

ATLANTIS JAPAN GROWTH FUND

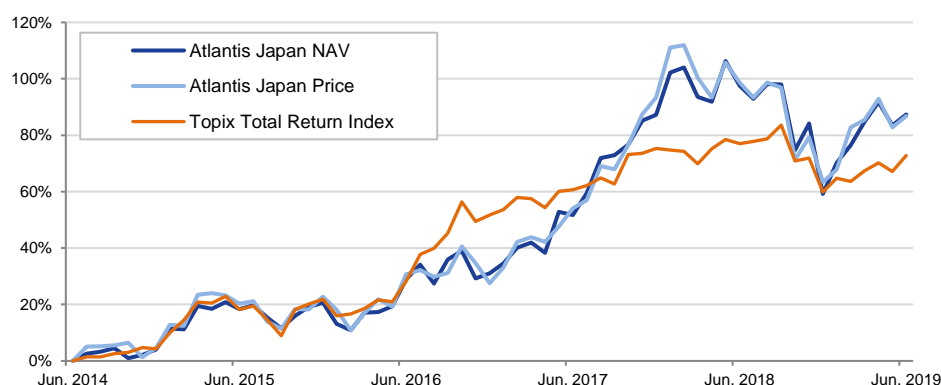


CUMULATIVE PERFORMANCE % (£)	YTD	1M	3M	1Y	3Y	5Y	2018	2017	2016	2015	2014	ITD*
AJG Share Price	14.32	2.17	0.71	-6.00	42.91	86.75	-15.53	51.56	3.96	17.30	0.42	214.47
AJG Share NAV	17.69	2.11	1.46	-5.12	45.39	87.40	-14.97	42.94	8.61	15.94	-0.33	263.20
Topix TR Index	8.11	3.42	3.24	-2.39	34.81	72.81	-8.85	15.63	24.47	16.92	2.87	55.34

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

Emboldened by an apparent soothing of U.S.-China tensions and the suggestion of rate cuts in the U.S., investors gravitated toward a risk-on stance in June taking the Tokyo equity market sharply higher. Economic sensitive stocks were in favour resulting in a comprehensive equity advance but left behind were small capitalised growth stocks. Trading turnover was light to moderate indicating not all market participants were convinced by the rally. Short selling remained brisk.

During June, in GBP and on a total return basis, the Fund rose 2.11%. The TOPIX and Nikkei 225 indices gained 3.42% and 3.94% respectively, on the same basis. The Fund outperformed the small capitalised company dominated TSE2 (+1.23%) and nearly matched the Nikkei OTC Average (+2.64%) indices. Calendar year to date the Fund has risen 17.69%, exceeding TOPIX (+8.11%) and the Nikkei 225 (+9.23%).

The portfolio, as constructed in June, was largely aligned with the market's bias toward risk-on, external demand, economic sensitive companies. However, the market's shift to large capitalised stocks, and relative lack of interest in smaller stocks, resulted in the Fund's marginal underperformance against major indices. Stocks that made positive

contributions to performance over the course of the month included Japan Elevator Service (6544), semiconductor materials supplier Japan Material (6055), coil winding machine assembler Nittoku Engineering (6145), and temporary staff supplier Fullcast (4848). Vision (9416), TKP (3479), Phil (3267), and Benefit One (2412) detracted from the Fund's June performance.

Investor data for June to date indicated non-resident investors continued to sell off their Japanese equity holdings. On a combined cash and futures basis, overseas investors sold JPY354bn in equities; a considerably lower amount than that logged in May (JPY 2.33tn). Amongst Japanese investor categories, trust banks, investment trusts, and non-financial business corporations were net purchasers. Individual investors disposed of equities over the course of the month. The BoJ, through ETFs, purchased equities valued at approximately JPY212bn, well below their monthly run rate of JPY500bn and May's JPY707bn. Daily trading volume on the TSE in June averaged JPY1.92tn, down about 20% month-on-month. The market's short sell ratio hovered around 47% during June, at the high end of the calendar year to date 41%-47% range.

