



## **PELARGOS CAPITAL B.V.**

### **Semi Annual report 2020**

The Hague  
31 August 2020

## Company information

### Statutory directors

Orange Dragon Company B.V.  
Pieter van Putten  
Michael Kretschmer

### Address

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### Independent auditor

PricewaterhouseCoopers Accountants N.V.  
Fascinatio Boulevard 350  
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### Company profile

Pelargos Capital B.V. (hereafter: Pelargos) is an investment boutique with an institutional type infrastructure that runs fundamental value strategies focused on alpha generation in the Japanese equity market. Pelargos was founded in March 2008 with Aegon Asset Management as cornerstone investor. In June 2008 and July 2008 two Dutch domiciled funds, the Pelargos Asia Alpha Fund respectively the Pelargos Japan Alpha Fund were launched. Pelargos Asia Alpha Fund was closed per end November 2019, after which Pelargos became a dedicated Japan equity manager. In February 2020, Pelargos and Universal Investments from Germany jointly launched the UI Pelargos Japan Reiwa Fund, a UCITS long only fund. The Pelargos Japan Alpha Fund strives for capital growth by taking long and short exposures in securities related to Japanese companies.

### Key figures

Key figures (€)	HY1 2020	HY1 2019	2019
Revenues	710,679	1,039,639	2,184,112
Costs	979,218	1,134,619	2,369,986
Net result	-255,932	-79,605	-110,578
Equity	2,136,952	2,423,857	2,392,884
Assets under management	167,425,140	217,026,194	131,732,989

## Legal information

Pelargos, incorporated and domiciled in the Netherlands, is a private limited liability company organized under Dutch law and recorded in the Commercial Register of The Hague under its registered address at Prinses Margrietplantsoen 43, 2595 AM, The Hague.

Pelargos was established on March 4th in 2008. The statutory objectives of the company are:

- to act as a manager of one or more funds for joint account;
- to conduct the management over and to be (managing) director of one or more other investment institutions, companies and legal entities; and
- to invest assets in any other way, whether or not at the risk and expense of third parties; as well as to participate in, to take an interest in any other way in, to conduct the management of other business enterprises of whatever nature, furthermore to finance third parties, in any way to provide security or undertake the obligations of third parties and finally all activities which are incidental to or which may be conducive to any of the foregoing.

Pelargos has been granted the license to manage investment funds (as meant in *Article 2:65, first paragraph, sub a, Wet Financieel Toezicht*) by Autoriteit Financiële Markten on 9 December 2010. As of 22 July 2014, this license has been converted into an AIFMD license. Pelargos has been granted an extension to its license, which enables it to offer additional investment services (as meant in *Article 2:67, 2<sup>nd</sup> paragraph, sub a, sub b and sub d Wet Financieel Toezicht*) by Autoriteit Financiële Markten as of 1 March 2017.

## Management report

### Introduction

The first half of 2020 was a challenging one with the outbreak of Covid-19 and the resulting market volatility. Pelargos Japan Alpha Fund performed -0.76% during the period in EUR terms. The newly launched Pelargos Japan Reiwa Fund had a positive performance of +15.70% up to the end of June. Assets under management increased from EUR 132 mln to EUR 167 mln during the first half of 2020.

### Business development

Pelargos was established in 2008 with the strategic backing and long-term committed cornerstone investor Aegon. Since its start Pelargos has built an institutional infrastructure. It supports our fundamental research and risk management framework. It also enables effective reporting and performance attribution analysis to provide transparency for our clients. Pelargos is a member of the Alternative Investment Management Association and our key service providers are best in class partners.

The focus of our team is on generating performance and raising capital. The main driver of profitability comes from increasing revenues through acquisition of new customers. To support this process, we constantly search for investors as well as partners with proven distribution capabilities.

### Organisation

In early 2020 Pelargos started managing a Japan long only equity fund listed on the UCITS platform of Universal Investment Luxembourg S.A. Furthermore, Pelargos introduced a new portfolio management and administration software (Broadridge) which has resulted in enhanced operational efficiency.

