PELARGOS JAPAN ALPHA FUND

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM

1 JANUARY 2016
TO
30 JUNE 2016

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 **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
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DEPOSITARY	The Bank of New York Mellon SA/NV WTC Building, Podium Office, B-Tower Strawinskylaan 337 1077 XX Amsterdam The Netherlands
TITLE HOLDER	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 1 Finsbury Avenue London EC2M 2PP United Kingdom
	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom
	Nomura International plc 1 Angel Lane London EC4R 3AB United Kingdom
LEGAL ADVISOR	De Brauw Blackstone Westbroek N.V. Claude Debussylaan 80 1082 MD Amsterdam The Netherlands

FUND INFORMATION (continued)

EXTERNAL COMPLIANCE OFFICER	CLCS B.V. Keizersgracht 433 1017 DJ Amsterdam The Netherlands
INDEPENDENT AUDITOR	PricewaterhouseCoopers Accountants N.V. Fascinatio Boulevard 350 3065 WB Rotterdam The Netherlands
FINANCIAL REPORTING TO DNB	Solutional Financial Reporting B.V. Vlietweg 16/17, 5th Floor 2266 KA Leidschendam 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. 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) and P.P.J. (Patrick) van de Laar.

Depositary
The Manager has appointed The Bank of New York Mellon 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. Certain administration services are being outsourced to BNY Mellon Fund Services (Ireland) 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) S.A.

Prime Brokers
The Prime Brokers of the Fund are Goldman Sachs International, UBS AG and Nomura International plc.

MANAGER'S REPORT
For the period from 1 January 2016 to 30 June 2016

Performance

2016	Jan	Feb	Mar	Apr	May	Jun	YTD
Class A EUR	1.35%	0.88%	1.08%	-0.20%	-1.03%	-4.52%	-2.54%
Class B EUR	1.27%	0.92%	1.18%	-0.19%	-1.06%	-4.33%	-2.30%

Source: BNY Mellon Fund Services.

In the first six months of 2016, the Pelargos Japan Alpha Fund returned -2.54% for the class A EUR and -2.30% for the class B EUR shares. This brought the inception-to-date performance of class B shares to 48.9%, which translates into an annualized return of 5.1%.

The MSCI Japan returned -20.3% in the first half of 2016 and is down 8.5% since the inception of the Fund.
The Fund size decreased to €86.4mln as a result of a rebalancing at cornerstone investor Aegon, which saw its pool of equity investments shrink due to a client asset allocation shift.

Review of first half 2016

The Japanese equity market bottomed in June 2012 and rallied 144% in three years and topped out in August 2015. Since then the market corrected 31% and declined 20.3% in the first half of 2016. The policy induced Abenomics bull market abruptly ended summer last year and a vicious bear market ensued. The sharp drop in Japanese equities was due to the sharp appreciation of the Japanese Yen (JPY). Preceding this year's JPY strength the Bank of Japan's engineered, through aggressive balance sheet expansion in the form of so-called quantitative easing, a weaker currency especially against the US dollar. This dynamic swiftly reversed once the US dollar strength reached the tipping point of sharply lower commodity prices and contracting global liquidity. The ensuing risk-off environment had Japanese repatriate overseas assets and thereby leading to strong demand for JPY.

Years of carefully designed market intervention to engineer a wealth effect and perceived reflation reversed in a few months and the market ended the first half of 2016 significantly lower, reaching the support levels of 2013.
The heavy losses in risk assets re-introduced deflationary tendencies; as such inflation expectations sharply declined and Japanese bonds rallied further, pushing 10-year yields into negative territory. Earnings were revised down sharply and imports as well as exports contracted abruptly.

Global growth so far in 2016 has been anemic, as the global economy continuous to suffer from excessive debt overhang, which only can be serviced by central banks suppressing bond yields.
Against this background defensive sectors strongly outperformed cyclical sectors. Although in the second quarter the US dollar, in trade-weighted terms, started to stabilize and with it commodity related sectors showed strong price reversals. Along similar lines, high dividend stocks outperformed low dividend stocks and value stocks massively underperformed.

Investment policy and attribution

In terms of positioning we started the year with extremely cautious positioning. Our analysis led us to belief that the Japanese market was just trading at fair value. There was not sufficient recognition of the impact of a global growth slowdown, the weak US economy and the drain of US dollar liquidity due to the collapse in commodity prices. The Japanese market corrected 7.6% in January followed by another 9.4% drop in February. The value factor showed disastrous returns, although highly tilted towards the financials sector. The BOJ's panic action of introducing negative rates led to a collapse in already cheap bank stocks and more expensive REITs massively outperformed the sharply falling bank index. We were well positioned for such a scenario and the Class B shares appreciated 1.27% in January and 0.92% in February. We had effective hedges in place and managed the macro volatility well.

MANAGER'S REPORT
For the period from 1 January 2016 to 30 June 2016 (continued)

The March fiscal year end rally enabled us to make another 1.18%, thus in the first quarter of 2016 the B Class appreciated 3.41% whilst the market had dropped 13.4%.

