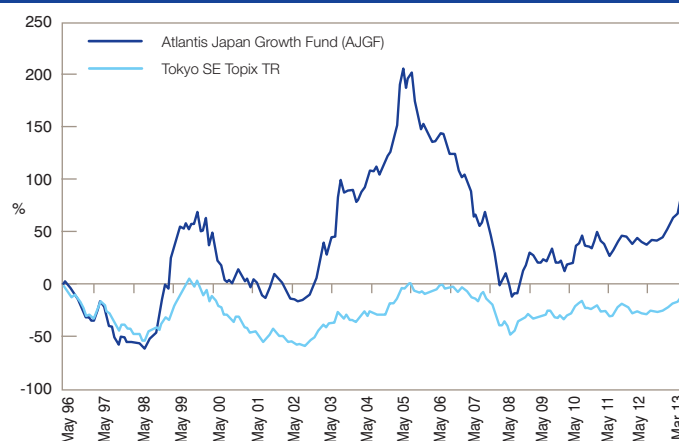




Atlantis Japan Growth Fund

The company was incorporated in Guernsey on 13th March 1996 and its share capital is denominated in US dollars. The company aims to achieve long-term capital growth through investment wholly or mainly in listed Japanese equities.

Fund Performance Since Inception



Key Facts

JPY/USD ex rate	¥94.13
USD/GBP ex rate	\$1.5143
NAV per share	\$1.8073 / 119.35p
Share price	107.00p / 108.00p
Premium/(Discount)	(10.3%) / (9.5%)
Shares in issue	51,256,537
Fund size	\$93m / £61m
Number of holdings	77
Valuation day	Daily

	YTD	ITD	1M	3M	1Y	3Y	5Y	2012	2011	2010	2009	2008
AJGF (US\$)	19.9%	82.2%	9.8%	19.9%	21.8%	41.6%	16.7%	15.7%	-4.8%	14.5%	8.3%	-41.1%
TOPIX TR (US\$)	11.2%	-13.0%	5.2%	11.2%	8.3%	12.4%	0.5%	9.0%	-13.0%	14.7%	5.3%	-26.4%

Source: Tiburon Partners LLP. All figures in US\$, and net of fees and expenses as at 28 March 2013

Performance Comment

Despite some profit taking at the end of the month, in March the Topix TR was up 5.2% and the Fund advanced 9.8%, note all figures in US dollars and on a total return basis. Due to the Easter holidays the figures are calculated on a March 28th month end.

The yen weakened slightly in late March with the March 28th rate standing at JPY94.13 compared with the February closing of JPY92.40, a loss of 1.8%. Year to date the yen has continued to weaken which in turn has had a negative impact on the US dollar value of the Fund but even so the Fund for the three months ended March was up 19.9% compared with a gain of 11.2% for the Topix TR, note all figures in US dollars.

The month end net asset value of the Fund stood at JPY8.7 billion, about \$92.6 million or \$1.81 per share. Borrowings remained unchanged at around JPY864 million and cash stood at around JPY199 million which means the Fund is about 7.7% leveraged. Cash was above target due to some month end selling aimed at locking in some profits on a few issues that had zoomed up during the last part of the month.

Investment Comment

As we have mentioned in some of our previous notes, the real test for Prime Minister Abe's plan to grow the Japanese economy will depend on whether he can get and keep the economy on a long term growth trend. An expanding economy and steadily higher corporate earnings seem to be the key to long term bull markets. When investors are convinced that the economy is going to expand and earnings are going to rise they are usually optimistic and normally are on the buy side. When the economic outlook seems uncertain or negative and earnings are expected to contract, investors are usually net sellers.

At present investors seem to like Mr. Abe's economic policies and are net buyers, in fact overseas investors have been pouring money into

the market for some time. Many analysts have upgraded their earnings estimates for the current fiscal year ending March 2014. The Bank of Japan's newly elected Governor, Mr. Kuroda, is placing stress on quantitative and qualitative easing, and is likely to instruct the Bank to buy more local ETFs, JREITs, and is also considering buying local corporate bonds and CP. The above would of course be good for both the economy and the stock market and should also help to keep interest rates low.

Several shareholders have asked us to comment on the direction of the yen; note a weaker yen is good for exports which account for about 15% of GDP. The recent dollar rally is helping exporters and this is of course good for both the economy and corporate earnings. The yen rate is now trading at around JPY94 to the US dollar and we look for a rate of around 90-100 over the next 6-12 months. At current levels most exporters feel very comfortable, note the breakeven point is probably around 80-82 to the dollar but varies greatly from company to company. We think the government will do everything possible to keep the yen at around current levels and would probably even like a slightly weaker yen, say around JPY96-98 to the US dollar.

