

ATLANTIS JAPAN GROWTH FUND

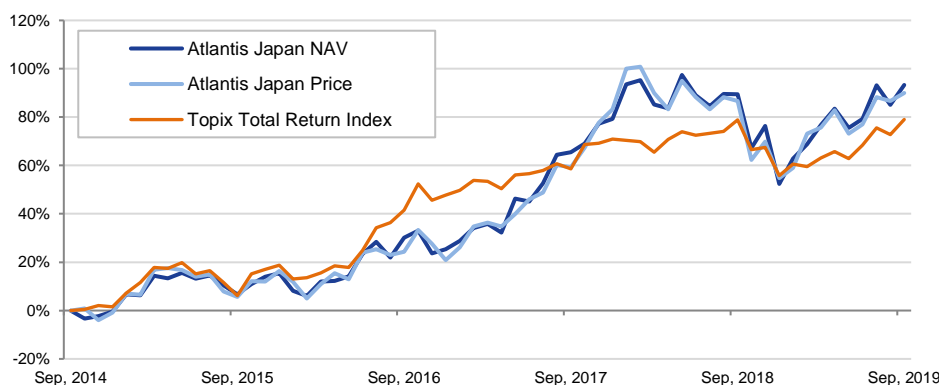


CUMULATIVE PERFORMANCE % (£)	YTD	1M	3M	1Y	3Y	5Y	2018	2017	2016	2015	2014	ITD*
AJG Share Price	22.70	1.79	7.33	1.79	52.86	89.96	-15.53	51.56	3.96	17.30	0.42	237.52
AJG Share NAV	26.90	4.50	7.83	2.03	48.60	93.35	-14.97	42.94	8.61	15.94	-0.33	291.63
Topix TR Index	14.94	3.64	6.32	0.07	26.49	79.03	-8.85	15.63	24.47	16.92	2.87	65.15

Sources: Northern Trust and Bloomberg.

Notes: * Inception to date NAV return figure was converted to GBP based on the official USD NAV using Bloomberg FX rate.

PERFORMANCE OVER 5 YEARS (£)



Sources: Northern Trust and Bloomberg.

Notes: The figures in the above table and chart refer to past performance which is not a reliable indicator of future results. An investment in the Fund would place an investor's capital at risk. Figures shown are net of all fees.

MANAGER'S COMMENTARY

The Japanese equity market moved up in September as investors took encouragement from the possible easing of China-U.S. trade tensions and the prospect of rate cuts in Europe and the U.S. The market's advance was broadly based around sector selection and incorporated large and mid-capitalized stocks alike. By the end of the month the TOPIX and Nikkei 225 indices were approaching their respective year-to-date highs.

During September, in GBP and on a total return basis, the Fund rose 4.50% and in local currency terms it gained 6.92%. In GBP, the TOPIX and Nikkei 225 indices increased 3.64% and 2.70% respectively. The Fund also outperformed the small capitalized company dominated TSE2 (-0.44%) and the Nikkei OTC Average (+0.25%). Calendar year to date the Fund has risen 26.90% in GBP terms, exceeding performances by both TOPIX (+14.94%) and the Nikkei 225 (+14.85%).

Stocks that made positive contributions to performance over the course of the month included high-tech chemical reagent materials supplier Tri-Chemical (4369), hydraulic oil filter supplier Yamashin-Filter (6240), sales support and outsourcing specialist S-pool (2471), semiconductor

gases/ultra-pure water supplier Japan Material (6055), and medical device parts supplier Asahi Intecc (7747). Those companies that detracted from the portfolio's September performance included PeptiDream (4587), Solasto (6197), TKP (3479), and Hikari Tsushin (9435)

At the end of September the Company held 62 stocks, no change over the course of the month. Business consultant Prored Partners (7034) was added to the portfolio while Outsourcing (2427) was sold.

Investor data for September to date offer a mixed picture of non-resident investor activity; but this arguably had a major positive influence on the market's robustness. Overseas investors over the month continued to sell equities on a cash basis (by JPY243bn) but were massive net purchasers of futures (JPY2.41tn). A more positive stance on Japan by non-resident investors was also likely a major factor in the market's short sell ratio dropping month-on-month from 50.3% to 42.5%. Non-resident net buying also extended to the smaller JASDAQ and TSE Mothers markets. Over the month individual investors were net sellers, as were investment trusts. This was offset by non-financial business corporations and trust banks purchases. The BoJ made

KEY FACTS

INVESTMENT OBJECTIVE

Aims to achieve long-term capital growth through investment wholly or mainly in listed Japanese equities.