Despite the bounce in risk assets the value factor showed little improvement and expensive defensives with high price momentum and strong earnings revisions continued to outperform. The value factor continued to struggle for the remainder of the first half. In June the value factor had one of its worst months on record and one of the largest drawdowns. In the June panic the market dropped another 9.9%. The forced selling of value stocks and macro driven jump in correlations made it difficult to effectively hedge and preserve capital. The Class B shares declined 5.52% in the second quarter and for therefore year-to-date performance turned negative, -2.3%.

Despite the considerably high net exposure, consisting of mainly low beta stocks, the ex-ante volatility based on our short-term risk model remained in the 4.7% - 7.3% range, the beta remained in a 0.02-0.11 range.

The five largest positive contributors on a single stock level were, in increasing order, long position Pola Orbis, long position Ichigo, short position THK, short position Hino Motors and long position Takara Leben.

The five largest negative contributors were, in increasing order, all long positions; Resona, Tokyo Ohka Kogyo, Chiyoda, Kaneka and Honda Motor

Outlook

During the first half of 2016 we operated under the assumption of cyclical bear market. The three year bull run completed in August 2015, and we argued for a cyclical bear market due to tightening conditions in global dollar liquidity. We correctly anticipated that the FED would not be able to normalize interest rates because it is built on the faulty assumption of a self-sustaining US economic growth cycle. This thesis has materialized to a large extent and Japanese equities had its deepest correction since the global financial crisis, correcting 30% peak-to-through. In June, we witnessed a full fledged panic with Japanese equities in free fall and broad based capitulation from investors. Our strategy is contrarian in nature , thus buying cheap assets and shorting overpriced assets. Every once in a while 'mister market' is handing out gifts for those willing to go against the crowd and those who have the patience to hold them for a prolonged period. Easier said than done, the market is far from acting rationally and although 80% of the time assets are efficiently priced, certainly at this moment in time, market participants are highly distracted by non-fundamental issues. Dislocation within the market is at multi-decade highs and the alpha source an obvious one. However, price action remains tightly correlated to currency moves and swings in liquidity conditions. The BOJ's inaction is partly excusable as the last two interventions had adverse reactions. However, investors realize that the Kuroda-put is increasingly ineffective, which only heightens investors' anxiety .That said, Kuroda and Draghi are marginal players, it is all about the trajectory of the US dollar and Yellen's confidence in her forecast. The Yellen Fed has missed its forecasts every single year for the past 5 years, every time overestimating growth by a substantial margin. In our opinion a rate hike is very unlikely this year and a weaker US dollar our base case scenario.

June had all hallmarks of a proper panic in Japan. The Japanese Yen rallied into heavy resistance at 100 Yen to the US dollar. Policy makers are on high alert and strain in capital markets will force the BOJ's hand eventually. Newly introduced terminology, such as confetti and helicopter money, are telling additions to the so called unconventional monetary vocabulary. Valuation is again very supportive for long positions as cheapness puts in a price floor notwithstanding undershoots from liquidity mismatches. Investors positioning is rather cautious and partly at extremes indicating further downside in the short run is limited. However, we doubt that beyond a short term relief we can re-test the highs any time soon. The only sustainable rock bottom will be a level of cheapness at which investors refuse to sell and strong hands regain control. The Japanese market trading at replacement value is an excellent starting point and we find quality stocks trading at multiples below 2008 levels.

The Hague, 30 August 2016

R.A. Dingemans,	P.P.J. van de Laar,
on behalf of Orange Dragon Company B.V.	
Director Pelargos Capital B.V.	Director Pelargos Capital

STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note	30 June 2016 €	31 December 2015 €
Assets			
Financial assets at fair value through profit or loss	3,11	72,999,280	73,614,826
Amounts due from brokers	6	4,017,791	2,735,020
Dividends receivable		96,769	162,144
Margin accounts	5	25,867,154	30,234,085
Cash and cash equivalents	4	35,485,146	27,399,657
Total assets		**138,466,140**	**134,145,732**
Liabilities			
Financial liabilities at fair value through profit or loss	3,11	39,393,559	42,409,219
Amounts due to brokers	6	12,347,854	864,981
Dividends payable		101,683	55,731
Management fee payable	7	150,358	77,167
Interest payable		5,101	2,574
Accrued expenses	8	84,404	113,336
Total liabilities (excluding net assets attributable to holders of redeemable units of participation)		**52,082,959**	**43,523,008**
Net assets attributable to holders of redeemable units of participation		**86,383,181**	**90,622,724**

Net Asset Value Per Unit of participation

Class A - Euro	**30 June 2016**	**31 December 2015**	**31 December 2014**
Number of units of participation (Note 13)	236.27	236.27	236.27
Net asset value per unit of participation	€ 1,302.47	€ 1,336.48	€ 1,263.10
Class B - Euro			
Number of units of participation (Note 13)	57,799.96	59,246.86	76,538.46
Net asset value per unit of participation	€ 1,489.20	€ 1,524.25	€ 1,433.06
Class A – Japanese Yen			
Number of units of participation (Note 13)	-	-	100.00
Net asset value per unit of participation	-	-	¥92,258.68
Class A – US Dollar			
Number of units of participation (Note 13)	-	-	100.00
Net asset value per unit of participation	-	-	$930.26
Total Net Asset Value	**€ 86,383,181**	**€ 90,622,724**	**€ 110,123,102**

STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 January 2016 to 30 June 2016

