Pelargos Japan Alpha Fund

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD
FROM 1 JANUARY 2013 TO 30 JUNE 2013

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FUND INFORMATION

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INVESTMENT MANAGER	Pelargos Capital B.V. WTC Tower E 7th Floor Prinses Margrietplantsoen 43 2595 AM The Hague The Netherlands
TRUSTEE	Stichting Bewaarder Pelargos Japan Alpha Fund c/o: ANT Trust & Corporate Services N.V. Claude Debussylaan 24 1082 MD Amsterdam The Netherlands
FUND ADMINISTRATOR	Citibank Europe plc 1 North Wall Quay Dublin 1 Ireland
PRIME BROKER	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom UBS AG 1 Finsbury Avenue London EC2M 2PP United Kingdom
LEGAL ADVISOR	De Brauw Blackstone Westbroek N.V. Tripolis Claude Debussylaan 80 1082 MD Amsterdam The Netherlands
COMPLIANCE	CLCS B.V. Keizersgracht 433 1017 DJ Amsterdam The Netherlands
INDEPENDENT AUDITORS	Ernst & Young Accountants LLP Wassenaarseweg 80 2596 CZ The Hague The Netherlands

FUND PROFILE

Pelargos Japan Alpha Fund
The Fund is an open-ended investment fund. Issue and redemption of units of participation is possible at the instigation of the Participant as described in the Prospectus. Date of commencement of NAV calculation was 10 July 2008.

Key Features Document ("Essentiële Beleggersinformatie") and Prospectus
For this financial product a 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 absolute returns in the long term. Funds that aim for absolute returns in the long term are characterised by a modest volatility and a low correlation with share indices in the region. Assets can be invested in a wide range of financial instruments. The Fund makes use of combinations of long and short positions in equities, as well as derivative positions. The Fund may also 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. Pelargos Capital B.V. has defined a Socially Responsible Investing policy with reference to the investments held by the Funds, implying that some specific companies can be excluded from the investment universe.

Dividend
In principle the Fund does not pay dividends. The Investment Manager is, however, authorised to decide to pay part of the profit available for distribution to the Participants.

Investment Manager
Pelargos Capital B.V. is the Investment Manager of the Fund and as such is responsible for 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 Investment Manager.

Pelargos Capital B.V. was incorporated on 4 March, 2008 and has its registered office in The Hague. The directors of Pelargos Capital B.V. are Orange Dragon Company B.V. (represented by R.A. Dingemans), Emphi B.V. (represented by P.P.J. van de Laar) and Limare B.V. (represented by P.C. Rigter).

Trustee
The Trustee is Stichting Bewaarder Pelargos Japan Alpha Fund. The management of the "Stichting" is ANT Custody B.V.

Administrator and Prime Broker
The Fund is administered by Citibank Europe plc. The Prime Brokers of the Fund are Goldman Sachs International, London, United Kingdom and UBS AG, London, United Kingdom.

INVESTMENT MANAGER'S REPORT

For the period from 1 January 2013 to 30 June 2013

Performance

In the first six months of 2013, the Pelargos Japan Alpha Fund returned 15.86% for class A shares and 17.11% for class B shares. This brought the inception-to-date performance of class B shares to 48.9%, which translates into an annualized return of 8.3%. The MSCI Japan gained 32.6% in the first half of 2013 and has lost 13.92% since the inception of our Fund.

2013	Jan	Feb	Mar	Apr	May	Jun	YTD
Class A	4.99	-0.58	6.55	6.10	-1.05	-0.78	**15.86**
Class B	5.35	-0.58	6.98	6.48	-1.07	-0.78	**17.11**

Source: Citibank Europe plc.

Returns of the Fund have become increasingly correlated with the MSCI Japan. Based on daily return data, correlation has averaged 0.71 over the first 6 months of 2013. The Fund size increased to EUR 114mln which was largely driven by the investment returns and a net positive increase of issue of unit of participations.

Review of first half 2013

The MSCI Japan maintained the strong price momentum it had gained post the general elections in December 2012. Shinzo Abe's LDP had won the elections with a landslide victory on a pledge to end the decade-long deflationary economic environment with a combination of bold monetary policy, fiscal stimulus and a structural reform agenda. This "Three Arrows" policy which is popularly known as "Abenomics" has had a significant positive impact on economic sentiment in Japan. Both consumer and business confidence have seen strong improvements over the past 6 months and are at the highest levels since the 2007/2008 recession. Not only sentiment has improved, the real economy is in recovery mode as well. Real GDP for the first six months of 2013 is expected to grow an annualized 3-3.5%, which is the highest of any G7 country. This strong growth is driven by both solid consumer spending and a recovery of Industrial Production due to increased export demand. Export growth was boosted by the automobile sector which benefits from Yen weakness, against both the US Dollar and the Korean Won as well as a strong new product cycle.