Will Prime Minister Abe's economic plan succeed? We think that there is a strong likelihood that the economy is now entering a period of growth which could last several years or more on a best case basis. However the government will have to keep running, continue to take action to help the economy including spending the money included in the supplementary budget, expanding the money supply and easing credit, which is now being done, and making long term structural changes, something that must be done if Japan is to remain on a long term growth trend. Also smoothing the expected negative impact on the economy after the hike in the consumption tax will require a lot of governmental effort.

Outside events including US economic growth, growth in Southeast Asia and China, territorial problems, especially with China, and problems in Euro-land could impact directly or indirectly the Japanese economy. The trend of the major world stock markets is also important.

Investment Strategy

Our strategy remains unchanged and we will continue to place stress on value and growth. We have taken profits in some of our existing holdings which may have become fully or almost fully priced and have been adding to some of our holdings which have lagged the market and now look even more undervalued.

We have also added a few new companies to the portfolio, have sold a few, but the total number of issues held is almost unchanged, 77 at the end of March compared to 79 at the end of February.

We usually invest no more than 2-2.5% in any one stock, 3% at the most, and usually consider trimming back on any holding which exceeds 5% of the portfolio. This allows us to buy very small companies with small market capitals and of course spreads the risk.

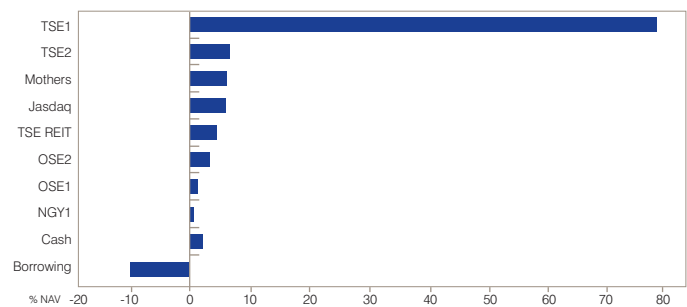
We pay little attention to sector allocation and have little or no exposure to certain sectors including the smoke stack industries, old Japan companies, textiles, airlines and fishing. We also do not buy companies we do not understand or where we find it difficult to impossible to make earnings projections.

During the last few months we have invested in several new companies including PASCO, code 9232, which specializes in aerial survey work both in Japan and overseas, and after experiencing some serious problems became a subsidiary of SECOM, Japan's leading building security company. The company now has positive free cash flow, is doing well, and should grow steadily in coming years. Special losses have depressed earnings but are now ending and we think the stock is very reasonably priced in terms of projected PER, PBR and classify the stock as a low risk recovery situation. Having good back-up from SECOM is also important in our opinion. The stock ended the month at JPY360, about 9X projected March 2015 earnings.

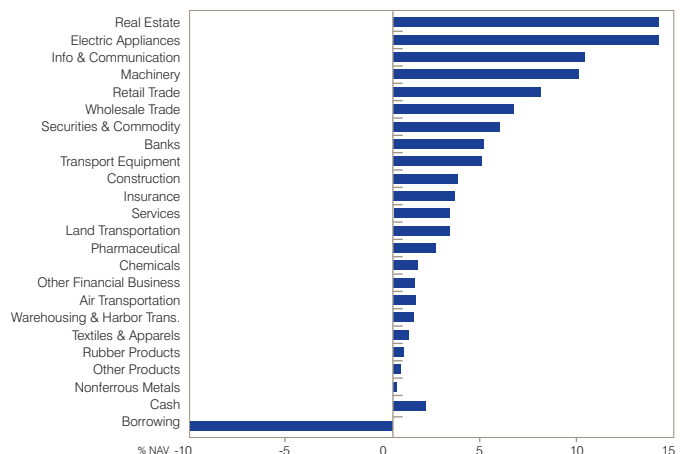
As we have mentioned in previous notes, we place a lot of stress on company visits and will continue to visit a wide range of companies in all sorts of businesses, ranging from very big to very small companies. We have a team of four professionals and each person tries to visit or contact several companies per day which means that in most months we are visiting /contacting well over 100 companies. These visits supply us with a large amount of information and we usually are able to discover a number of interesting, growing, and undervalued companies each month. We are always on the look-out for new investment ideas.

Portfolio Exposures

Exchange Breakdown



Sector Breakdown



Top Ten Holdings % NAV

Toyota Tsusho	4.7
Daikin Industries	4.3
Sumitomo Mitsui Financial	3.7
Toyota Motor	3.7
Mitsui Fudosan	3.4
Sekisui House	3.3
Bit-Isle	3.2
Saint Marc Holdings	3.2
Anritsu	3.0
Fuji Pharma	2.9

Source: Tiburon Partners LLP. All figures in US\$, and net of fees and expenses as at 28 March 2013

Fund Details and Contacts

Fund Detail

Status	UK Investment Trust
Domicile	Guernsey
Listing	London Stock Exchange
Inception Date	10 May 1996
Valuation	Daily
Charges	Management Fee 1.0%pa

Price Sources

Bloomberg	AJG LN
Lipper	60000517
ISIN	GG00B61ND550
SEDOL	B61ND55

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