

ATLANTIS JAPAN GROWTH FUND

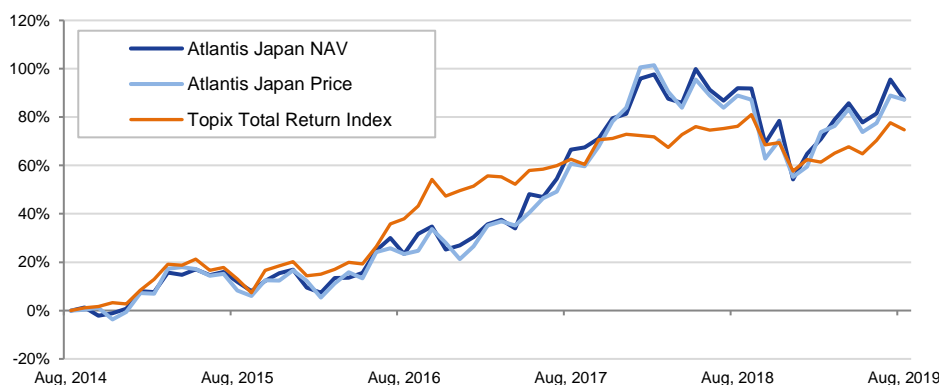


CUMULATIVE PERFORMANCE % (£)	YTD	1M	3M	1Y	3Y	5Y	2018	2017	2016	2015	2014	ITD*
AJG Share Price	20.54	-0.89	7.73	-0.89	51.70	87.20	-15.53	51.56	3.96	17.30	0.42	231.57
AJG Share NAV	21.43	-4.19	5.36	-2.40	51.78	87.32	-14.97	42.94	8.61	15.94	-0.33	274.76
Topix TR Index	10.90	-1.59	6.10	-0.77	26.73	74.82	-8.85	15.63	24.47	16.92	2.87	59.36

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 took a sharp downturn in August as investors discounted escalating China-U.S. trade tensions, the yuan's weakness, the yen's appreciation, mixed economic data, and an inversion to the U.S. yield curve. Given this absence of positive catalysts the market headed south, as did many of its global peers. The indices based on smaller capitalized stocks (TSE-2, JASDAQ, and TSE Mothers) significantly underperformed the TOPIX.

During August, on a total return basis, the Fund retreated 4.19% in GBP and in local currency terms (JPY) it fell 5.93%. The TOPIX and Nikkei 225 indices dropped 1.59% and 2.02% respectively, in GBP terms. The Fund failed to match the small cap dominated TSE2 (-3.75%) and the Nikkei OTC Average (-3.70%). Calendar year to date the Fund has risen 21.43%, exceeding performances by both TOPIX (+10.90%) and the Nikkei 225 (+11.83%).

The portfolio benefitted from the market's sustained interest in semiconductor stocks. Notwithstanding this, the Company underperformed during the month, mainly on account of its exposure to smaller and medium cap stocks. Holdings that made positive contributions to performance over

the course of the month included semiconductor production equipment assembler Lasertec (6920), medical services administrator Solasto (6197), medical device distributor Japan Medical Dynamic Marketing (7600), and call center staffer S-Pool (2471). Asahi Intecc (7747), Japan Material (6055), KH Neochem (4189), and Creek & River (4763) detracted from the Fund's performance in August.

At the end of August the Company held 62 stocks, a net addition of one over the course of the month.

Investor data for August indicate non-resident investors were aggressive sellers of their Japanese equity cash and futures holdings. Total sales for the month by non-residents likely exceeded JPY1.5tn and were a major factor in the market's weakness. In contrast, domestic institutions (trust banks, investment trusts, non-financial business corporations) and individual investors were net purchasers of equities. The BoJ, through ETFs, purchased equities valued at approximately JPY424bn, trending about equal to its monthly run rate of JPY500bn. Daily trading volume on the TSE in August averaged JPY1.98tn, low, but superior to the previous month's JPY1.85tn.

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	43,994,284
Share price	223.0p
NAV per share	244.1p
Discount(-)/Premium	-8.7%
Net gearing	2.4%
Active Share	96.0%
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.

The market's short sell ratio hovered around 44%, in the middle of the calendar year to date's 41% to 47% range.

The market's decline was nearly across the board as 30 of the TSE's 33 sectors fell during August. The best performers were securities & commodity futures (Nomura), real estate (lower interest rates, good earnings), and stable domestic demand-oriented sectors (retail trade, land transportation). The worst performers were China linked cyclical, including iron/steel, marine transportation, glass/ceramics, and pulp/paper.

Borrowings by the Fund were unchanged from July's JPY1.0bn 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 August the JPY rate against the GBP was 129.68, a gain of 1.84% from July's 132.07 close.

Economic data and survey results released over the past month have confirmed a noticeable deterioration in economic sentiment. The Manufacturing PMI struggles

against slack export demand and high domestic inventories. Companies, particularly manufacturers, are reconsidering capital expenditure budgets as trade tensions and uncertainties mount. The labour market is tight but consumer confidence has fallen for 11 consecutive months. In the short to medium term the equity market's two concerns are 1) potential damage to the economy resulting from the introduction of a higher sales tax in October, 2) the extent of downward revisions to earnings by companies as they lower their fiscal year USD/JPY assumptions from JPY110 to JPY105. Subsequent to 1Q FY3/20 results announcements, consensus pre-tax earnings growth estimates have gently settled into the 1%-2% range from 3%-4% with 5%-6% growth expected for FY3/21. This puts the Tokyo market on a forward 12.7x PER and 1.1x PBR.

The Company's 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 102.4%

TOP 10 HOLDINGS (% TNA)

Japan Elevator Service	4.0
Hikari Tsushin	3.6
Nidec	3.3
TKP	3.3
Lasertec	3.2
Peptidream	3.0
Nihon M&A Center	2.9
Asahi Intecc	2.7
S-Pool	2.7
Keyence	2.7

SECTOR BREAKDOWN (% TNA)

Consumer Discretionary	19.4
Financials	0.6
Health Care	11.1
Industrials	41.1
Information Technology	17.7
Materials	1.5
Real Estate	5.4
Communication Services	5.0
Utilities	0.5

MARKET CAPITALISATION (% TNA)

> 10bn	11.2
5-10bn	8.6
2-5bn	14.5
0.5-2bn	34.7
< 0.5bn	33.4

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

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