Kuroda's appointment as the new Bank of Japan (BOJ) Governor added further credibility to Abe's monetary stimulus plans, as Kuroda had been a strong advocate of inflation targeting for over 10 years. His statement post the first BOJ meeting in which he outlined his plans to reach 2% inflation in 2 years, exceeded the already high expectations. As a result the Japanese equity market rallied over 10% in 2 days, whilst the Yen weakened sharply. These strong gains continued until the middle of May, when the Japanese equity market started to develop a parabolic up-move as investors who had remained skeptical about the sustainability of the rally were forced to reduce their underweight positions. Parabolic moves are never sustainable and the Nikkei Index saw a strong intraday reversal on May 23rd when Bernanke started talking about tapering Fed's Treasury purchases and the Chinese PMI came in below 50, missing consensus expectations. What initially started off as an Japanese equity correction soon spread out to other countries as Chinese hard landing fears increased, Portugal had a government crisis and Bernanke's Tapering resulted in a bond market mini-crash which sent 10yr yields from 1.7% to 2.7% in a few weeks.

The best performing sectors were Telecoms which were cheap and benefitted from their defensive character, Utilities which gained on the back of talks to restart nuclear power plants in Japan and Financials which are the reflation beneficiary. Weakest sectors were Energy, Materials and IT as these sectors faced headwinds from slowing growth in China and weak IT spending around the world.

Investment policy and attribution

At the start of the year the Fund was positioned to benefit strongly from a continuation of the "Abenomics rally". In our opinion there were still many disbelievers in the Japanese recovery, and according to market data, the rally had predominantly been driven by Nikkei futures and ETF buying. It was very difficult to add value with fundamental, relative value strategies such as ours as indiscriminant futures and ETF buying favored large cap high beta stocks.

Therefore we maintained a barbell strategy in which we maintained a strong value bias in our core value book with a relatively low price momentum, but also held on to positions in domestic demand related stocks that had developed strong price momentum and moved close to or exceeded fair value on a short term basis. Many investors were chasing "reflation" beneficiaries such as real estate, brokers and banks and especially Japanese retail investors do not care much about valuations. This has enabled us to sell some of these positions with over 200% gains from the level we bought them as we gradually scaled out of these trades.

Especially from April onwards we took profits in many domestic demand related stocks that had overshot our price targets. Those proceeds were invested into some cyclical laggards, especially in chemicals Nippon Shokubai, Hitachi Chemical and trading companies such as Mitsui & Co. In May we accelerated the risk reduction and started to reduce gross and net exposure. After the initial sell off in Late May, we reduced risk in the portfolio further. We continued this process of risk reduction into late June as we felt that the market needed more time to consolidate the 80% rally of the November 2012 lows. In such an market environment in which erratic stock volatility and liquidation selling dominates, we prefer to be at the sidelines, preserving capital, looking for new opportunities as the arise.

The main winning positions were all longs. Our best selection was in domestic demand related stocks and reflation beneficiaries such as Ichigo Group Holdings, SBI Holdings, Takara Leben, Acom, Hajime Construction, NEC Capital Solutions and East Japan Railways. Especially Ichigo Group Holdings is worth mentioning as it contributed over 4% to performance in the first half of 2013. The short book did not contribute to performance as the liquidity driven bull market lifted all boats. As our short book had been reduced materially, there were no single stock shorts that could be highlighted on the positive side. The main losing positions in the Fund were short Nikkei and Topix futures positions as well as Daikin, Japan Steel Works, Yakult and Yamato Transport on an individual stock basis. Losing longs were contrarian positions in undervalued companies with weak short term (earnings) momentum such as JVC and Inpex.

The Fund's net and gross exposure by the end of June were 36% and 102% respectively, averaging 45% and 130% over the first half of 2013. The ex ante beta of the Fund remained in a wide range of 0.18 to 0.35 on a month-end basis, though on a daily data it reached a high of 0.45 in March. The Fund maintained its embedded value bias and liquidity of the Fund is very high: 95% of the Fund can be liquidated within 5 trading days assuming 33% of average daily trading volume.

Outlook

The re-pricing of Japanese risk assets has occurred at an astonishing speed. From multi decade, deeply depressed valuation levels, the completely ignored and hated Japanese equity market rallied sharply, supported by monetary and fiscal intervention. The transition from deflation to inflation is non-linear as holders of equity carry a capital stock at historical costs and will be able to generate higher nominal earnings in the future. Ironically, risk assets such as equities rallied up to the point at which the volatility in perceived risk free JGBs exploded.

The JGB market remains the barometer of sustainability of this bull market. The leadership at the BOJ changed and the engineered shift in sentiment started to impact the real economy but the number of skeptics is still plentiful. The bears remain convinced that the Keynesian endpoint will culminate in a monumental blow up of the bond market as policy makers loose control of the currency and fixed income market. The bears would argue this paves the way towards hyper inflation. Although we agree that the probability of such a scenario is bigger than 0%, this is currently not being priced in by the Japanese bond market. However, the odds of an outright default are very small and will remain low in the near future as Japanese tax income is rising sharply and the domestic private sector still runs a large savings surplus. As the bond market remains under control, we will hold on to our base scenario that we are in the early stage of a multi year bull market for Japanese equities.

For the second half of 2013 we will focus on bond market volatility as an equity risk guide and the need for a bottoming process in the market leaders (REITS, real estate and banks) as evidence for a continuation for the bull market. The price action in Financials is not overly convincing yet that a bottom has been made. The 20% correction from May highs should have been sufficient to wash out the weak hands and purge excessive leverage which needs to normalize for a sustainable continuation of the bull move. Initially we expect a wide range trading environment between the May highs and June low, which will provide sufficient single stock opportunities but more stock specific and selective than in the first half of 2013. Later into the second half of 2013 we expect a resumption of the bull move in Japanese equities driven by strong earnings revisions and continued strength in the economy. Major risk factors to our bullish scenario are recessions in China and the US and increasing geopolitical tensions between China and Japan.