	Note	1 January 2016 to 30 June 2016 €	1 January 2015 to 30 June 2015 €
Investment income			
Interest income	9	591	14,272
Gross dividend income	10	1,000,464	1,135,973
Net gain on financial assets and liabilities at fair value through profit or loss		2,610,973	8,219,419
Net foreign exchange loss		(3,970,745)	(890,299)
Other income		-	36,466
Total (loss)/income		**(358,717)**	**8,515,831**
Operating expenses			
Dividend expense on securities sold short	10	(468,662)	(358,373)
Performance fees	7	(6,415)	(93,588)
Management fee	7	(453,097)	(469,247)
Interest expense and borrowing fee	9	(461,795)	(488,647)
Audit fee		(15,250)	(35,285)
Administration fee		(46,950)	(42,450)
Depositary fee	7	(16,421)	(37,816)
Legal fee		(5,000)	(13,000)
Costs of supervision	7	(6,000)	(6,000)
Trustee's fee	7	(5,575)	(5,575)
Other expenses		(10,688)	(10,663)
Total operating expenses		**(1,495,853)**	**(1,560,644)**
(Loss)/profit before taxation		**(1,854,570)**	**6,955,187**
Withholding taxes		(130,495)	(140,464)
(Loss)/profit after taxation		**(1,985,065)**	**6,814,723**
Other comprehensive income		-	-
(Decrease)/increase attributable to holders of redeemable units of participation		**(1,985,065)**	**6,814,723**

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

STATEMENT OF CASH FLOWS
For the period from 1 January 2016 to 30 June 2016

	1 January 2016 to 30 June 2016 €	1 January 2015 to 30 June 2015 €
Cash flows from operating activities		
(Decrease)/increase attributable to holders of redeemable units of participation	(1,985,065)	6,814,723
Adjustment for net foreign exchange loss - cash and cash equivalent	3,970,745	890,299
Adjustment for interest income	(591)	(14,272)
Adjustment for dividend income	(1,000,464)	(1,135,973)
Adjustment for interest expense	461,795	488,647
Adjustment for dividend expense	468,662	358,373
Adjustments to reconcile (decrease)/increase attributable to holders of redeemable units of participation to net cash provided by operating activities:		
Decrease in financial assets at fair value through profit or loss	615,546	1,268,262
(Decrease)/increase in financial liabilities at fair value though profit or loss	(3,015,660)	6,638,263
Decrease/(increase) in margin cash	4,366,931	(2,525,434)
Increase/(decrease) in management fee payable	73,191	(14,825)
Increase in performance fee payable	-	93,573
Increase in amounts due to brokers	11,482,873	5,716,913
Increase in amounts due from brokers	(1,282,771)	(5,079,464)
Decrease/(increase) in accrued expenses	(28,932)	38,867
Cash provided by operating activities	**14,126,260**	**13,537,952**
Interest received	591	14,370
Dividend received	1,065,839	1,226,100
Interest paid	(459,268)	(488,574)
Dividend paid	(422,710)	(500,802)
Net cash provided by operating activities	**14,310,712**	**13,789,046**
Cash flows from financing activities		
Proceeds from issue of redeemable units of participation	-	3,000
Payments from redemptions of redeemable units of participation	(2,242,600)	(20,290,958)
Cash flow related to equalisation deficit previous period	(11,878)	(7)
Net cash flow used in financing activites	**(2,254,478)**	**(6,498,919)**
Net increase in cash and cash equivalents	12,056,234	7,290,127
Net foreign exchange loss - cash and cash equivalents	(3,970,745)	(890,299)
Cash and cash equivalents at the beginning of the period	27,399,657	31,119,326
Cash and cash equivalents at the end of the period	**35,485,146**	**23,730,108**

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 2016 to 30 June 2016

	Note	Number of shares	1 January 2016 to 30 June 2016 €
Balance at the beginning of the period		59,483	90,622,724
Decrease attributable to holders of redeemable units of participation resulting from operations for the period		-	(1,985,065)
Proceeds from redeemable units of participation during the period	13	(1,439)	(2,242,600)
Redemption related to equalisation deficit previous period		(8)	(11,878)
Net assets attributable to holders of redeemable units of participation at the end of the period		**58,036**	**86,383,181**

	Note	Number of shares	1 January 2015 to 30 June 2015 €
Balance at the beginning of the period		76,975	110,123,102
Increase attributable to holders of redeemable units of participation resulting from operations for the period		-	6,814,723
Issue of redeemable units of participation during the period	13	2	3,000
Proceeds from redeemable units of participation during the period		(14,159)	(20,290,958)
Redemption related to equalisation deficit previous period	13	-	(7)
Net assets attributable to holders of redeemable units of participation at the end of the period		**62,818**	**96,649,860**

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016

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.

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, when effectuating the lock up on Class B units of participation 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 Title Holder and the Participant. The Manager has an Alternative Investment Fund Managers (AIFM) license and is regulated by the Netherlands Authority for the Financial Markets (AFM) and the Dutch Central Bank.

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 Participations, 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 Participations are identical. Each Class of Participations may be further segmented in Subclasses of Participations, each such Subclass of Participations 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 2016 are consistent with those adopted by the Fund for the annual financial statements for the year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

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 2015.

The financial statements are presented in Euro.

