

ATLANTIS JAPAN GROWTH FUND



CUMULATIVE PERFORMANCE % (£)	YTD	1M	3M	1Y	3Y	5Y	2021	2020	2019	2018	2017	ITD*
AJG Price (total return)	-22.97	-5.72	-26.01	-20.08	0.40	29.09	-10.40	29.58	25.62	-15.52	51.56	209.63
AJG NAV (total return)	-18.90	-0.96	-22.69	-17.07	9.71	38.17	-9.58	24.07	33.60	-14.97	42.94	275.83
Topix Index (total return)	-4.57	-0.02	-4.39	-1.00	20.12	24.48	2.14	8.73	16.05	-8.85	15.63	76.72

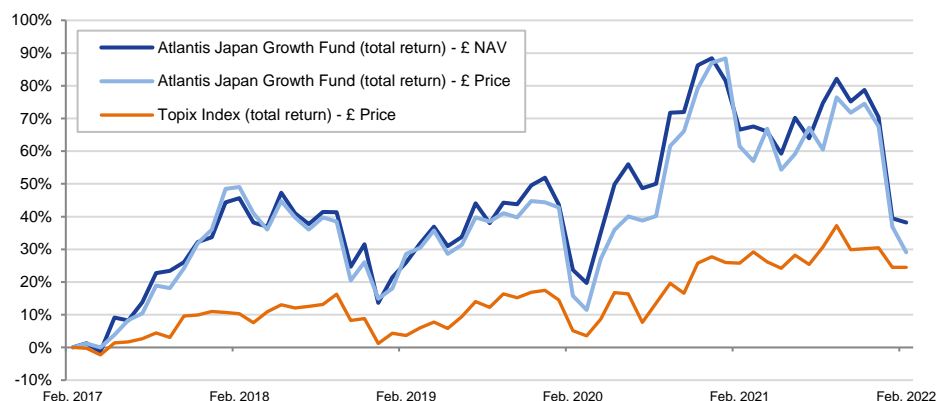
Sources: Northern Trust, Bloomberg and Quaero. The Fund's total return performance is calculated with dividends added back on ex-dividend date.
Notes: * Inception to date NAV return figure was converted to GBP based on the official USD NAV using Bloomberg FX rate.

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 2021 was 288p, thus the four payments in respect of the financial year ended 30 April 2021 will be at 2.88p per share payable at the end of September 2021, December 2021, March 2022 and June 2022. 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

Performance Review

The Atlantis Japan Growth Fund declined 0.96% in February versus the Topix (TR) index decline of 0.02%, in sterling terms. The Topix Value (TR) Index rose 0.73% while the Topix Growth (TR) index declined 0.82%, reflecting the turmoil brought on by the invasion of Ukraine on Feb 24th.

Sectors that outperformed for the Fund included Information & Communication, Other Financing Business and Marine Transportation while underperformance was seen in Electrical Appliances and Services sectors. Stocks that contributed positively to performance included software testing play SHIFT (3697 JP), medical device specialist Asahi Intecc (7747 JP), and niche consumer finance provider Premium Group (7199 JP).

Stocks that underperformed included SPE specialist Lasertec (6920 JP), investor relations consultant IR Japan (6035 JP) and biotech-related 3-D Matrix (7777 JP). The Fund reduced its position in Nihon M&A Center Holdings (2127 JP) as the firm had to delay its earnings release by a few weeks in order to resolve an issue on the timing of quarterly booking for sales apportionment. This has no bearing on its full-year results, and the Investment Adviser remains positive on the merger and acquisition outlook in Japan and believes the company continues to be well positioned for structural growth. The Fund does not employ currency hedges and has no exposure to bonds, convertible bonds or derivatives, and cash positions are nominal.

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	01 May 2016
Total Net Assets (TNA)	GBP 94m
Shares in issue	41,629,570
Share price	189.5p
NAV per share	225.6p
Discount(-)/Premium	-16.0%
Net gearing	1.6%
Active Share	87.5%
Inception date	10 th May 1996

ADMINISTRATIVE & DEALING INFORMATION

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

DIVIDEND

12 months dividend yield	5.3%
Quarterly interim paid	March, June, September and December

COMPANY FEES & EXPENSES

Ongoing Charges*	1.58%
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

* Based on the Company's Annual Financial Statements to 30 April 2021.

Investment Strategy

February was a critical month for financial markets across the world. Japanese quarterly earnings reporting peaked early in the month with generally positive results coinciding with the stock market's high for the month. Focus on rising global inflation pressure underpinned the more hawkish position of the US Fed, BoE and ECB. Meanwhile, the BoJ announced unlimited bond buying operations for the first time since July 2018 to keep Japanese 10-year yields below 0.25%, and keen BOJ-watchers are looking out for any policy shift in the face of rising interest rates globally. Japanese CPI continues to be relatively subdued (+0.5% y-y for January). Market events were overshadowed by the geopolitical crisis, fueling increased volatility and a spike in energy prices.

The Fund remains focused on monitoring positions with frequent company management meetings to gauge their underlying business performance and risk exposures. The Fund continues to focus on those companies with high equity ratios, strong cash positions, and stable earnings

with strong long-term growth prospects, and the Investment Adviser is focusing on those opportunities in companies that may be oversold.

Outlook

With the war in Ukraine just starting and unified global sanctions taken, the outlook is likely to remain uncertain for some time. Rising oil and resource prices are adding to inflationary concerns, and we are likely to see continued supply chain shortages and the consequential impact on monetary policy and economic growth. While much has also been made of the shift from growth to value over the last several months, we see continued interest in companies that have exposure to long-term structural changes. The Fund continues to focus on companies benefiting from such shifts, such as with demographic changes and key technologies that help companies improve efficiencies and reduce costs. Further, the recent geopolitical turmoil has highlighted the need for Japan to improve its cybersecurity in both the private and public sector, running alongside the on-going need to update vulnerable legacy IT and communications systems.

PORTFOLIO STATISTICS

MARKET EXPOSURE 101.6%

TOP 10 HOLDINGS	(% TNA)
Nidec	4.2
Shift	3.9
Premium Group	3.4
Tokyo Electron	3.3
Japan Material	2.9
Keyence	2.6
Lasertec	2.6
Daifuku	2.4
Disco	2.4
Sony Group	2.4

SECTOR BREAKDOWN	(% TNA)
Consumer Discretionary	8.3
Financials	5.2
Health Care	9.8
Industrials	26.9
Information Technology	39.4
Materials	2.1
Real Estate	5.7
Communication Services	4.3

MARKET CAPITALISATION	(% TNA)
> 10bn	24.8
5-10bn	4.9
2-5bn	13.2
0.5-2bn	26.7
< 0.5bn	32.0

CONTACTS

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FUND BROKER

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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

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.

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