The Hague, 26 August 2013

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	30 June 2013	31 December 2012
		€	€
Assets			
Cash and cash equivalents	4	64,763,087	41,884,033
Financial assets at fair value through profit or loss	3,9	78,401,410	94,671,115
Dividends receivable		111,684	144,114
Interest receivable		98	103
Amounts due from brokers	5	-	1,587,020
Total assets		**143,276,279**	**138,286,385**
Liabilities			
Financial liabilities at fair value through profit or loss	3,9	24,481,063	38,648,710
Management fee payable	6	90,105	83,618
Interest payable		1,055	1,241
Dividends payable		18,343	65,115
Accrued expenses	7	46,600	51,055
Performance fee payable	6	2,947,104	971,696
Amounts due to brokers	5	1,432,245	934,300
Equalisation credit payable		1,537	342
Total liabilities		**29,018,052**	**40,756,077**
Net assets attributable to holders of redeemable units of participation		**114,258,227**	**97,530,308**

Net asset value per unit of participation

Class A	**30 June 2013**	**31 December 2012**	**31 December 2011**
Number of units of participation (Note 11)	236.27	236.02	1,221.32
Net asset value per unit of participation	€1,323.83	€1,142.61	€1,036.49
Class B	**30 June 2013**	**31 December 2012**	**31 December 2011**
Number of units of participation (Note 11)	76,520.70	76,492.23	74,562.01
Net asset value per unit of participation	€1,489.08	€1,271.51	€1,145.98
Total Net Asset Value	**€114,258,227**	**€97,530,308**	**€86,712,594**

See notes to the financial statements

STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2013 to 30 June 2013

	Note	1 January 2013 to 30 June 2013	1 January 2012 to 30 June 2012
		€	€
Investment income			
Interest income	8	14,112	25,755
Gross dividend income		1,113,963	875,847
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	3	20,194,708	(270,733)
Net foreign exchange (loss)/gain		(347,725)	703,536
		20,975,058	**1,334,405**
Operating expenses			
Performance fees		(2,947,104)	-
Management fees	6	(552,159)	(460,231)
Interest expense	8	(328,711)	(283,094)
Dividend expense on securities sold short		(300,244)	(309,187)
Administration fee	6	(35,114)	(27,458)
Other expenses	6	(22,797)	(39,450)
Trustee's fee	6	(10,000)	(7,946)
Audit fees	6	(9,000)	(9,321)
Advisory fee	6	(5,000)	-
Legal fee	6	(5,000)	(19,575)
		(4,215,129)	**(1,156,262)**
Withholding taxes		(77,804)	(60,952)
Increase attributable to holders of redeemable units of participation		**16,682,125**	**117,191**

See notes to the financial statements

STATEMENT OF CASH FLOWS

For the period from 1 January 2013 to 30 June 2013

	1 January 2013 to 30 June 2013	1 January 2012 to 30 June 2012
	€	€
Cash flows from operating activities		
Increase attributable to holders of redeemable units of participation	16,682,125	117,191
Adjustments to reconcile increase attributable to holders of redeemable units of participation to net cash provided by/(used in) operating activities:		
Decrease/(increase) in financial assets at fair value through profit or loss	16,269,705	(17,625,714)
Decrease in financial liabilities at fair value through profit or loss	(14,167,647)	(25,367,120)
Decrease in amounts due from brokers	1,587,020	2,247,207
Increase in amounts due to brokers	497,945	2,390,089
Decrease in interest receivable	5	3,661
Decrease in dividends receivable	32,430	7,763
Increase in performance fees payable	1,975,408	-
Increase in management fees payable	6,487	2,659
(Decrease)/increase in accrued expenses	(4,455)	16,649
Decrease in dividends payable	(46,772)	(22,017)
Decrease in interest payable	(186)	(1,798)
Increase in equalisation credit payable	1,195	-
Net cash provided by/(used in) operating activities	**22,833,260**	**(38,231,430)**
Cash flows from financing activities		
Proceeds from issue of redeemable units of participation	75,000	8,065,000
Payment from redemption of redeemable units of participation	-	(1,053,605)
Movement related to equalisation credit/deficit	(29,206)	-
Net cash flow provided by financing activities	**45,794**	**7,011,395**
Net increase/(decrease) in cash and cash equivalents	22,879,054	(31,220,035)
Cash and cash equivalents at the beginning of the period	41,884,033	85,540,204
Cash and cash equivalents at the end of the period	**64,763,087**	**54,320,169**

See note 4 to the financial statements

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

For the period from 1 January 2013 to 30 June 2013

	Note	Number of shares	1 January 2013 to 30 June 2013
			€
Balance at the beginning of the period		**76,728**	**97,530,308**
Increase attributable to holders of redeemable units of participation resulting from operations for the period		-	16,682,125
Issue of redeemable units of participation during the period	11	51	75,000
Movement related to equalisation credit/deficit	11	(22)	(29,206)
Net assets attributable to holders of redeemable units of participation at the end of the period		**76,757**	**114,258,227**

