

ATLANTIS JAPAN GROWTH FUND

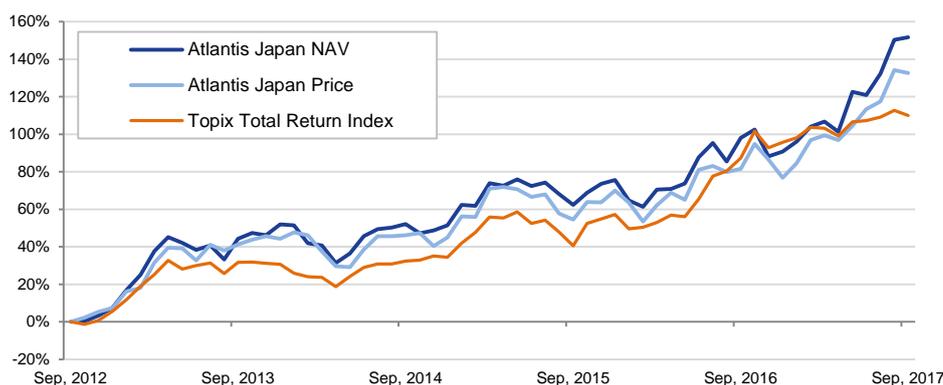


CUMULATIVE PERFORMANCE % (£)	YTD	1M	3M	1Y	3Y	5Y	2016	2015	2014	2013	2012	ITD*
AJG Share Price	31.66	-0.65	9.03	28.11	59.21	132.72	3.96	17.30	0.42	34.47	15.08	182.87
AJG Share NAV	31.96	0.58	13.98	27.14	65.43	151.76	8.61	15.94	-0.33	41.36	10.28	235.06
Topix TR Index	7.32	-1.29	1.30	12.06	58.60	109.93	24.47	16.92	2.87	23.62	3.96	46.31

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 and, in respect of the NAV, undiluted for the current Subscription Right.

MANAGER'S COMMENTARY

Despite ongoing geopolitical stresses in northeast Asia, Japanese equities moved smartly higher in September in local currency terms. Unfortunately the GBP/JPY foreign exchange movements during the month reduced the return available to GBP denominated investors. The Fund gained 0.58% in September against a decline of 1.29% for the TOPIX Index and year-to-date has risen 31.96% compared to TOPIX's 7.32%. Performance data is calculated in GBP and on a total return basis. In local currency terms (JPY) the Fund in September rose 6.32% compared to the 4.34% gain booked by TOPIX. The Nikkei 225 over the month rose 3.61% in local currency terms and YTD (6.50%) continues to lag TOPIX. Average trading volume on the TSE in September was a robust JPY2.4tr.

The Tokyo equity market began September under pressure from risk adverse investors as North Korea announced it had successfully tested a hydrogen bomb that could be fitted onto an ICBM. The JPY, assumed a safe haven status, thus prompting a sharp appreciation against the USD and a diminished appetite for equities. By mid-month, international political concerns eased, the JPY dropped against

the USD, and investors re-focused their attention on economic fundamentals and the prospect for a snap Diet election. An additional catalyst contributing to the equity market's rebound was brisk short covering activity by overseas investors as they lowered the market's short ratio from 45% to 34% over a two week period.

Arguably prompted by a series of press leaks, the announcement long anticipated by the market finally came from Prime Minister. Abe in late September dissolving the Diet's Lower House along with his deceleration of a 22 October election. Given the virtual absence of opposition, one could normally expect the LDP to steam-roll to a super-majority. However, Tokyo's popular governor, Yuriko Koike, through the establishment of a new party (Party of Hope) presents a challenge to this scenario. Recent opinion polls indicate the PoH could receive 18% of the proportional representation Diet seats (LDP: 29%). The PoH will not field sufficient candidates to threaten the LDP's majority but there is considerable risk the LDP will return with a diminished majority, and weakened prime minister.