The preparation of financial statements in conformity with IFRS 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 Title Holder are based and operate in Euro markets, the Fund's performance is evaluated and its liquidity is managed in Euros.

There are no standards and amendments to existing standards that are effective for the first time for the financial period beginning 1 January 2016 that have a material impact on the Fund.

New standards, amendments and interpretations effective after 1 January 2016 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 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.

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 taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or 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 profit or loss.

The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In December 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete.

The Fund will assess the impact on the financial statements prior to the effective date.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(c) Basis of preparation (continued)
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. The Fund will assess the impact on the financial statements prior to the effective date.

3. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2016 and 31 December 2015, 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 2016**	**31 December 2015**
	€	**€**
Equity securities	70,359,159	72,247,268
Contracts-for-difference	78,784	172,466
Options	2,561,337	1,194,327
Futures	-	765
Financial assets at fair value through profit or loss	72,999,280	73,614,826
Financial liabilities at fair value through profit or loss:		
Equity securities	(39,055,268)	(41,415,581)
Contracts-for-difference	(338,291)	(993,638)
Financial liabilities at fair value through profit or loss	(39,393,559)	(42,409,219)
Total financial assets and financial liabilities at fair value through profit or loss	**33,605,721**	**31,205,607**

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

As at 30 June 2016 and 31 December 2015, listed equity securities at fair value through profit or loss are recorded at fair value based on quoted market prices in active markets.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

4. CASH AND CASH EQUIVALENTS

Cash represents short-term funds available to the Fund.

	30 June 2016	31 December 2015
	€	€
Cash at broker	35,485,146	27,399,657
Total	**35,485,146**	**27,399,657**

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

5. MARGIN ACCOUNTS

Margin accounts represent cash deposits with brokers, transferred as collateral against open futures or other securities.

The Prime Brokers calculate the maximum amount to be lent 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 €23,938,536 (31 December 2015: €25,893,479) with Goldman Sachs and €557,893 (31 December 2015: €462,752) with UBS AG and €1,370,725 (31 December 2015: €3,877,854) with Nomura International plc at 30 June 2016.

	30 June 2016	31 December 2015
	€	€
Margin accounts	25,867,154	30,234,085
Total	**25,867,154**	**30,234,085**

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 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 2016 and 31 December 2015, the following were held as amounts due to or from brokers:

	30 June 2016	31 December 2015
	€	€
Balances due from brokers	4,017,791	2,735,020
Balances due to brokers	(12,347,854)	(864,981)
Amounts due to/from brokers	**(8,330,063)**	**1,870,039**

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

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 and 1.0% of the GAV for Class B units of participation (before deduction of the accrued performance fee). The management fee is accrued on a daily basis. The fee is payable, in arrears following the completion and finalisation of each month end net asset value. Management fees of €453,097 (30 June 2015: €469,247) were incurred for the period ended 30 June 2016, of which €150,358 (31 December 2015: €77,167) was payable at 30 June 2016.

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 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 €6,415 (30 June 2015: €93,588) were incurred for the period ended 30 June 2016, of which €Nil (31 December 2015: €Nil) was payable at 30 June 2016.

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 settled at 30 June 2016 and 30 June 2015.

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 equalization deficit as of 30 June 2016 amounted to €Nil (30 June 2015: €13,029).

Costs of supervision
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 Title Holder receives a trustee fee of €11,000 on an annual basis.

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 2016 to 30 June 2016, the Fund did charge a redemption fee of €Nil (30 June 2015: €34,466).

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

7. FEES AND EXPENSES (continued)

Soft dollar arrangement
The Manager may choose to allocate transactions to brokers with whom the Manager has concluded a commission sharing agreement (CSA). A CSA is concluded with a view allowing the Manager to provide a better level of service to the Fund, with the aim of improving the results. Pursuant to a CSA, the broker receives a commission for executing a transaction that is split ('unbundled') into: 1) execution and 2) research. The sum of money received by the broker that is related to research is entered into a separate account and may be used by the Manager in order to pay for certain services rendered by either the broker or by a third party. The Manager will, however, at all times aim for best execution.

The Fund has entered into a CSA with Merrill Lynch and Instinet in order to facilitate the purchase of generic, macro-economic, technical and company specific research services from, for example: TIS Group, Marc Faber, GMI, QAS, Elliot Wave and Starmine.

8. ACCRUED EXPENSES

	30 June 2016	**31 December 2015**
	€	**€**
Administration fee	18,120	26,018
Legal and tax advice fees	18,109	14,434
Audit fee	19,463	34,512
Costs of Supervision	6,593	11,985
Trustee's fee	4,091	5,261
Depositary fee	11,776	14,819
Other accrued expenses	6,252	6,307
	84,404	**113,336**

9. INTEREST INCOME/EXPENSE AND BORROWING FEE

	1 January 2016 to 30 June 2016	**1 January 2015 to 30 June 2015**
	€	**€**
Interest income	591	14,272
Interest expense	(348,529)	(344,949)
Borrowing fee	(113,266)	(143,698)
Total	**(461,204)**	**(474,375)**

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

10. DIVIDEND INCOME/EXPENSE

	1 January 2016 to 30 June 2016	**1 January 2015 to 30 June 2015**
	€	**€**
Dividend income	1,000,464	1,135,973
Dividend expense on securities sold short	(468,662)	(358,373)
Total	**531,802**	**777,600**

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

Risk management is an integral part of the investment and the operational process. Risk management can be distinguished in financial risk management, operational risk management and independent risk measurement. Financial risk management encompasses all elements of the investment process. A number of risk management systems allow us to notice any deviations from intended positioning and targets. Operational risk management encompasses the four areas of potential losses: processes, systems, people and external events. Risk measurement is an independent function, which is functionally separated from the operational department and portfolio management.