	Note	Number of shares	1 January 2012 to 30 June 2012
			€
Balance at the beginning of the period		**75,784**	**86,712,594**
Increase attributable to holders of redeemable units of participation resulting from operations for the period		-	117,191
Issue of redeemable units of participation during the period	11	6,875	8,065,000
Proceeds from redeemable units of participation during the period	11	(993)	(1,053,605)
Net assets attributable to holders of redeemable units of participation at the end of the period		**81,666**	**93,841,180**

See notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 January 2013 to 30 June 2013

1. FUND INFORMATION

Pelargos Japan Alpha Fund (the "Fund") is an open-ended investment fund incorporated on 19 June 2008. The first trade date for Class B units of participation was on trade date 11 July 2008. Initial subscriptions for Class A units of participation were received on dealing 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 Trustee 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 Investment Manager, the Trustee and the Participant. The Investment Manager was granted the license to manage investment funds under the Financial Supervision Act (Wft) as of 9 December 2010. As of 29 July 2011, the Fund has been registered under this license at The Netherlands Authority for the Financial Markets (AFM).

The Fund's objective is to achieve absolute returns in the long term. Funds that aim for absolute returns in the long term are characterised by a modest volatility and a low correlation with share indices in the region. Assets can be invested in a wide range of financial instruments. The Fund makes use of combinations of long and short positions in equities, as well as derivative positions. 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.

Since its incorporation and until period end 30 June 2013, the Fund appointed Citibank Europe plc as Administrator. The Administrator provides fund administration and transfer agency services to the Fund. Citibank Europe plc is based in Ireland and adheres to Irish AML rules and regulations.

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), the Dutch Financial Supervision Act and Title 9 book 2 Dutch Civil Code.

(b) Accounting Policies
The significant accounting policies and estimation techniques adopted by the Fund for the six months ended 30 June 2013 are consistent with those adopted by the Fund for the annual financial statements for the year end 31 December 2012.

(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.

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. Management 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 Investment Manager and the Trustee are based and operate in Euro markets, the Fund's performance is evaluated and its liquidity is managed in euros.

New accounting standards adopted during the period

IFRS 13: Fair Value Measurement
On 12 May 2011, the International Accounting Standards Board ("IASB") issued IFRS 13 Fair Value Measurement. This standard defines fair value, provides guidance for fair value measurement and sets out disclosure requirements. IFRS 13 does not change when an entity is required to use fair value measurements but explains how to measure fair value when it is required by other IFRS's. Some of the disclosures required, including the fair value hierarchy, were already introduced in March 2009 through an amendment to IFRS 7 Financial Instruments: Disclosures. Those disclosures have been relocated to IFRS 13. The standard apply to annual periods beginning on or after 1 January 2013 and interim periods within those periods.

IFRS 7 Disclosures: Offsetting Financial Assets and Financial Liabilities
On 16 December 2011, the IASB and FASB issued common disclosure requirements that are intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. The new requirements are set out in Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). As part of that project the IASB also clarified aspects of IAS 32 Financial Instruments: Presentation. The amendments address inconsistencies in current practice when applying the requirements. The amendments to IFRS 7 apply to annual periods beginning on or after 1 January 2013 and interim periods within those periods.

IAS 1 - Financial Statement Presentation - Presentation of Items of Other Comprehensive Income (OCI)
The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would

be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Protected Cell's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

New standards, amendments and interpretations to existing standards which are relevant to the Fund and not yet effective

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial asset. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Fund's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Fund will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

3. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Movement schedule investments

Equity securities	**30 June 2013**	**31 December 2012**
	€	**€**
Beginning market value 1 January	55,587,337	(2,231,762)
Purchase	226,074,329	338,040,527
Sale	(250,082,334)	(290,793,256)
Revaluation	22,718,404	10,571,828
Ending market value at period end	**54,297,736**	**55,587,337**

Futures	**30 June 2013**	**31 December 2012**
	€	**€**
Beginning market value 1 January	(4,540)	5,257
Purchase	1,805,106	(1,002,920)
Sale	-	(177,530)
Revaluation	(2,186,833)	1,170,653
Ending market value at period end	**(386,267)**	**(4,540)**

Options	**30 June 2013**	**31 December 2012**
	€	**€**
Beginning market value 1 January	439,608	28,479
Purchase	1,640,287	1,398,885
Sale	(1,734,154)	(498,305)
Revaluation	(336,863)	(489,451)
Ending market value at period end	**8,878**	**439,608**

Total	**30 June 2013**	**31 December 2012**
	€	**€**
Beginning value 1 January	56,022,405	(2,198,026)
Purchase	229,519,722	338,436,492
Sale	(251,816,488)	(291,469,091)
Revaluation	20,194,708	11,253,030
Ending market value at period end	**53,920,347**	**56,022,405**

As at 30 June 2013 and 31 December 2012, listed equity securities at fair value through profit or loss are recorded at fair value based on quoted market prices in active markets.

	30 June 2013 €	31 December 2012 €
Net gain or loss on financial assets and financial liabilities at fair value through profit or loss:		
Realised	20,852,269	4,282,950
Unrealised	(657,561)	6,970,080
Total	**20,194,708**	**11,253,030**

4. CASH AND CASH EQUIVALENTS

Cash represents short-term funds available to the Fund.

	30 June 2013 €	31 December 2012 €
Cash at broker	63,294,511	39,842,784
Margin accounts	1,468,576	2,041,249
	64,763,087	**41,884,033**

Cash at broker balances relate to cash balances with the Fund's Prime Broker. Margin accounts represent cash deposits with brokers, transferred as collateral against open futures, options or other securities.