The outbreak of Covid-19 in the spring of 2020 has had relatively little impact on the operations of Pelargos Capital. The BCP plan was activated and all staff started working from home with no disruptions in daily work procedures. The impact of the crisis on investment performance was small.

The fund management team continued to intensify its work on governance related matters with Japanese companies, despite the fact that the team was not able to travel to Japan.

### Financials

In the first half of 2020 Pelargos realized a loss of € 255,932.

This loss was mainly due to investments related to the new portfolio management and administration system as well as a lower average fee level earned on assets under management.

The current assets of Pelargos are sufficient to meet its current short term, current long term and foreseeable near future financial obligations.

The Hague, 31 August 2020

P. Van Putten, CFA

M. Kretschmer

## Balance sheet as at 30 June 2020

(Before profit distribution)

<b>ASSETS</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
	€	€
<b>Fixed assets</b>		
Property and equipment	3,205	3,451
Hardware	4,514	5,948
	<b>7,719</b>	<b>9,399</b>
<b>Current assets</b>		
Accounts receivable	61,051	196,537
Corporate income tax	-	-
Current account related parties	403,172	287,314
Other current assets	23,799	16,826
	<b>488,022</b>	<b>500,677</b>
Units of participations in Funds	297,989	184,042
	<b>297,989</b>	<b>184,042</b>
Bank	2,087,718	2,497,591
	<b>2,087,718</b>	<b>2,497,591</b>
<b>Total assets</b>	<b>2,881,448</b>	<b>3,191,709</b>

<b>LIABILITIES</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
	€	€
<b>Equity</b>		
Share capital	18,000	18,000
Ordinary share premiums	482,000	482,000
Other reserve	1,892,884	2,003,462
Net Result	-255,932	-110,578
	<b>2,136,952</b>	<b>2,392,884</b>
<b>Long term liability</b>	220,012	84,961
	<b>220,012</b>	<b>84,961</b>
<b>Current</b>		
Tax	107,343	390,949
Other current liabilities	417,141	322,915
	<b>524,484</b>	<b>713,864</b>
<b>Total liabilities</b>	<b>2,881,448</b>	<b>3,191,709</b>

## Profit and loss account 1 January – 30 June 2020

P&L	HY1 2020 €	HY1 2019 €
Performance fee	4,056	-
Management fee	706,623	1,039,639
<b>Revenues from fees</b>	<b>710,679</b>	<b>1,039,639</b>
Other revenues	-	-
<b>Total revenues</b>	<b>710,679</b>	<b>1,039,639</b>
<b>Total costs</b>	<b>-979,218</b>	<b>-1,134,619</b>
Investment results	14,228	2,533
Other income	338	14,888
Interest	-1,959	-2,046
<b>Result before tax</b>	<b>-255,932</b>	<b>-79,605</b>
Corporate income tax	-	-
<b>Result after tax</b>	<b>-255,932</b>	<b>-79,605</b>

## Cash flow statement 1 January – 30 June 2020

CASHFLOW STATEMENT	HY1 2020 €	HY1 2019 €
<b>Earnings from operations</b>	<b>-268,539</b>	<b>-94,980</b>
Adjustments for		
Depreciation	1,680	1,680
Change in receivables	12,655	-70,086
Change in liabilities	-54,328	-182,808
Due corporate tax	-	-
	-39,993	-251,214
<b>Cash flow from operations</b>	<b>-308,532</b>	<b>-346,194</b>
Change of units of participations in Funds	-99,719	2,533
Investments in fixed assets	-	-
<b>Cash flow from investments</b>	<b>-99,719</b>	<b>2,533</b>
Interest	-1,959	-2,046
Dividends paid	-	-
<b>Cash flow from financing</b>	<b>-1,959</b>	<b>-2,046</b>
Other income	338	14,888
<b>Cash flow from other</b>	<b>338</b>	<b>14,888</b>
<b>Change in cash</b>	<b>-409,872</b>	<b>-330,819</b>