The Fund's investment objective is to preserve capital and then achieve absolute returns for Participants by investing in securities of Japanese Companies. The Fund aims to achieve strong risk adjusted returns without large exposure to the overall stock market and without taking high volatility single factor risks.

Financial instruments and associated risks
The Fund will primarily invest in a diversified portfolio consisting of long and short positions in listed equities. The Fund may utilise derivative financial instruments for the purpose of risk management and for potentially improving returns.

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies employed by the Fund are discussed below.

The Fund is exposed to several risks. The Prospectus of the Fund describes an extensive list. The following risks are described below: equity risk, currency risk and 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 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:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). 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 2). Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Fair value estimation (continued)
The following tables analyse the fair value hierarchy of the Fund's financial assets and liabilities measured at fair value at the period ended 30 June 2016 and as at 31 December 2015:

Financial assets at fair value through profit or loss	**30 June 2016**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities	70,359,159	70,359,159	-	-
Derivatives	2,640,121	-	2,640,121	-
Total	**72,999,280**	**70,359,159**	**2,640,121**	**-**

Financial liabilities at fair value through profit or loss	**30 June 2016**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities sold short	(39,055,268)	(39,055,268)	-	-
Derivatives	(338,291)	-	(338,291)	-
Total	**(39,393,559)**	**(39,055,268)**	**(338,291)**	**-**

Financial assets at fair value through profit or loss	**31 December 2015**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities	72,247,268	72,247,268	-	-
Derivatives	1,367,558	-	1,367,558	-
Total	**73,614,826**	**72,247,268**	**1,367,558**	**-**

Financial liabilities at fair value through profit or loss	**31 December 2015**	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Equity securities sold short	(41,415,581)	(41,415,581)	-	-
Derivatives	(993,638)	-	(993,638)	-
Total	**(42,409,219)**	**(41,415,581)**	**(993,638)**	**-**

For the period ended 30 June 2016 and the year ended 31 December 2015, there were no transfers between Levels.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

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

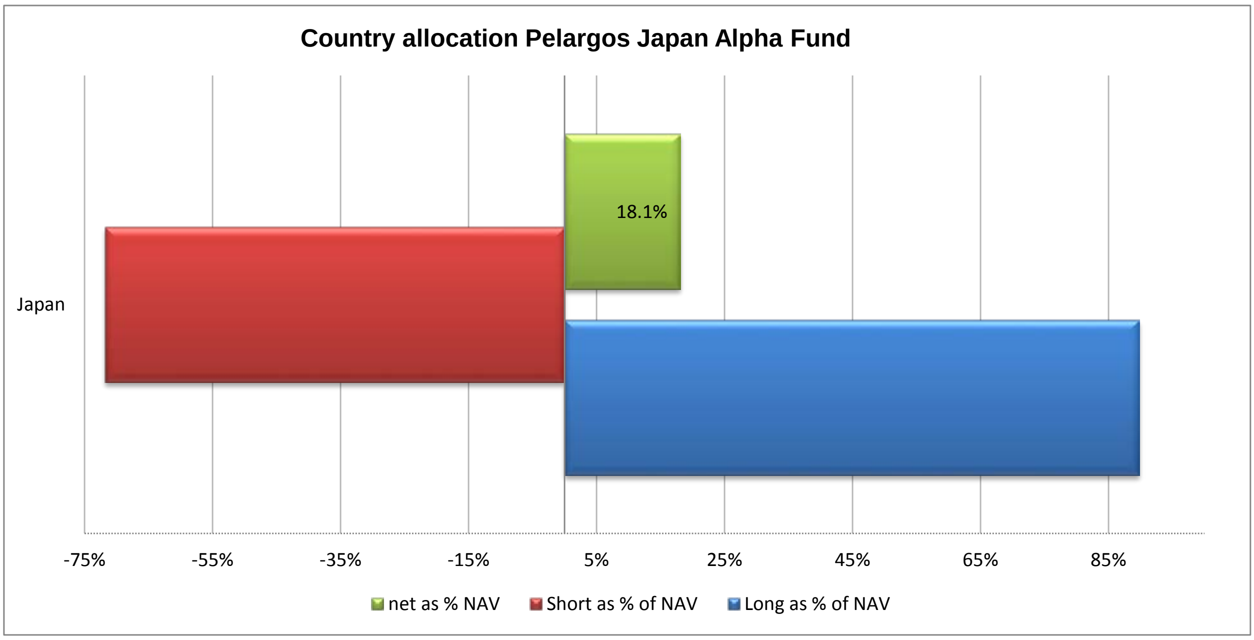
Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency (Euro).

Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the Euro.