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 96m
Shares in issue	44,139,050
Share price	190.3p
NAV per share (undiluted)	218.3p
NAV per share (diluted)	210.7p
Discount(-)/Premium	-9.7%
Net gearing	3.8%
Active Share	97.3%
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
Depositary	Northern Trust
Administrator	Northern Trust
Auditor	PricewaterhouseCoopers
Investment Manager	Tiburon Partners LLP
Investment Adviser	Atlantis Investment Research Corporation

FUND CODES

Bloomberg	AJG LN
SEDOL	B61ND55
ISIN	GG00B61ND550

COMPANY FEES & EXPENSES

Ongoing Charges (30 th April 2017)	1.52%
- Annual Management Fee	1.00%
- Operating & Administrative Fees	0.52%
Performance Fee	None

Sector performances in September showed a broadly based advance as 32 out of TOPIX's 33 sectors advanced. The crude oil price increase boosted the mining and oil sectors while the low valuations found in the lagging transportation equipment sector attracted investor interest.

According to market data released to date, overseas funds in September were modest net sellers on a cash basis. However, they closed out short positions through aggressive purchasing of futures, thus on a combined basis foreigners were net buyers for the month by JPY1.3tr. Non-financial business corporations and investment trusts finished on the buy side while individuals and trust banks were net sellers.

Nine companies completed IPO listings in September, one fewer than September a year ago. From March through September there were 49 IPOs, five behind the pace of a year ago over the same time period. The new listings have been predominately in the information/communications (16) and services (14) sectors.

Borrowings by the Fund remained unchanged month-to-month at ¥1billion and cash held totaled ¥420 million which translated into a net gearing of 4%. Excluding cash, the Fund is entirely invested in publically listed Japanese equities and has no exposure to any structured product. The Fund had no currency hedges in place during the month. At September end, the JPY rate against the GBP stood at 150.76, a loss of 5.4% from the August close of 142.61.

September's economic data releases provided a favourable tailwind for the equity market. A review of trade statistics indicates both imports and exports are strong, particularly export volumes. Machinery orders are trending upward, as is industrial production. The labour market continues to tighten with data points such as job-offers-to-applicants, growth in job numbers, and the unemployment rate showing the tightest labour market in decades. This has

translated into modest real household disposable income growth. However a meaningful uptrend for household expenditure did not fully materialize owing to unfavourable weather and rising medical costs.

Core CPI data indicate headline price indices only rising by about 0.5%, considerably adrift from the BoJ 2% medium term target. Barring a sudden JPY depreciation or oil price shock the Investment Adviser believes the BoJ will continue to combat deflation with negative interest rate and yield management policies.

The Fund's portfolio is the cumulative result of individual stock selection decisions based on the Investment Adviser's proprietary research. The team's focus is on medium to longer term growth opportunities with no candidate excluded from consideration. Over the Fund's investing time horizon the Japanese economy is expected to undergo significant structural change. The Investment Adviser believes this will create numerous fundamental growth investment opportunities and the potential for long term capital gain. The Fund presently holds substantial overweight positions in the electric appliances, machinery, and services sectors. Amongst the major sectors in which the Fund is underweight are the information/communications, real estate, and retail trade sectors. Please refer to the right of the page for the Fund's top 10 holdings and sector allocations.

At the end of September the Fund's portfolio held 67 stocks, two fewer than at the conclusion of the previous month. Companies added during the month included Solasto (6197). Solasto, successfully restructured and relisted by the Carlyle Group, provides medical administration services on consignment and has become the second largest supplier of elderly and child care services in Japan. Stocks sold in September were Yumeshin Holdings (2362), Komehyo (2780), Gakujo (2301), and Ain Holdings (9627).

PORTFOLIO STATISTICS

MARKET EXPOSURE 103.8%

TOP 10 HOLDINGS	(% TNA)
Nittoku Engineering	5.2
Nidec	3.5
Daifuku	3.4
Idec	2.9
Star Mica	2.8
Fullcast Holdings	2.7
Yamashin-Filter	2.5
Nihon M&A Center	2.5
Cresco	2.3
Tokyo Electron	2.3

SECTOR BREAKDOWN	(% TNA)
Consumer Discretionary	12.8
Financials	6.9
Health Care	6.1
Industrials	43.8
Information Technology	28.2
Materials	5.6
Telecommunication Services	0.5

MARKET CAPITALISATION	(% TNA)
> 10bn	15.7
5-10bn	2.8
2-5bn	15.6
0.5-2bn	31.8
< 0.5bn	37.9

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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