

ATLANTIS JAPAN GROWTH FUND



CUMULATIVE PERFORMANCE % (£)	YTD	1M	3M	1Y	3Y	5Y	2019	2018	2017	2016	2015	ITD*
AJG Price (total return)	29.58	4.38	15.76	29.58	37.50	116.64	25.62	-15.52	51.56	3.96	17.30	348.61
AJG NAV (total return)	24.07	1.17	9.72	24.07	40.94	118.82	33.60	-14.97	42.94	8.62	15.94	412.49
Topix Index (total return)	8.73	1.53	6.82	8.73	15.01	65.52	16.05	-8.85	15.63	24.47	16.92	81.31

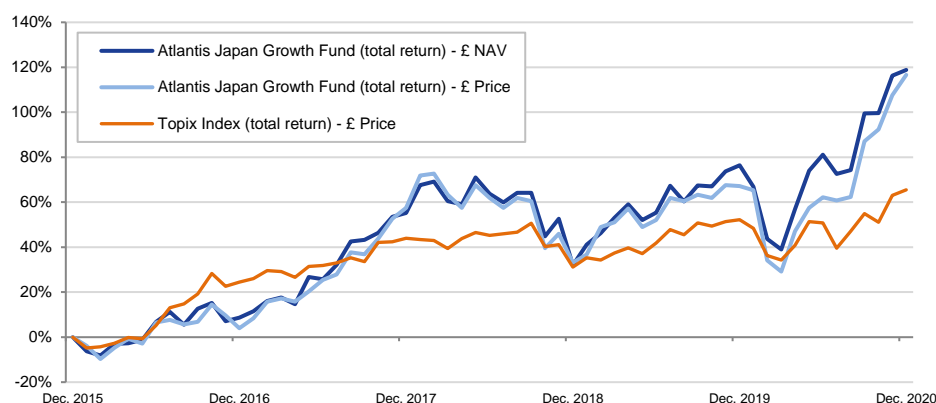
Sources: Northern Trust, Bloomberg and Quaero. The Fund's total return performance is calculated with dividends added back on ex-dividend date.
Notes: * Inception to date NAV return figure was converted to GBP based on the official USD NAV using Bloomberg FX rate.

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 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 moved higher in December as investors were encouraged by the global launch of COVID-19 vaccinations, the passage of economic stimulus measures in the U.S. and EU, the conclusion of a Brexit trade deal between the UK and EU, and the signal of further easing by both the ECB and the FOMC. Local traders were also encouraged by the NASDAQ (NY), reaching an all-time high. Tokyo joined the party when the Nikkei 225 breached a 30 year high at the end of the month. In a holiday shortened month, the TSE's daily trading volume averaged JPY2.27tn.

In December, on a total return basis and in GBP terms, the Fund gained 1.17%. This represented a small under performance against the TOPIX index which advanced 1.53%. The Fund outperformed the smaller capitalized oriented TSE2 (-0.27%). The

Fund's December performance against TOPIX can be attributed to stock and sector selections that captured investor preference for growth but failed to adjust to a mean reversal toward companies with greater market capitalizations. The portfolio focus remained, and benefitted from, overweight holdings in electric appliances, wholesale trade, and other products while shunning financials, and transportation, and pharmaceutical shares.

Over the course of CY2020 the Fund's net asset value gained 24.07%, a substantial outperformance against TOPIX (+8.73%). A large portion of this outperformance can be attributed to Fund's bias toward growth. During the same period, the TOPIX Growth Index rose 17%, far outstripping the Value Index's 7% increase.

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 133m
Shares in issue	41,794,570
Share price	286.0p
NAV per share	318.9p
Discount(-)/Premium	-10.3%
Net gearing	0.0%
Active Share	86.1%
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*	3.0%
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.

Stocks that contributed to the Fund's performance over the course of December were the alternative energy supplier Renova (9519), ultra-pure chemical and material supplier to semiconductor fabs TriChemical Laboratories (4369), adipose/blood processor Cellsource (4880), and the J-REIT Industrial & Infrastructure (3249). Stocks that detracted from the Fund's performance were Prored Partners (7034), Shift (3697), Nidec (6594), and GMO Financial Gate (4051).

At the end of December, the Company held 60 stocks, an increase of 2 over the course of the month. Call systems operator Bellsystem24 Holdings (6183) and Premium group (7199), which finances used cars and offers warranty guarantees in Japan and southeast Asia, were added to the portfolio.

Investor data for December indicate that overseas investors on an aggregated cash/futures basis were net equity purchasers. They were joined by trust banks and investment trusts; individual investors were net sellers. The BoJ (ETF) was relatively inactive during the month. Over the entire year overseas investors, individuals, and investment trusts were equity sellers while support for stocks was provided by trust banks and non-financial business corporations. The BoJ purchased equities valued at approximately JPY4.45tn in 2020, about JPY1.0tn below a year ago. December's short sell ratio (36%) was a low for the year and well adrift of the year's average (42%).

