

ATLANTIS JAPAN GROWTH FUND



CUMULATIVE PERFORMANCE % (£)	YTD	1M	3M	1Y	3Y	5Y	2019	2018	2017	2016	2015	ITD*
Atlantis Japan Price	19.13	7.03	26.85	17.60	29.09	104.67	24.32	-15.53	51.56	3.96	17.30	307.40
AJG NAV (total return)	22.63	8.32	24.09	24.49	40.83	119.00	33.60	-14.97	42.94	8.62	15.94	406.54
Topix Index (total return)	7.09	7.94	10.79	7.65	14.44	65.40	16.05	-8.85	15.63	24.47	16.92	78.57

Sources: Northern Trust, Bloomberg and Quaero. The Fund's total return performance is calculated on a NAV to NAV basis with dividends added back on ex-dividend date.

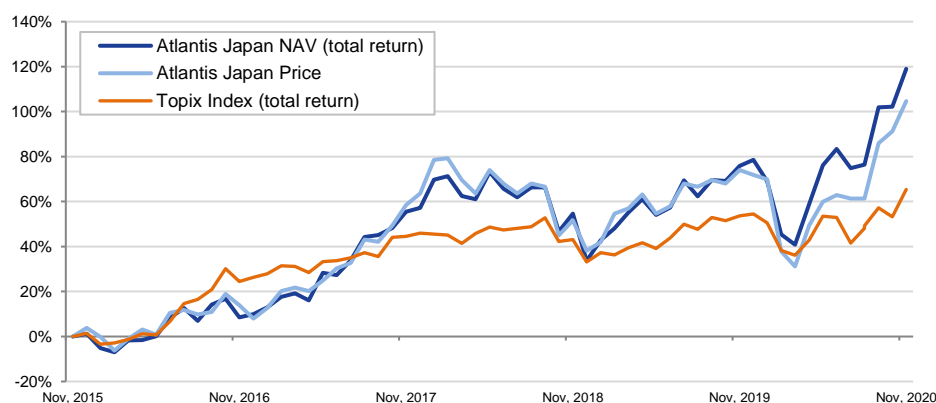
Notes: * Inception to date NAV return figure was converted to GBP based on the official USD NAV using Bloomberg FX rate.

DIVIDEND POLICY

At the 2019 AGM, shareholders of the Company approved the Board's recommendation to replace the six monthly redemption facility with a regular dividend paid to all shareholders on a quarterly basis set at 1% of the average net asset value per share during the final month of the preceding financial year.

The average daily NAV per share for April 2020 was 217p, thus the next four payments will be at 2.17p per share payable at the end of September 2020, December 2020, March 2021 and June 2021. The quarterly interim dividend will be paid out of capital resources.

PERFORMANCE OVER 5 YEARS (£)



Sources: Northern Trust, Bloomberg and Quaero. The Fund's total return performance is calculated on a NAV to NAV basis with dividends added back on ex-dividend date.

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 Tokyo equity market rebounded sharply in November with investors spoiled for choice by a steady stream of positive catalysts. Investors in Japan, and globally, welcomed the progress made toward a commercial COVID-19 vaccine and greeted, with relief, the conclusion of the U.S. presidential election. Traders were emboldened by Japanese economic data releases suggesting an economic recovery gathering momentum and better than expected 1H FY3/21 corporate results. Reflecting traders' enthusiasm, the TSE1 daily trading volume averaged JPY2.9tn in November, an increase of JPY1.0tn compared to October. Favouring larger capitalized growth stocks, overseas investors were the market's driver during the month.

In November, on a total return NAV basis and in GBP terms, the Fund gained 8.32%. On the same basis, this represented an outperformance against the TOPIX index (+7.94%) and the smaller capitalized oriented TSE2 (+3.69%). The Fund's performance against TOPIX can be attributed to its nearly triple weighting against the TOPIX benchmark percentage assigned to the services sector and a significant exposure to the electrical appliances and precision instrument sectors. The portfolio was rewarded by the Investment Adviser's decision to remain overweight in growth and avoid value domestic demand sectors (utilities, retail trade, and oil/coal). Calendar year to date, in GBP and on a total return basis, the Fund has returned 22.63%, a

