(228,777)
Futures	-	(74,596)
Total derivative contracts	**-**	**(303,373)**

	Fair value assets 31 December 2018	**Fair value liabilities 31 December 2018**
	€	**€**
Forward foreign currency contracts	-	(77,171)
Futures	323,990	-
Options	252	(19)
Total derivative contracts	**324,242**	**(77,190)**

The table below details the total derivatives exposure at 30 June 2019 and 31 December 2018. 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 2019 the Fund held equity index futures. At 31 December 2018 the Fund held equity index options and equity index futures.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

12. DERIVATIVE CONTRACTS (continued)

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 2019 the leverage is 154.9% (31 December 2018: 125.7%).

30 June 2019	**Net exposure**	**Gross exposure**	**Gross as % NAV**
	€	**€**	
Equities	39,431,737	136,824,460	145.7%
Futures	(8,669,937)	8,669,937	9.2%
Total exposure	**30,761,800**	**145,494,397**	**-**
Total as % of NAV	**32.8%**	**154.9%**	**154.9%**

31 December 2018	**Net exposure**	**Gross exposure**	**Gross as % NAV**
	€	**€**	
Equities	34,316,917	107,323,205	118.1%
Futures	(6,861,844)	6,861,844	7.6%
Options	3,930	3,930	0.0%
Total exposure	**27,459,003**	**114,188,979**	**-**
Total as % of NAV	**30.2%**	**125.7%**	**125.7%**

13. REDEEMABLE UNITS OF PARTICIPATION

Since inception of the Fund Class A, Class B and Class C units of participation were issued, Class A and B are denominated in Euro and Class C is denominated in US Dollar and 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 and USD 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 1,000 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 2019 and 30 June 2018 were as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

13. REDEEMABLE UNITS OF PARTICIPATION (continued)

	Number of units of participation 30 June 2019	Number of units of participation 30 June 2018
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 2019	Number of units of participation 30 June 2018
Class B (EUR)		
Units of participation balance at the beginning of the period	56,194	56,178
Issue of redeemable units of participation	-	16
Redemption of redeemable units of participation	(18)	-
Units of participation at the end of the period	**56,176**	**56,194**

	Number of units of participation 30 June 2019	Number of units of participation 30 June 2018
Class C (USD)		
Units of participation balance at the beginning of the period	15,330	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	**15,330**	**13,317**

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

The Fund’s objectives for managing capital are:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

14. RELATED PARTY TRANSACTIONS

Employees of directors and employees of Pelargos Capital B.V. held jointly 257.43 (31 December 2018: 257.43) units of participation Class B in the Fund. Pelargos Capital B.V. held 136.47 (31 December: 2018: 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 2018: 55,868.61) units of participation Class B and 99.80 (31 December 2018: 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 2018: 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 2019.

As of 30 June 2019 and 31 December 2018 there are no personal interests of the employees of directors in investments, which were also held by the Fund.

As of 30 June 2019 and 31 December 2018 the personal interests of employees of directors of the Fund are as follows:

	Market Value 30 June 2019 €	**Market Value 31 December 2018 €**
Pelargos Japan Alpha Fund	368,847	357,793
	368,847	**357,793**

16. DIVIDEND AND ALLOCATION OF RESULT

During the period from 1 January 2019 to 30 June 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 2019 and 31 December 2018, there were no such subscriptions or redemptions.

18. SUBSEQUENT EVENTS

There are no subsequent events impacting the Fund subsequent to 30 June 2019 up to the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 January 2019 to 30 June 2019

19. APPROVAL OF THE FINANCIAL STATEMENTS

Approved on behalf of the Manager:

Director Pelargos Capital B.V.

Date: 29 August 2019

OTHER NOTES
For the period from 1 January 2019 to 30 June 2019

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 2019, 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.

2. APPROVAL OF THE FINANCIAL STATEMENTS

The Manager approved the financial statements on 29 August 2019.