The TOPIX advance in December was broadly based and included 28 of its 33 sectors. Amongst the best performing sectors were nonferrous metals, pulp & paper, marine transport, and transportation equipment. The worst performing sectors were air transportation, services, and real estate. During 2020 as a whole 15 sectors posted a gain, notably electric appliances,

information & communication, other products, and precision instruments.

Excluding cash, the Fund was entirely invested in the 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 December, the JPY rate against the GBP was 140.94, a loss of 1.40% from November's 138.97 close.

The Investment Adviser is of the view that Japan's economy is slowly recovering from the demand contraction imposed by the COVID-19 pandemic. Durables consumption (sparked in part by home telework investments) is improving, exports (boosted by Chinese demand) are firm, and industrial production is on an upswing. Services consumption (hotels, restaurants) is depressed and likely to remain so given progressive restrictions on social activity. Economists estimate that the lockdowns currently imposed by regional authorities will depress consumer spending by JPY11tn in the January-March quarter. Given P.M. Suga's inconsistency, and lack of success in dealing with the pandemic his approval rating has plunged into the 40%-45% range; (this also approximates the popular support level for the endangered summer Olympics). A series of by-elections in April may seal Saga's fate as P.M.

The Investment Adviser believes the FY 3/21's earnings setback has been thoroughly discounted by the market and time is better spent moving forward in pursuit of emerging growth opportunities. AIRC analysts are researching companies with exposure to semiconductors, digitalization, alternative energy commercialization, cashless transaction systems, logistics, and green growth.

PORTFOLIO STATISTICS

MARKET EXPOSURE 99.9%

TOP 10 HOLDINGS	(% TNA)
Renova	5.9
Nidec	4.6
Tokyo Electron	3.9
Nihon M&A Center	3.8
Daifuku	3.4
Cellsource	3.2
M3	3.1
Asahi Intecc	3.0
Keyence	2.9
Lasertec	2.9

SECTOR BREAKDOWN	(% TNA)
Consumer Discretionary	7.1
Financials	0.4
Health Care	17.7
Industrials	32.4
Information Technology	25.7
Materials	2.3
Real Estate	3.2
Communication Services	5.3
Utilities	5.9

MARKET CAPITALISATION	(% TNA)
> 10bn	27.9
5-10bn	13.1
2-5bn	15.7
0.5-2bn	26.3
< 0.5bn	17.0

CONTACTS

INVESTOR RELATIONS

Contact: Richard Gittus
 Phone: +44 (0)20 7747 5778
 Email: InvestorServices.uk@quaerocapital.com

FUND BROKER

Contact: James Waterlow
 Phone: +44 (0)20 7496 3031
 Email: James.Waterlow@n1singer.com

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

This newsletter is prepared on behalf of Atlantis Japan Growth Fund Limited (the "Fund") by Quaero Capital LLP ("Quaero"), which is authorised and regulated by the United Kingdom Financial Conduct Authority ("FCA") with registered number 434203. Quaero is registered in England & Wales under number OC314014 and has its registered office at 2-4 King Street, London SW1Y 6QL. This newsletter does not constitute an offer of or solicitation to buy shares in the Fund ("Shares"). The key information document ("KID") contains detailed information on risk factors and fees that may apply and should be read carefully before investing. No investment decisions should be made without first reviewing the KID (available in English) for the Fund which can be obtained from www.atlantisjapangrowthfund.com or requested directly from Quaero via email at InvestorServices.uk@quaerocapital.com or by calling us on +44 (0)20 7747 5770.

This newsletter is being communicated by Quaero only to persons who qualify as (a) eligible counterparties, (b) professional customers or (c) exempted recipients under any of the exemptions to section 21 of the United Kingdom Financial Services and Markets Act 2000 (FSMA). Investors in the Fund will be shareholders in the Fund and not customers of Quaero. As such they are advised that in respect of an investment in the Fund they will not generally benefit from the protection of FSMA and provisions made thereunder or the United Kingdom Financial Services Compensation Scheme and will not have access to the United Kingdom Financial Ombudsman Services in the event of a dispute. Past performance is not necessarily a guide to the future performance. The value of Shares in the Fund and the income derived from them may go down as well as up. Changes in rates of exchange may be one of the causes of the value of investment in the Fund to go up and down. This newsletter is written for the benefit of the category of persons described above. It is not addressed to any other person and may not be used by them for any purpose whatsoever. It expresses no views as to the suitability of the investments described herein to the individual circumstances of any recipient.

Copyright Quaero Capital LLP 2021. All rights reserved.