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 132m
Shares in issue	41,794,570
Share price	274.0p
NAV per share	315.2p
Discount(-)/Premium	-13.1%
Net gearing	0.7%
Active Share	86.3%
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	N+1 Singer
Depository	Northern Trust
Administrator	Northern Trust
Auditor	Grant Thornton
Investment Manager	Quaero Capital LLP
Investment Adviser	Atlantis Investment Research Corporation

DIVIDEND

Prospective dividend yield*	3.2%
Quarterly interim paid	March, June, September and December

COMPANY FEES & EXPENSES

Ongoing Charges**	1.64%
Annual Management Fee	1.00% up to £125m 0.85% between £125m-£175m 0.70% greater than £175m

FUND CODES

Bloomberg	AJG LN
SEDOL	B61ND55
ISIN	GG00B61ND550

* Annualised dividend yield based on indicated dividend payments in respect of the quarter ending 30 September 2020. Not a profit forecast.

** Based on the Company's Annual Financial Statements to 30 April 2020.

substantial outperformance against TOPIX (+7.09%).

Stocks that contributed to the Fund's performance over the course of November were the alternative energy supplier Renova (9519), motor assembler Nidec (6954), SPE manufacturer Tokyo Electron (8035), rental linen supplier Elan (6099), and software tester Shift (3697). Stocks that detracted from the Fund's performance included Bengo4.com (6027), Yamashin Filter (6249), and J-REIT Industrial & Infrastructure (3249).

At the end of November, the Company held 58 stocks, a net increase of two holdings over the course of the month. Among the additions to the portfolio was investor relation services company IR Japan Holdings (6035). Creek & River (4763) was sold during the month.

Investor data for November indicated that overseas investors on an aggregated cash/futures basis bought equities valued at JPY2,175bn. Individual investors reversed course from the previous month and were active net sellers (JPY1,423bn). The Bank of Japan, through ETFs, was a modest equity buyer (JPY70bn). Domestic financial institutions were, in aggregate net sellers but had little impact on the market's direction. November's short sell ratio (38.6%) was nearly level with that of the previous month.

The TOPIX advance was broadly based and encompassed 32 of the 33 sectors. With overseas investors driving the market, sector rotation focused on large capitalized growth stocks. In the small capitalized space, growth again outperformed value. The best performing sectors were economic sensitive shares found in the iron/steel, marine transportation, real estate, and services sectors. The worst performing sectors were fishery/agriculture, oil/coal, electric power/gas, and retail trade.

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 close of November, the JPY rate against the GBP was 138.97, a loss of 2.9% from October's 134.97 close.

The Investment Adviser is of the view that Japan's economy is recovering from the COVID-19 pandemic. GDP data for July-September showed that the economy over the quarter expanded at a 23% annualized rate with demand coming from household durables consumption and exports. Despite the government's Go To campaigns, services consumption remains depressed with the hospitality sector bearing the brunt of suspended domestic and inbound travel. There is a potential short-term risk in the upcoming New Year's holiday and Go To campaigns which could unleash a third wave of COVID-19 infected travellers into the economy.

Despite evidence of an economic recovery in progress the Investment Adviser believes there is a need for a fiscal boost. This should be supplied in Q1 of calendar year 2021 when a JPY74tn supplementary package is due to be considered by the Diet. If implemented, the injection of these funds could underpin the economy's cyclical recovery and deliver pre-tax growth in the 35% to 40% range in FY 3/21.

The Fund, committed to a growth oriented, bottom-up, stock-picking investment style should be well positioned to identify and participate in Japan's emerging growth opportunities.

PORTFOLIO STATISTICS

MARKET EXPOSURE 100.7%

TOP 10 HOLDINGS (% TNA)

Nidec	4.8
Nihon M&A Center	4.1
Renova	4.0
Tokyo Electron	3.7
Daifuku	3.3
Cellsource	3.2
Asahi Intecc	3.2
M3	3.2
Bengo4.com	2.8
Keyence	2.8

SECTOR BREAKDOWN (% TNA)

Consumer Discretionary	6.6
Health Care	18.7
Industrials	33.9
Information Technology	26.2
Materials	2.3
Real Estate	3.1
Communication Services	5.9
Utilities	4.0

MARKET CAPITALISATION (% TNA)

> 10bn	27.9
5-10bn	13.4
2-5bn	9.8
0.5-2bn	33.8
< 0.5bn	15.9

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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