

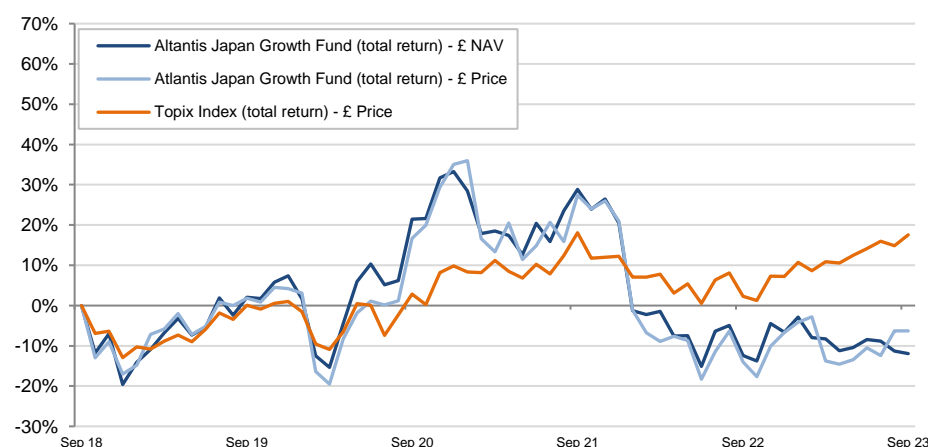
ATLANTIS JAPAN GROWTH FUND



CUMULATIVE PERFORMANCE % (£)	YTD	1M	3M	1Y	3Y	5Y	2022	2021	2020	2019	2018	ITD*
AJG Price (total return)	0.48	0.00	4.74	9.02	-19.65	-6.27	-22.90	-10.40	29.58	25.62	-15.52	211.38
AJG NAV (total return)	-5.63	-0.72	-3.80	0.61	-27.47	-11.90	-22.53	-9.58	24.07	33.60	-14.97	238.79
Topix Index (total return)	9.60	2.34	2.99	14.89	14.26	17.52	-4.45	2.14	8.73	16.05	-8.85	93.95

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.

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

During the month of September, Atlantis Japan Growth Fund declined 0.72% MoM versus the benchmark Topix Total Return (TR) Index gain of 2.34% MoM in sterling terms. In Japanese yen, the fund declined 2.49% compared to a 0.51% increase for the benchmark. The yen strengthened by 1.79% versus sterling to ¥182.13/GBP.

The Japanese equity market rallied in the first 2 weeks of the month to its highest level since March 1990 as expectations of further US rate hikes receded. However, rising oil prices to above \$90/bl and a strong US labour market reignited inflationary concerns and were followed by hawkish comments from the US Fed suggesting a "high for longer" stance. Both US treasury bond yields and Japanese JGB yields also continued to rise sharply, and the equity market gave back most of its gains for the month ending fairly close to where it started. In particular, the higher US bond yields contributed to the Topix Value TR Index (+5.22% MoM) significantly outperforming the Topix Growth TR Index (-0.80% MoM) in sterling terms. Concerns over the Chinese economy also eased on expectations of possible stimulus measures. Although the yen firmed slightly against sterling as noted, it continued to weaken against the US dollar from ¥145.54/\$

at the end of Aug to ¥149.37/\$ at the end of September, thus heightening expectations of possible intervention to prevent further weakening. Within this environment, interest rate sensitive financial sectors and resource related oil and mining sectors outperformed along with the currency sensitive transportation equipment (i.e., auto) sector.

Sectors that outperformed for the Fund included Banks, Nonferrous Metals and Textiles & Apparel while those that underperformed included Services, Electric Appliances, and Insurance reflecting the weakness in growth related names relative to value. Stocks that outperformed included Sumitomo Mitsui Financial Group (8316 JP), one of Japan's mega banks, Tri Chemical Laboratories (4369 JP), a maker of semiconductor and optic fibre materials, and SWCC Corp (5805 JP), a wire and cables producer. Stocks that underperformed included Japan Material Co (6055 JP) a supplier of specialty gases, ultra-pure water, chemicals and related piping infrastructure for semiconductor manufacturers, Recruit Holdings (6098 JP) a leading digital marketing media and human resource technology and staffing company, and FP Partner Inc (7388 JP), a consolidator of Japan's fragmented insurance agency sector.