June's sector performance data confirmed 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 105m
Shares in issue	44,194,284
Share price	211.5p
NAV per share	236.6p
Discount(-)/Premium	-10.6%
Net gearing	1.4%
Active Share	95.8%
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 (30 th April 2018)	1.57%
- Annual Management Fee	1.00%
- Operating & Administrative Fees	0.57%
Performance Fee	None

bullish sentiment across the markets as 29 of TOPIX's 33 sectors rose over the course of the month. Optimism regarding a settlement of the U.S./China trade dispute drove investors to resource and economic sensitive sectors. The best performing sectors included mining, non-ferrous metals, marine transportation, and machinery. Defensive domestic demand companies in the utilities, land transportation and foods spaces were ignored. Large capitalised growth and value outperformed small cap growth.

Borrowings by the Fund were unchanged from May's JPY1bn which translated into a net gearing of 1.4%. 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 June, the JPY rate against the GBP was 136.43, a gain of 0.65% from May's 137.31 close.

On 21 July, Japan will hold an election for 124 House of Councillors seats, or approximately half of the seats in the upper house. Opinion polls give LDP President and Prime Minister Shinzo Abe a support level of approximately 45%. The major point of interest is whether the LDP can maintain a super-majority in the upper house.

The BoJ June 2019 Tankan survey of business conditions highlighted economic data released within the past month. The results were mixed. Business sentiment amongst manufacturers slid sharply (12 to 7);

no doubt influenced by trade friction and sluggish overseas demand. However, perhaps influenced by the long Golden Week holiday, non-manufacturing sentiment marginally improved (21 to 23). In the Investment Adviser's view, the Tankan and other data confirm a subdued outlook for economic growth through FY 3/21. Consensus estimates of 0.5% annualized growth are likely to prove correct. In short, the economy is barely managing to sustain forward momentum in the run-up to October's sales tax increase.

Aggregate corporate earnings forecasts for FY 3/20, based on a JPY105 foreign exchange assumption, are guiding pre-tax profits growth of 4.2% with a 1H decline of 11.8% offset by a 2H FY 3/20 recovery. This produces a forward market PER multiple of 12.8x; the market is yielding 2.58% with the PBR calculated at 1.19x. In this environment, the Investment Adviser is committed to a growth oriented, bottom-up, stock-picking investment style with investment decisions based on proprietary fundamental research seeking attractively priced investment opportunities in technology, health care, and services.

At the end of June, the Company held 63 stocks, two more than that owned at the conclusion of the previous month. During the month under review the hair-cut salon operator QB Net Holdings (6571) and ISO tank container transport service provider Nihon Concept (9386) were added to the portfolio.

PORTFOLIO STATISTICS

MARKET EXPOSURE 101.4%

TOP 10 HOLDINGS (% TNA)

Japan Elevator Service	4.2
Nidec	3.4
Hikari Tsushin	3.3
Asahi Intecc	3.0
Peptidream	2.8
TKP	2.8
Keyence	2.8
Japan Material	2.7
Creek & River	2.7
Vision	2.6

SECTOR BREAKDOWN (% TNA)

Consumer Discretionary	16.6
Financials	1.1
Health Care	10.0
Industrials	43.3
Information Technology	17.8
Materials	2.0
Real Estate	4.9
Communication Services	5.7

MARKET CAPITALISATION (% TNA)

> 10bn	10.9
5-10bn	9.2
2-5bn	8.4
0.5-2bn	41.6
< 0.5bn	31.4

CONTACTS

INVESTOR RELATIONS

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

FUND BROKER

Contact: Richard Harris
 Phone: +44 (0)20 7894 8229
 Email: richard.harris@cantor.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.quaerocapital.uk 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 2019. All rights reserved.