

# ATLANTIS JAPAN GROWTH FUND



CUMULATIVE PERFORMANCE % (£)	YTD	1M	3M	1Y	3Y	5Y	2020	2019	2018	2017	2016	ITD*
AJG Price (total return)	-14.20	-3.98	3.95	14.49	14.82	75.75	29.58	25.62	-15.52	51.56	3.96	284.89
AJG NAV (total return)	-7.30	6.58	9.66	16.39	23.51	92.07	24.07	33.60	-14.97	42.94	8.62	375.10
Topix Index (total return)	2.31	4.22	5.19	15.09	15.50	47.51	8.73	16.05	-8.85	15.63	24.47	85.50

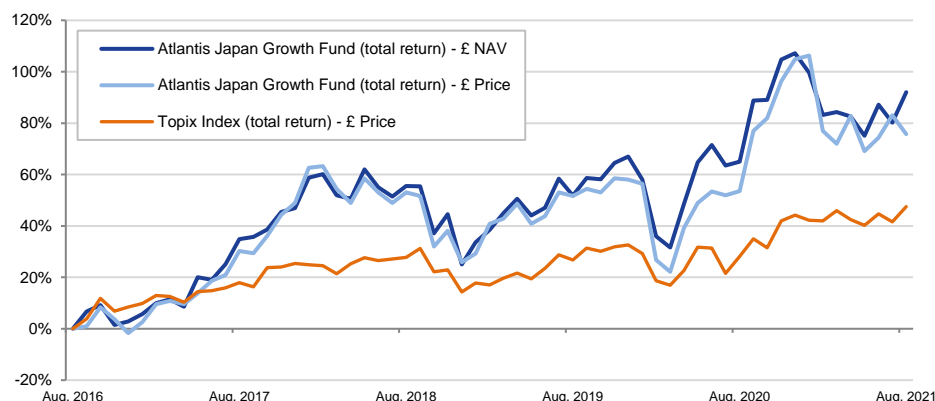
Sources: Northern Trust, Bloomberg and Quaero. The Fund's total return performance is calculated with dividends added back on ex-dividend date.  
Notes: \* Inception to date NAV return figure was converted to GBP based on the official USD NAV using Bloomberg FX rate.

## 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

In sterling terms and on a total return basis, the NAV of the Atlantis Japan Growth Fund gained 6.58% in August. This was a significant outperformance against the TOPIX Total Return Index denominated in sterling which rose 4.22% over the same period. Calendar year-to-date the NAV of the Fund has fallen by 7.30% while the TOPIX Total Return Index has gained 2.31% (both in sterling terms). At the end of August the Fund held 63 stocks.

Investors came into the month in a positive frame of mind, encouraged by favourable 1Q FY3/22 earnings, which were reported above expectations, and by reports that the US Fed intended to keep monetary policy loose. While pleased by the better earnings reports (1Q FY3/22 sales rose by 19% and operating profits jumped 82%), the market could not

ignore the relentless toll taken by Covid-19 on the economy. Reports that Toyota Motor planned to reduce its global production by 40% because of a shortage of semiconductors was not taken well by the market and sent share prices sharply lower. The stocks that made positive contributions to the Fund's performance were BIKE O & Co (3377), Lasertec (6920), and SHIFT (3697). The Fund's performance was handicapped by holdings in PeptiDream (4587), RENOVA (9519), and Yamashin Filter (6240).

In early August investors focused on stocks that had reported strong 1Q earnings or announced dividend increases. Over the balance of the month investors gravitated toward large and small capitalized growth stocks and, by month's end, the TOPIX

## 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 122m
Shares in issue	41,794,570
Share price	241.0p
NAV per share	291.0p
Discount(-)/Premium	-17.2%
Net gearing	0.5%
Active Share	87.8%
Inception date	10 <sup>th</sup> 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	3.6%
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.

Growth Index had outperformed the TOPIX Value Index.

Investor data for August indicated that non-resident investors were net sellers of equities but that this was offset by aggressive individual investor purchases. August's daily turnover averaged JPY2.37trn, 5% higher than previous month. The Bank of Japan was absent from the ETF market, while short sellers accounted for a lowish 41.7% of turnover

Excluding cash, the Fund was entirely invested in the equities of publicly listed Japanese companies and JREITs. The portfolio, tilted toward growth, is overweight information & communication and service sector stocks. 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 151.38; a gain of 1.02% compared to July's 152.93 close.

The Investment Adviser notes that 1Q FY3/22 operating profit was 37% above previous estimates, an indication that additional positive news from the earnings front may be in the offing. However, in the short-term investor interest may drift away from fundamentals to politics, as Japan faces three significant elections in the autumn starting with the LDP president's election (which will result in a new prime minister), closely followed by elections for the Upper and Lower Houses of the Japanese parliament. The elections are probably to be run more on personality than on principle and are unlikely to alter Japan's economic course.

## PORTFOLIO STATISTICS

**MARKET EXPOSURE** 100.5%

<b>TOP 10 HOLDINGS</b>	<b>(% TNA)</b>
Nidec	4.5
Lasertec	4.3
Cellsource	3.9
Shift	3.7
Tokyo Electron	3.6
Nihon M&A Center	3.4
Renova	3.4
Asahi Intecc	2.5
Keyence	2.5
Industrial & Infrastructure	2.5

<b>SECTOR BREAKDOWN</b>	<b>(% TNA)</b>
Consumer Discretionary	6.0
Financials	2.2
Health Care	14.0
Industrials	29.0
Information Technology	33.8
Materials	2.0
Real Estate	6.0
Communication Services	4.1
Utilities	3.4

<b>MARKET CAPITALISATION</b>	<b>(% TNA)</b>
> 10bn	22.5
5-10bn	12.0
2-5bn	15.0
0.5-2bn	25.7
< 0.5bn	25.4

## 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

## CONTACTS

### INVESTOR RELATIONS

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## IMPORTANT INFORMATION

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