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

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

Concentration risk
The country allocation (net exposure, long positions and short positions per country) as a percentage of the NAV at 30 June 2016 was as follows:

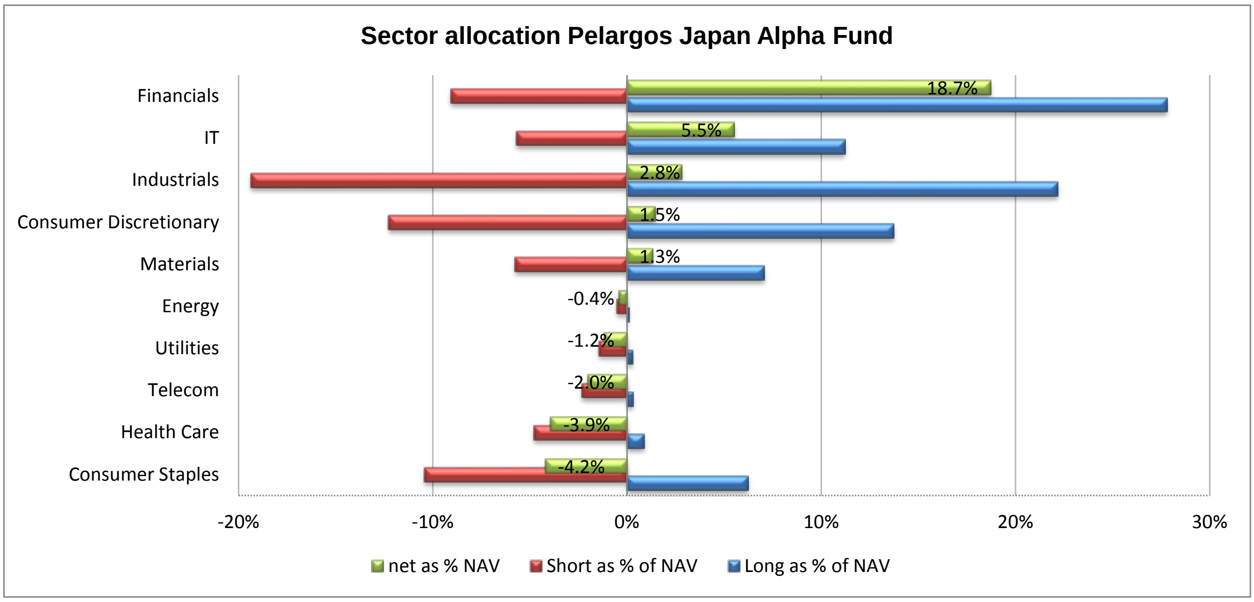


NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

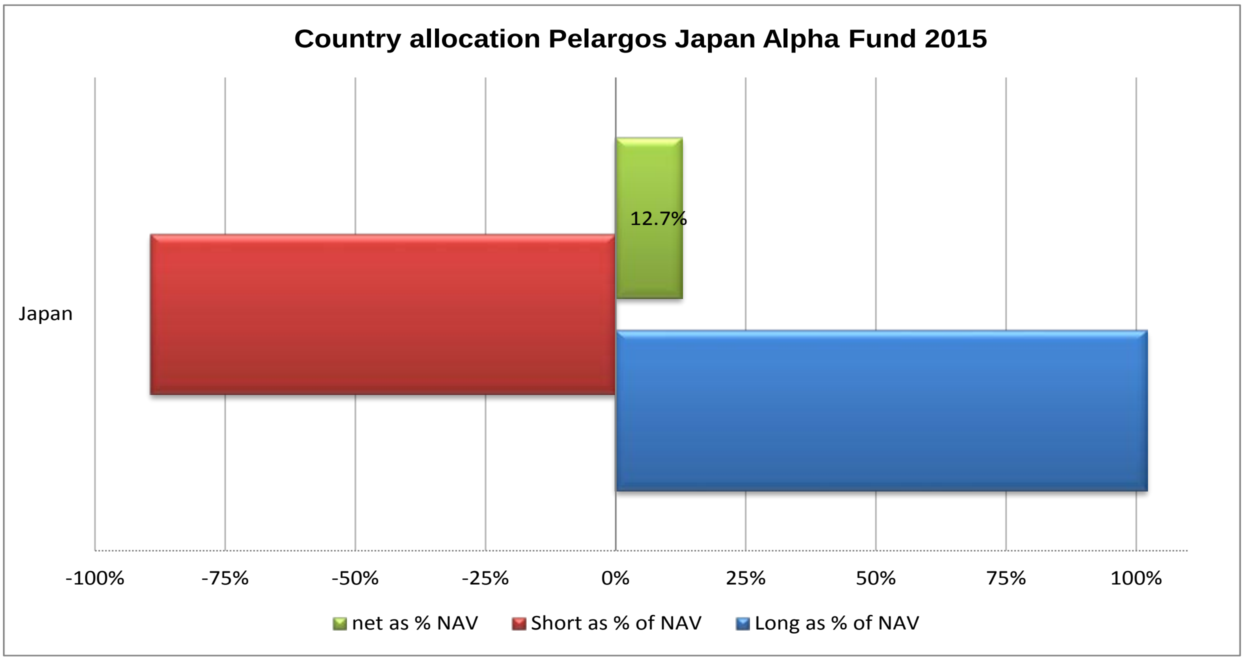
11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

Concentration risk (continued)