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 77m
Shares in issue	40,726,070
Share price	174.0p
NAV per share	187.9p
Discount(-)/Premium	-7.4%
Net gearing	0.0%
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	4.8%
Quarterly interim paid	March, June, September and December

COMPANY FEES & EXPENSES

Ongoing Charges*	1.85%
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 2023.

Investment Activity

The Fund held 36 stocks at the end of September, down from 46 the previous month. The top 10 holdings weighting also declined from 33.22% to 29.04%, and the cash position was increased from 2.52% to 28.72% of NAV as part of a controlled reduction of positions relating to the Fund transitioning to new management. The Fund's top three holdings included Disco (6146 JP) a semiconductor production equipment specialist known for its defensive qualities as a provider of consumable grinders and cutters, Sumitomo Mitsui Financial Group (8316 JP), and FP Partner (7388 JP) which are relatively well-suited to the current market environment of rising interest rates and macro-economic uncertainty.

Outlook

On the corporate earnings front, TSE Prime Section companies (excluding financials) according to Toyo Keizai estimates saw 1H FY23 sales (ending in September) rise 3.1% YoY and recurring profits declining 0.3% due to ongoing inventory corrections and the weak Chinese economy. However, there was a high comparison basis distorted by the post-Covid recovery last year. For the full year of FY23, sales are expected to rise 2.4% and recurring profits by 5.7%. In terms of the macro-economy, indicators have been mixed, with industrial production -3.8% MoM in August while retail sales rose +7% according to METI. Q2 GDP growth of +1.2% QoQ reported in September by the Economic and Social Research Institute of Japan was

slightly below Bloomberg consensus expectations of +1.4%, though the BoJ's "Tankan" survey of business sentiment was much stronger than expected. Distortions in both the real economy and financial markets from subsidies and government-funded investments in strategic sectors such as semiconductors are starting to be worked out, but will continue to require more time to normalize. On the whole however, underlying fundamentals remain fairly positive. Employment conditions are stable and government policy is attempting to support wage growth while companies have strong cash positions and are improving profitability and governance. Valuations also remain attractive relative to other developed markets with the TSE Prime Section on a PER of 15.61x and PBR of 1.29x according to Nikkei data.

Result of Extraordinary General Meeting

At an EGM of the Fund held on 10th October 2023, it was resolved to merge the Fund with Nippon Active Value Fund plc by way of a scheme of reconstruction and a voluntary winding up of the Fund. Accordingly, this is the last newsletter that we will be producing for the Fund and we would like to take the opportunity to thank all our investors for their support over the 27 years since the Fund was launched. During that time the Investment Advisory Team under the late Ed Merner and Taeko Setaishi have delivered a strong performance with a NAV total return in sterling of 238.8% versus the TOPIX TR index of 94.0%.

PORTFOLIO STATISTICS

MARKET EXPOSURE 71.4%

TOP 10 HOLDINGS (% TNA)

Disco	3.9
Sumitomo Mitsui Financial Grp	3.8
FP Partner	3.1
Shin-Etsu Chemical	2.8
Mitsui & Co	2.8
Daifuku	2.7
Bellssystem24 Holdings	2.7
Denso	2.7
Recruit Holdings	2.4
Komehyo Holdings	2.3

SECTOR BREAKDOWN (% TNA)

Consumer Discretionary	8.9
Consumer Staples	1.1
Financials	12.1
Health Care	1.8
Industrials	20.3
Information Technology	21.0
Materials	2.8
Real Estate	1.0
Communication Services	2.3

MARKET CAPITALISATION (% TNA)

> 10bn	25.3
5-10bn	2.7
2-5bn	6.9
0.5-2bn	17.1
< 0.5bn	19.4

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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