The prime broker calculates 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 were €24,414,749 (31 December 2012: €31,272,961) with Goldman Sachs and €106,145 (31 December 2012: €25,876) with UBS AG at 30 June 2013.

5. AMOUNTS DUE (TO)/FROM BROKERS

Amounts receivable from and payable to brokers include cash balances with the Fund's Prime Broker and amounts receivable or payable for securities transactions that have not settled at the year end. Certain amounts of this cash results from the proceeds of trading securities sold short and may therefore be subject to withdrawal restrictions until such time as the securities are purchased by the Fund. The Fund has also purchased securities on margin and the related margin balances are secured on certain of the Fund's investments in securities.

	30 June 2013 €	31 December 2012 €
Balances due to brokers	(1,432,245)	(934,300)
Balances due from brokers	-	1,587,020
Amounts due (to)/from brokers	**(1,432,245)**	**652,720**

6. FEES AND EXPENSES

Management fee
The management fee is charged to the Fund and is credited to the Investment 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 calculated each month as one twelfth (1/12) part of the annual management fee on the GAV of the Class in question on the last business day of each month. The fee is payable, in arrears following the completion and finalisation of each month end net asset value. Management fees of €552,159 (30 June 2012: €460,231) were incurred for the period ended 30 June 2013, of which €90,105 (31 December 2012: €83,618) was payable at 30 June 2013.

Performance fee
The performance fee is charged on a unit by unit basis and is credited to the Investment 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 fee of €2,947,104 (30 June 2012: €Nil) was incurred for the period ended 30 June 2013.

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 (HW) on a dealing day, an equalisation credit is granted to the participant. Following the date of grant, the value of the equalisation credit fluctuates with the increase and decrease of the NAV. The equalisation credit will at no time turn into a negative value, and it will not increase beyond the value at the time of issue. By issuing participations against the value of the Participant's equalisation credit at the ultimate valuation day of the financial year of the Fund, the credit will be finally settled.

The equalisation credit as of 30 June 2013 amounted €1,537 (31 December 2012: €342).

Conversely, a participant that acquires participations at a time that the HW 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 Investment 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 period. The equalisation deficit as of 30 June 2013 amounted €Nil (31 December 2012: €28,011)

Other costs charged to the assets of the Fund

	1 January 2013 to 30 June 2013	1 January 2012 to 30 June 2012
	€	€
Administration fees	35,114	27,458
Legal and tax advice fees	5,000	19,575
Advisory fees	5,000	-
Audit fees	9,000	9,321
Trustee's fees	10,000	7,946
Other expenses	22,797	39,450
	86,911	**103,750**

Other expenses	**1 January 2013 to 30 June 2013**	**1 January 2012 to 30 June 2012**
	€	€
Printing and stationary	-	4,880
Miscellaneous expenses	1,957	7,757
Subtotal other expenses	1,957	12,637
Brokerage fees	20,840	26,813
Other expenses	**22,797**	**39,450**

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 2013 to 30 June 2013, the Fund did not charge any subscription or redemption fees.

Ongoing Charges Figure
The Ongoing Charges Figure (OCF) is a ratio of the total ongoing costs to the average net assets of the Fund. Ongoing costs include cost of investment management and administration, plus other costs of running the fund, such as fees for custodians, regulators and auditors. Transaction costs of investments, interest expenses and performance fee are excluded from the calculation. The OCF will be calculated once a year, the figure as of end of 2012 is as follow:

31 December 2012	Share Class A	Share Class B
Ongoing Charges Figure	1.6%	1.1%

Transaction costs
The costs charged by brokers in relation to the purchase or sale of financial instruments form the main component of the cost of a transaction. In addition, transaction-related taxes and duties such as registration tax and stamp duties may apply. Transaction costs incurred with an opening position in equities (opening buy in case of a long position or opening sale in case of a short position) are included in the net consideration. Transaction costs incurred with the closing of a position in equities (closing sale in case of a long position or closing buy in case of a short position) are included in the net consideration.

The transaction costs amounted to €469,838 in 2013 (30 June 2012: €312,987).

Soft dollar arrangement
The Investment Manager may choose to allocate transactions to brokers with whom the Investment Manager has concluded a commission sharing agreement (CSA). A CSA is concluded with a view to allowing the Investment 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 Investment Manager in order to pay for certain services rendered by either the broker or by a third party. The Investment Manager will, however, at all times aim for best execution. CSAs may be concluded with more than one broker.

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

7. ACCRUED EXPENSES

Accrued expenses	30 June 2013	31 December 2012
	€	€
Administration fee	10,698	7,720
Legal and tax advice fees	13,999	16,150
Advisory fees	5,000	-
Audit fees	6,994	15,620
Trustee's fees	6,291	6,860
Other accrued expenses	3,618	4,705
	46,600	**51,055**

Other accrued expenses	30 June 2013	31 December 2012
	€	€
Miscellaneous expenses	3,618	4,705
Printing and stationery	-	-
	3,618	**4,705**

8. INTEREST INCOME/EXPENSE AND BORROWING FEE

	1 January 2013 to 30 June 2013	1 January 2012 to 30 June 2012
	€	€
Interest income	14,112	25,755
	14,112	**25,755**

	1 January 2013 to 30 June 2013	1 January 2012 to 30 June 2012
	€	€
Interest expense	231,347	145,121
Borrowing Fee	97,364	137,973
	328,711	**283,094**

Borrowing fee at 30 June 2013 and 30 June 2012 is paid fee related to stock loan activities.

9. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

Risk management is an integral part of the investment and the operational process. 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.

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 market risk (which includes equity risk, currency risk and interest rate risk), credit risk and liquidity risk arising from the financial instruments it holds. Each type of risk is discussed in turn below and qualitative and quantitative analyses are provided where relevant to give the reader an understanding of the risk management methods used by the Investment Manager.

Fair Value Estimation
Investments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring its fair value:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the valuation date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices in active markets included within Level 1 that are observable for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies. Level 2 inputs include the following:

a. Quoted prices for similar assets or liabilities in active markets.
b. Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
c. Inputs other than quoted prices that are observable for the asset or liability (e.g. interest rate and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates).
d. Inputs that are derived principally from or corroborated by observable market data statistical by correlation or other means.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Fund's own assumptions about how market participants would be expected to value the asset or liability. Unobservable inputs are developed based on the best information available in the circumstances, other than market date obtained from sources independent of the Fund and might include the Fund's own data.

An investment is always categorised as level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the investment.

The fair values of investments valued under Levels 1 to 3 are as follows:

Financial assets at fair value through profit or loss	30 June 2013 €	Level 1 €	Level 2 €	Level 3 €
Equity securities	78,392,532	78,392,532	-	-
Derivatives	8,878	-	8,878	-
Total	**78,401,410**	**78,392,532**	**8,878**	**-**

Financial liabilities at fair value through profit or loss	30 June 2013 €	Level 1 €	Level 2 €	Level 3 €
Equity securities sold short	(24,094,796)	(24,094,796)	-	-
Derivatives	(386,267)	-	(386,267)	-
Total	**(24,481,063)**	**(24,094,796)**	**(386,267)**	**-**

Financial assets at fair value through profit or loss	31 December 2012 €	Level 1 €	Level 2 €	Level 3 €
Equity securities	93,986,553	93,986,553	-	-
Derivatives	684,562	-	684,562	-
Total	**94,671,115**	**93,986,553**	**684,562**	**-**

Financial liabilities at fair value through profit or loss	31 December 2012 €	Level 1 €	Level 2 €	Level 3 €
Equity securities sold short	(38,403,756)	(38,403,756)	-	-
Derivatives	(244,954)	-	(244,954)	-
Total	**(38,648,710)**	**(38,403,756)**	**(244,954)**	**-**

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 Investment Manager continuously monitors the (potential) determinants of the value of the securities held and the total portfolio value. As such, risk management is an integral part of investment management which comprises security selection and portfolio construction. Frequently various stock, sector and country exposures are measured and managed against the norms which have been defined for those exposures. Further the overall portfolio is monitored using various (external) portfolio risk (optimizing) systems to monitor and manage market or style exposures.

Currency risk

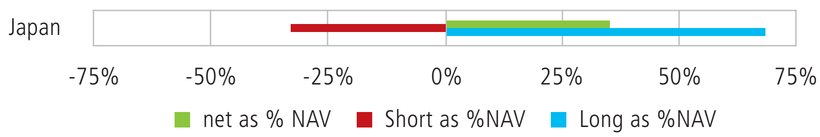
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency (Euro).

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. The Fund's currency risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures which are in place.

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

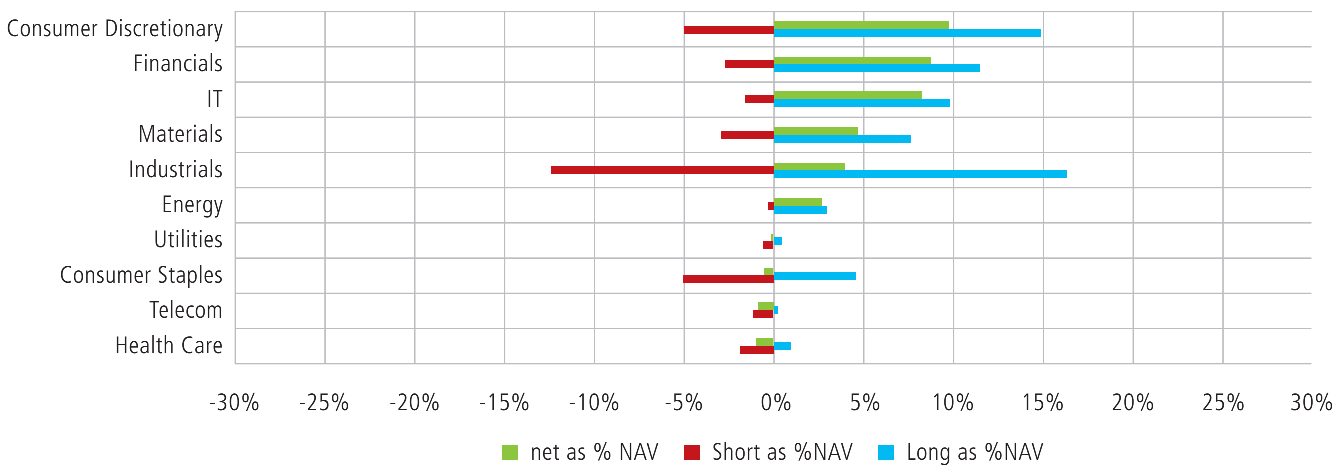
Concentration risk
The country allocation (net exposure, long positions and short positions per country) as a percentage of the NAV at 30 June 2013 was as follows:

COUNTRY ALLOCATION PELARGOS JAPAN ALPHA FUND



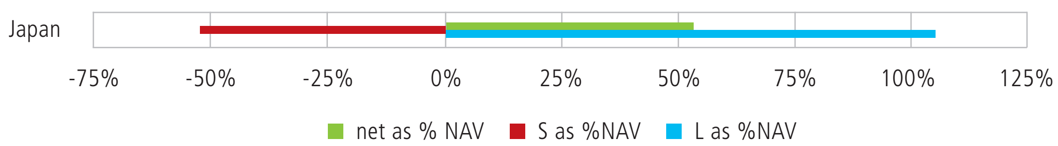
The sector allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at 30 June 2013 was as follows:

SECTOR ALLOCATION PELARGOS JAPAN ALPHA FUND



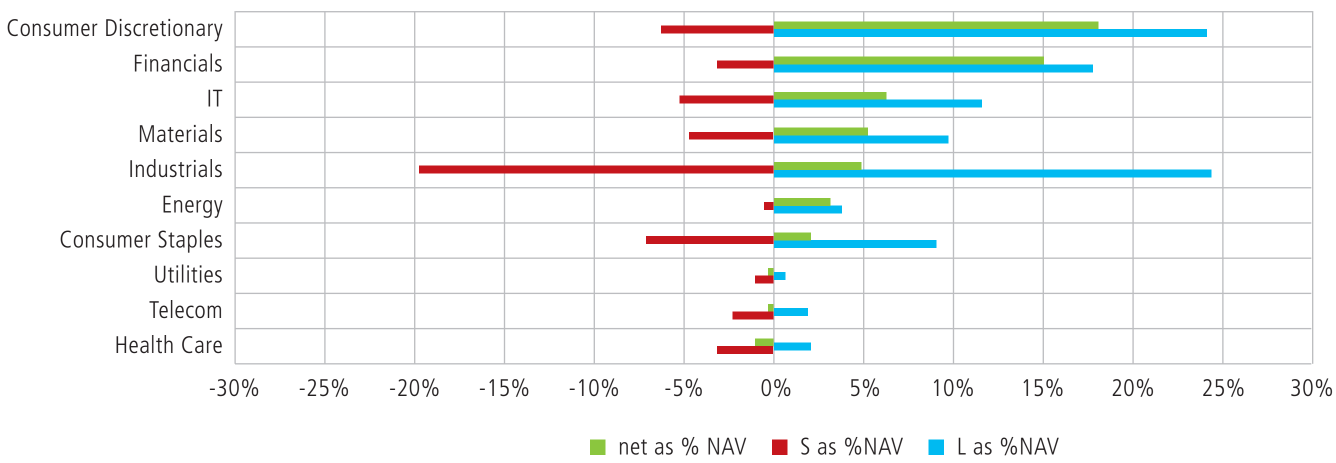
The country allocation (net exposure, long positions and short positions per country) as a percentage of the NAV at the end of 31 December 2012 was as follows:

COUNTRY ALLOCATION PELARGOS JAPAN ALPHA FUND 2012



The sector allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at the end of 31 December 2012 was as follows:

SECTOR ALLOCATION PELARGOS JAPAN ALPHA FUND 2012



The top long and top short positions as a percentage of the NAV at 30 June 2013 were as follows:

TOP LONG POSITIONS	As % NAV
Sumitomo	2.8%
Ryosan	2.4%
LIXIL Group	2.3%
Nippon Shokubai	2.3%
Toshiba Plant System	2.3%
United Urban Investment	2.0%
Xebio	1.8%
Takara Leben	1.7%
Pola Orbis Holdings	1.6%
Nishimatsu Construction	1.5%

TOP SHORT POSITIONS	As % NAV
Tobu Railway	3.5%
Toto	2.1%
Shiseido	1.6%
Odakyu Electric Railway	1.3%
Mitsubishi UFJ Lease & Finance	1.2%
Itochu	1.1%
Kuraray	0.9%
Kao	0.9%
Kikkoman	0.9%
Central Japan Railway	0.8%

The top long and top short positions as a percentage of the NAV at the end of 31 December 2012 were as follows:

TOP LONG POSITIONS	As % NAV
LIXIL Group	4.0%
Ichigo Group Holdings	3.4%
JX HOLDINGS INC	3.3%
Sumitomo Mitsui Financial Gr	3.1%
Sumitomo Corp	2.9%
Daikyo Inc	2.5%
Fuji Media Holdings Inc	2.3%
Uny	2.3%
Acom	2.2%
Toyota Motor Corp	2.2%

TOP SHORT POSITIONS	As % NAV
Tobu Railway	2.5%
Kirin Holdings	2.2%
Yamato Holdings	2.0%
Daikin Industries	2.0%
Shiseido	1.9%
Fuji Electric Holdings	1.7%
Toto	1.6%
Nippon Building Fund Inc	1.6%
Thk	1.4%
Komatsu	1.2%

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. Note that changing levels of interest rates may influence the value of equity securities held.