The sector allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at 30 June 2016 was as follows:



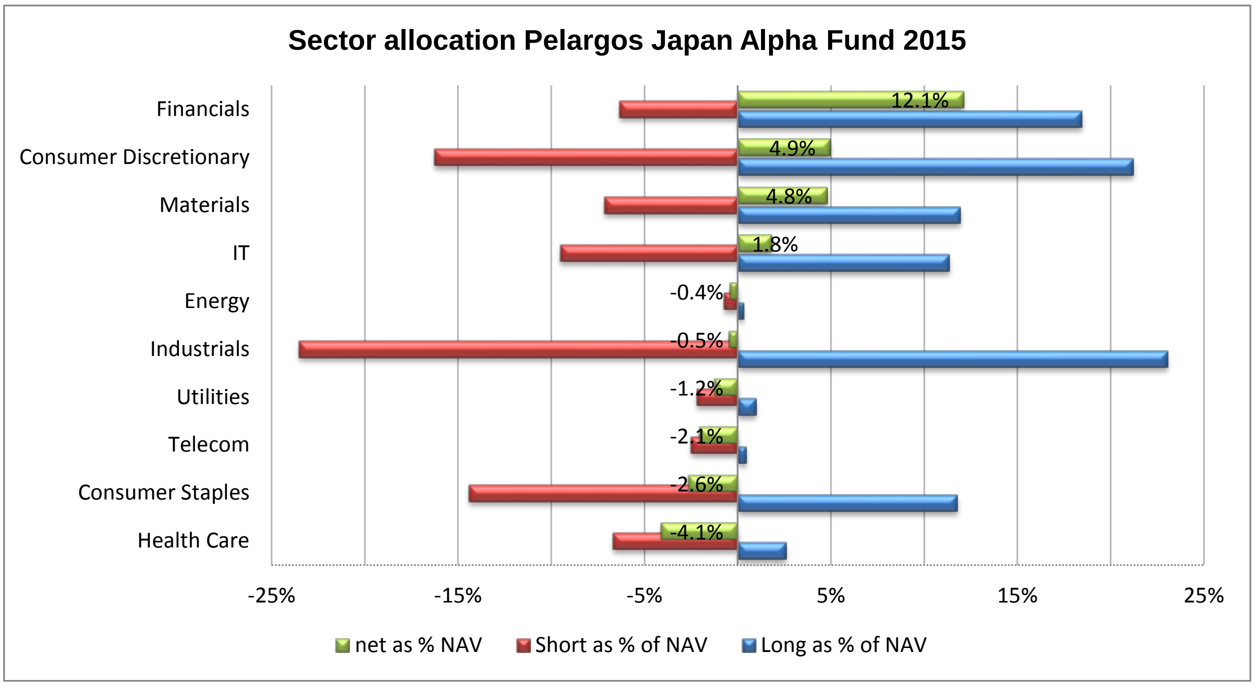
The country allocation (net exposure, long positions and short positions per country) as a percentage of the NAV at 31 December 2015 was as follows:



NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

The sector allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at 31 December 2015 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. 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 2016, OTC derivative transactions were executed with the Fund's Prime Brokers Goldman Sachs International, UBS AG and Nomura International. The Fund's derivative contracts held were equity CFD's, futures and options.

To mitigate credit risk, three 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 at period end were A3 (2015: A3 (Moody's)) and BBB+ (2015: BBB+ (S&P)). Long term ratings for UBS AG at year end were AA3 (2015: A1) at Moody's and A+ (2015: BBB+) at S&P. Long term ratings for Nomura International at year end were AA- (2015: AA-) at Japan Credit Rating Agency and A- (2015: BBB+) 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
For the period from 1 January 2016 to 30 June 2016 (continued)

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 2016, the Fund borrowed securities for an amount of €45,409,210 (31 December 2015: €58,168,666).

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. With regard to Class B units of participation this relates to redemption requests received after the one year lock up period.

The Fund invests the majority of its assets in investments that are listed and traded in active markets and can be readily realisable as they are all listed on major Japanese stock exchanges.

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. The liquidity of all securities is continuously monitored by the Manager.

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 holds or issues are equity contracts-for-difference (“CFDs”), futures and options.

The Fund records its derivative activities on a mark-to-market basis. The Fund uses widely recognised valuation models for determining fair values of over-the-counter CFD derivatives.

For CFD financial instruments, inputs into models are based on the price of the underlying financial instruments and are therefore market observable. CFDs represent agreements that obligate two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise determined notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore amounts required for the future satisfaction of the CFD may be greater or less than the amount recorded. The realised gain or loss depends upon the prices at which the underlying financial instruments of the CFD is valued at the CFD settlement date and is included in the Statement of Comprehensive Income.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

12. DERIVATIVE CONTRACTS (continued)

A futures contract is an agreement between two parties to buy and sell a security, index or currency at a specific price or rate at a future date. Upon entering into a futures contract, the Fund is required to deposit with a broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as 'initial cash margin'. Subsequent payments ('variation margin') are made or received by the Funds each day, depending upon the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealised gains or losses and the Funds recognise a realised gain or loss when the contract is closed. Unrealised gains and losses on futures contracts are recognised in the Statement of Comprehensive Income.