FUND INFORMATION

Lead portfolio adviser	Taeko Setaishi
Lead adviser start date	1 st May 2016
Total Net Assets (TNA)	GBP 107m
Shares in issue	41,794,570
Share price	227.0p
NAV per share	255.1p
Discount(-)/Premium	-11.0%
Net gearing	1.5%
Active Share	95.6%
Inception date	10 th May 1996

ADMINISTRATIVE & DEALING INFORMATION

Financial Year End	30 th April
Company Domicile	Guernsey
Company Legal Structure	UK Investment Trust
Listing	London Stock Exchange
Valuation	Daily
Company Broker	Cantor Fitzgerald
Depository	Northern Trust
Administrator	Northern Trust
Auditor	PricewaterhouseCoopers
Investment Manager	Quaero Capital LLP
Investment Adviser	Atlantis Investment Research Corporation

FUND CODES

Bloomberg	AJG LN
SEDOL	B61ND55
ISIN	GG00B61ND550

COMPANY FEES & EXPENSES

Ongoing Charges*	1.63%
- Annual Management Fee	1.00%
- Operating & Administrative Fees	0.63%
Performance Fee	None

* Based on the Company's Annual Financial Statements to 30 April 2019.

no equity ETF purchases in September (August JPY565bn). With traders back from summer holidays, and spurred by a generally positive news flow, daily market turnover bounced back to JPY2.28tn (August JPY1.98tn).

The market's advance in September was virtually across the board with sectoral gains achieved by 31 out of the TSE's 33 sectors. The top performing sectors were oil&coal, marine transportation, and non-ferrous metals; reflecting greater optimism for progress in the pending U.S.-China trade talks. Electrical appliances and precisions were well bid for as well. Defensive sectors rose, but struggled to do so. Air transportation shares dropped over concerns about the impact of higher oil prices on airline profits. Information and communication stocks slipped back on profit-taking.

Borrowings by the Fund were unchanged from July's JPY1.0bn which translated into a net gearing of 1.53%. Excluding cash, the Fund was entirely invested in equities of publicly listed Japanese companies and J-REITs. The Fund had no exposure to any structured financial product, nor did it have any currency hedges in place during the month. At the end of September, the JPY rate against the GBP was 132.68, a loss of 2.27% from August's 129.68 close.

Economic data and survey results recently released have confirmed a deterioration in

Japan's economic activity. Data has yet to emerge whether the government fiscal stimulatory measures can mitigate the negative effects on the economy by October's sales tax increase. However, other data points – machinery orders, export demand, output indices – are presently flatlining. The dispute with South Korea over history and territory has cut into in-bound tourist traffic flows which had been one of the bright spots for the economy. Given these trade and domestic uncertainties, companies (particularly manufacturers) are reconsidering capital expenditure budgets. Core CPI is at a two year low but the BoJ has few, if any, monetary tools to foster growth. The equity market's major concerns are 1) the damage to the economy, if any, by the introduction of a higher sales tax in October and 2) the extent of (downward) revisions to earnings by companies when they release their fiscal year estimates for FY 3/20. Consensus pre-tax earnings growth estimates for FY 3/20 are for no growth with 5%-6% expansion expected for FY 3/21. On these estimates, the Tokyo market is priced on a 13.9x forward PER and 1.2x PBR.

The Investment Adviser is committed to a growth oriented, bottom-up, stock-picking investment style with investment decisions based on proprietary fundamental research. The objective is to identify attractively priced, long term investment opportunities particularly in, but not limited to, technology, health care, and services.

PORTFOLIO STATISTICS

MARKET EXPOSURE 101.5%

TOP 10 HOLDINGS (% TNA)

Japan Elevator Service Holds	4.2
Lasertec	3.4
Nidec	3.2
Hikari Tsushin	3.1
Asahi Intecc	3.1
TKP	3.0
S-Pool	2.9
Keyence	2.7
Nihon M&A Center	2.7
Tokyo Electron	2.6

SECTOR BREAKDOWN (% TNA)

Consumer Discretionary	17.4
Financials	0.8
Health Care	10.6
Industrials	42.7
Information Technology	18.2
Materials	1.5
Real Estate	5.5
Communication Services	4.4
Utilities	0.6

MARKET CAPITALISATION (% TNA)

> 10bn	11.1
5-10bn	10.1
2-5bn	12.5
0.5-2bn	32.7
< 0.5bn	35.2

CONTACTS

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KEY RISKS

- » Past performance is not a reliable indicator of future results. The value of your investment may go down as well as up and you may not get back the amount originally invested.
- » The Fund may be invested in securities denominated in currencies other than Sterling. Changes in exchange rates may cause your investment to decrease or increase in value.
- » The Fund, as an investment trust, is a public limited company, the shares of which are traded on the London Stock Exchange. Investment trusts are not authorised and regulated by the Financial Conduct Authority.
- » Investment trusts may borrow money in order to make further investments. This is known as 'gearing' or 'leverage'. The effect of gearing can enhance returns to shareholders in rising markets but will have the opposite effect on returns in falling markets.
- » The Fund may invest in smaller companies which are generally considered to carry a higher degree of risk as the market for their shares is often less liquid than that for larger companies.
- » An investment trust's exposure to a single market and currency may increase the level of risk.

IMPORTANT INFORMATION

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