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.

Most of the Fund's derivative contracts are listed or traded on one or more recognised exchanges where a Clearing House acts as regulator. OTC derivative transactions are executed with the Fund's Prime Brokers Goldman Sachs International and UBS AG. Long term ratings for Goldman Sachs at period end were A3 (2012: A3 (Moody's)) and A- (2012: A- (S&P)). Long term ratings for UBS AG at period end were A2 (2012: A2) at Moody's and A (2012: A) at S&P.

To mitigate credit risk, two prime brokers have been legally appointed. Further, securities and cash are only held at, and derivatives are only executed with (investment grade) rated counterparties.

The Prime Broker 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 Broker (rehypothecation). The Fund will have a right to the redelivery of equivalent assets from the Prime Broker. 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 Broker.

To the extent that the Prime Broker has 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 Broker and has appointed multiple Prime Brokers.

To enable to short securities, the Fund borrows securities. At 30 June 2013, the Fund borrowed securities for an amount of €24,096,857 (31 December 2012: €39,093,017).

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 twenty business days 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 limited amounts of the portfolio 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 Investment Manager.

10. 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 were options and futures.

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

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

As of 30 June 2013 and 31 December 2012, 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 2013	**Fair value liabilities 30 June 2013**
	€	**€**
Options	8,878	-
Futures contracts	-	(386,267)
Total derivative contracts	**8,878**	**(386,267)**

	Fair value assets 31 December 2012	**Fair value liabilities 31 December 2012**
	€	**€**
Options	684,562	(244,954)
Futures contracts	-	(4,540)
Total derivative contracts	**684,562**	**(249,494)**

The table below details the total derivatives exposure at 30 June 2013 and 31 December 2012. 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 2013, the Fund held short positions in futures contract and long positions in options.

30 June 2013	Net exposure	Gross exposure	Gross as % NAV
Equity	54,297,589	102,486,864	89.7%
Options	174,415	174,415	0.2%
Futures	(14,224,880)	14,224,880	12.4%
Total exposure	40,247,124	116,886,159	
Total as % of NAV	**35%**	**102%**	**102%**

31 December 2012	Net exposure	Gross exposure	Gross as % NAV
Equity	55,587,590	132,394,596	135.7%
Options	3,348,443	14,295,970	14.7%
Futures	(6,825,930)	6,825,930	7%
Total exposure	52,110,103	153,516,496	
Total as % of NAV	**53%**	**157%**	**157%**

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 Company 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.

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.

11. REDEEMABLE UNITS OF PARTICIPATION

At inception of the Fund Class A and Class B units of participation were issued, both only in Euro. The (initial) investment required of a Participant in Class A is Euro 10,000. Subsequent subscriptions and redemptions have a minimum size of Euro 1,000.

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 Investment 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 2013 and period ended 30 June 2012 were as follows:

	Number of units of participation 30 June 2013	Number of units of participation 30 June 2012
Class A		
Units of participation balance at the beginning of the period	236.02	1,221.32
Issue of redeemable units of participation	0.25	-
Redemption of redeemable units of participation	-	(985.31)
Units of participation at the end of the period	**236.27**	**236.01**

	Number of units of participation 30 June 2013	Number of units of participation 30 June 2012
Class B		
Units of participation balance at the beginning of the period	76,492.23	74,562.01
Issue of redeemable units of participation	50.50	6,874.95
Redemption of redeemable units of participation	-	(7.67)
Redemption related to equalisation deficit	(22.03)	-
Units of participation at the end of the period	**76,520.70**	**81,429.29**

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

12. RELATED PARTY TRANSACTIONS

Employees of directors and employees of Pelargos Capital B.V. held jointly 287.69 (31 December 2012: 268.28) Units of Participation Class B in the Fund. Pelargos Capital B.V. held 136.47 Units of Participation Class A in the Fund. AEGON Levensverzekering N.V. is participant in the Fund with 9,950 (31 December 2012: 9,950) Units of Participation. AEGON Levensverzekering N.V. is a 100% subsidiary of AEGON Nederland N.V., which is a 100% subsidiary of AEGON N.V.

AEGON Investment Management B.V. held on behalf of 2 investment funds 66,252.01 (31 December 2012: 66,273.95) Units of Participation Class B and 99.80 (31 December 2012: 99.80) Units of Participation Class A. AEGON Investment Management Holding B.V. is a 100% subsidiary of AEGON Asset Management Holding B.V., which is a 100% subsidiary of AEGON N.V.

AEGON N.V. holds 100% of the shares in AEGON Asset Management B.V., which holds 68% (31 December 2012: 68%) of the shares in Pelargos Capital B.V.

13. SUBSEQUENT EVENTS

There are no subsequent events impacting the Fund subsequent to 30 June 2013.

Approved on behalf of the Trustee

Stichting Bewaarder
Pelargos Japan Alpha Fund

Date: 26 August 2013

Approved on behalf of the Investment Manager

Director
Pelargos Capital B.V.

Date: 26 August 2013

OTHER NOTES

For the period from 1 January 2013 to 30 June 2013

1. DIVIDEND AND ALLOCATION OF RESULT

During the period from 1 January 2013 to 30 June 2013, 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 Trustee and the Investment Manager approved the financial statements on 26 August 2013.

The accompanying Statement of Financial Position as at 30 June 2013 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.

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