Unrealised gains or losses are valued in accordance with the accounting policy stated in Note 2 and the resulting movement in the unrealised gain or loss is recorded in the Statement of Comprehensive Income.

As of 30 June 2016 and 31 December 2015, 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 2016 €	**Fair value liabilities 30 June 2016 €**
Options	2,561,337	-
Contracts-for-difference	78,784	(338,291)
Total derivative contracts	**2,640,121**	**(338,291)**

	Fair value assets 31 December 2015 €	**Fair value liabilities 31 December 2015 €**
Options	1,194,327	-
Contracts-for-difference	172,466	(993,638)
Futures	765	-
Total derivative contracts	**1,367,558**	**(993,638)**

The table below details the total derivatives exposure at 30 June 2016 and 31 December 2015. 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 2016 the Fund held long and short positions in CFD's, long and short positions in equity index options and short position in equity option.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

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 2016 the leverage is 162% (31 December 2015: 191%).

June 30, 2016	Net Exposure	Gross Exposure	Gross as % of NAV
Equity	31,303,688	109,413,723	126.7%
Contracts-For-Difference	483,775	10,219,957	11.8%
Options	(16,193,113)	19,900,920	23.0%
Total Exposure	15,594,350	139,534,600	
Total as % of NAV	18.1%	161.5%	161.5%

December 31, 2015	Net Exposure	Gross Exposure	Gross as % of NAV
Equity	30,829,722	113,655,605	125.4%
Contracts-For-Difference	(35,248)	37,568,883	4.5%
Futures	1,456,459	1,456,459	1.6%
Options	(20,754,833)	20,754,833	22.9%
Total Exposure	11,496,100	173,435,780	
Total as % of NAV	12.7%	191.4%	191.4%

13. REDEEMABLE UNITS OF PARTICIPATION

Since inception of the Fund, Class A and Class B units of participation were issued; Class B is only nominated in Euro. Class A is nominated 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. Class A units of participation in US Dollar and in Japanese Yen were closed as of 2 November 2015.

Class B has a “lock up” of one year. The minimum (initial) investment 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.

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 and Class B for the period ended 30 June 2016 and 30 June 2015 were as follows:

	Number of units of participation 30 June 2016	Number of units of participation 30 June 2015
Class A (EUR)		
Units of participation balance at the beginning of the period	236.27	236.27
Issue of redeemable units of participation	-	-
Units of participation at the end of the period	**236.27**	**236.27**
Class B (EUR)		
Units of participation balance at the beginning of the period	59,246.86	76,538.46
Issue of redeemable units of participation	-	2.09
Redemption/issue related to equalisation deficit	(7.79)	(0.01)
Redemption of redeemable units of participation	(1,439.11)	(14,158.52)
Units of participation at the end of the period	**57,799.96**	**62,382.02**

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

13. REDEEMABLE UNITS OF PARTICIPATION (continued)

	Number of units of participation 30 June 2016	Number of units of participation 30 June 2015
Class A (JPY)		
Units of participation balance at the beginning of the period	-	100.00
Issue of redeemable units of participation	-	-
Units of participation at the end of the period	**-**	**100.00**
Class A (USD)		
Units of participation balance at the beginning of the period	-	100.00
Issue of redeemable units of participation	-	-
Units of participation at the end of the period	**-**	**100.00**

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 240.63 (31 December 2015: 285.31) Units of Participation Class B in the Fund. Pelargos Capital B.V. held 136.47 (31 December: 2015: 136.47) Units of Participation Class A Euro in the Fund.

Two investment funds managed by Aegon Investment Management B.V. (AIM B.V.) held 57,527.79 (31 December 2015: 58,930) Units of Participation Class B and 99.80 (31 December 2015: 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 2015: 73.34%) of the shares in Pelargos Capital B.V.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2016 to 30 June 2016 (continued)

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 2016.

As of 30 June 2016 and 31 December 2015 there are no personal interests of the employees of directors in investments, which were also held by the Fund.

As of 30 June 2016 and 31 December 2015 the personal interests of employees of directors and non-executive director of the Fund are as follows:

	Market Value 30 June 2016 €	**Market Value 31 December 2015 €**
Pelargos Japan Alpha Fund	358,339	434,891
	358,339	**434,891**

16. SUBSEQUENT EVENTS

There are no subsequent events impacting the Fund subsequent to 30 June 2016.

OTHER NOTES
For the period from 1 January 2016 to 30 June 2016

1. DIVIDEND AND ALLOCATION OF RESULT

During the period from 1 January 2016 to 30 June 2016, the Fund did not pay dividends. The result is included in the Net assets attributable to holders of redeemable units of participation.

2. VOTING POLICY

The Fund does not pursue an active voting policy.

3. APPROVAL OF THE FINANCIAL STATEMENTS

The Manager approved the financial statements on 30 August 2016.

OTHER NOTES
For the period from 1 January 2016 to 30 June 2016 (Continued)

The accompanying Statement of Financial Position as at 30 June 2016 and the Statement of Comprehensive Income and Statement of Changes in Net Assets Attributable to Holders of Redeemable Units of Participation for the period then ended have been compiled from the records of the Pelargos Japan Alpha Fund and from other information supplied to us by the Fund. There has not been an audit performed and consequently, there is not an opinion expressed on these accounts.