

Atlantis Japan Growth Fund Limited
Annual Report and Audited Financial Statements

*For the financial year ended
30 April 2023*

CONTENTS

	Page
Financial Highlights and Performance	2
Introduction	5
Chairman's Statement	6
Investment Adviser's Report	9
Alternative Investment Fund Manager's Report	11
Details of Ten Largest Investments	12
Schedule of Investments	15
Board of Directors	18
Strategic Report	19
Directors' Report and Statement of Directors' Responsibilities	26
Directors' Remuneration Report	29
Corporate Governance	31
Audit Committee Report	35
Depository Statement	38
Independent Auditor's Report	39
Statement of Comprehensive Income	48
Statement of Changes in Equity	49
Statement of Financial Position	51
Statement of Cash Flows	52
Notes to the Financial Statements	53
Administration	72
Appendix 1: Supplementary Information	73
Appendix 2: Alternative Performance Measures	75
Notice of Annual General Meeting	77
Annual General Meeting Rider	82

All references to "USD" or "\$" throughout this report are to the currency of the United States.
 All references to "GBP" or "£" throughout this report are to the currency of the United Kingdom.
 All references to "JPY" or "¥" throughout this report are to the currency of Japan.

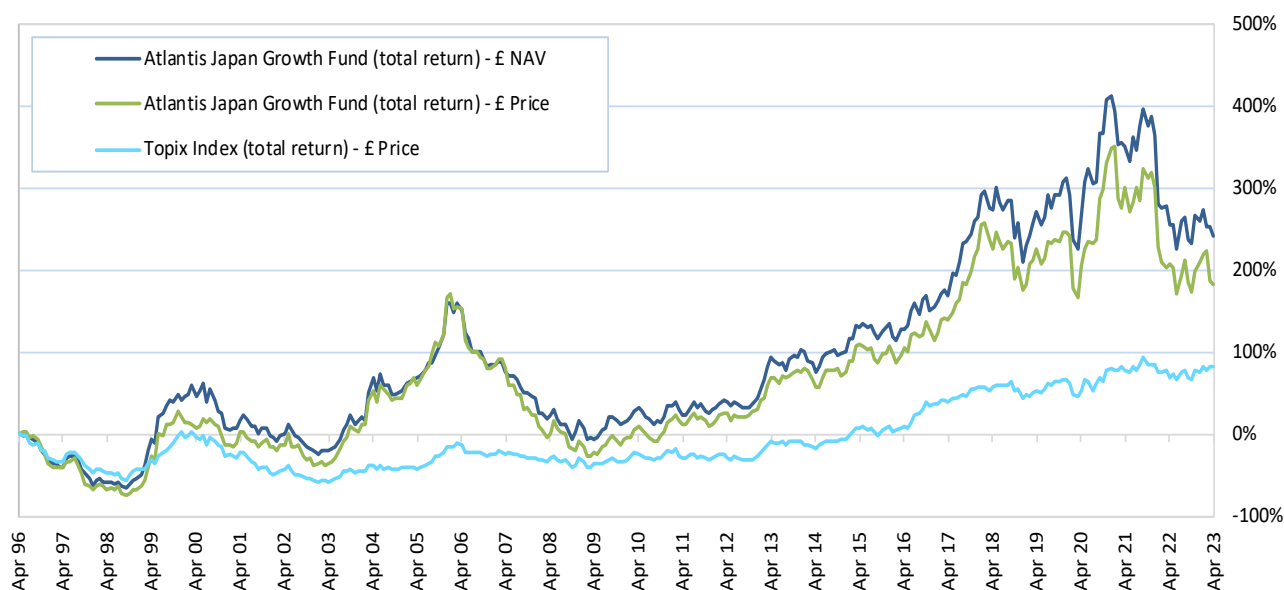
FINANCIAL HIGHLIGHTS AND PERFORMANCE TO 30 APRIL 2023

Capital performance (GBP '000)	30 April 2023	30 April 2022	% change
Total net assets	79,032	87,279	-9.5%

Ordinary share performance	30 April 2023	30 April 2022	% change
Net asset value (GBP)	1.93	2.11	-8.2%
Net asset value Total Return (%)*	2.22	2.32	-4.0%
Middle market share price (GBP)	1.63	1.85	-12.2%
Share Price Total Return (%)*	1.91	2.06	-7.5%
Dividends paid (pence), 12 months period	9.33p	10.81p	-13.7%
TOPIX Total Return in GBP (Benchmark)	20.14	18.78	7.3%
Discount to net asset value(%)*	16.0%	12.2%	3.8%
Ongoing charges*	1.85%	1.65%	0.2%

* Alternative Performance Measures. For further information see Appendix 2 on pages 75-76.

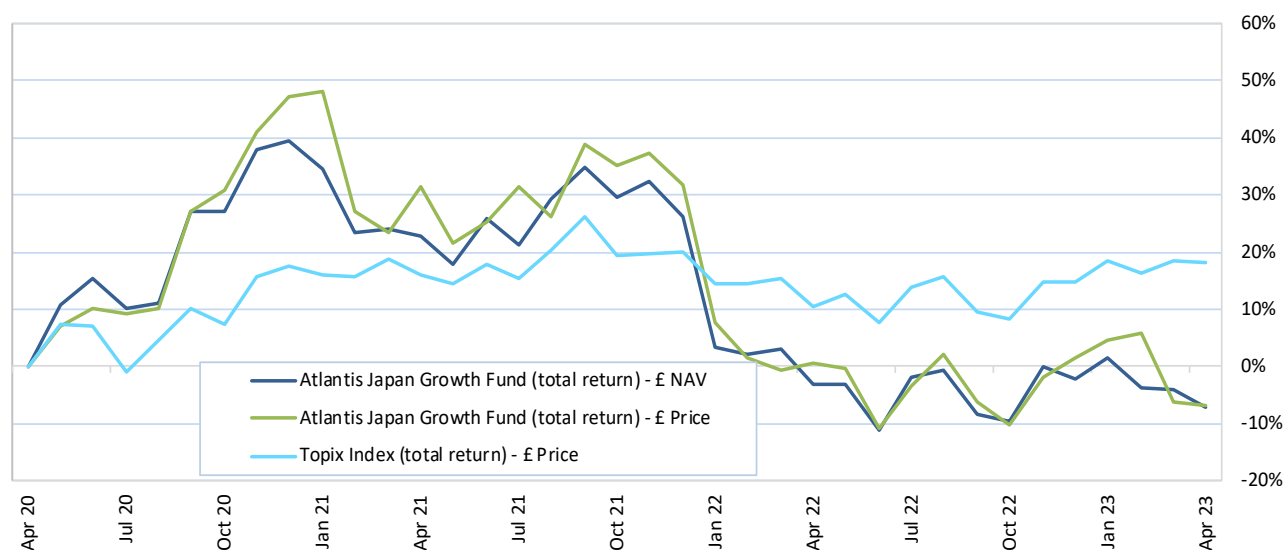
Fund performance versus benchmark since inception



Note: NAV performance is diluted by historical Subscription Rights.

FINANCIAL HIGHLIGHTS AND PERFORMANCE (continued) TO 30 APRIL 2023

Fund performance versus benchmark for the three years ended 30 April 2023



Net asset value Total Return (GBP)*

	1 Year	3 Years	5 Years	Since Inception (10 May 1996)	Annualised Return
Atlantis Japan Growth Fund ¹	-4.0%	-7.1%	-8.4%	241.3%	4.7%
Topix TR	7.3%	18.4%	15.9%	82.5%	2.3%

¹Note: NAV performance is diluted by historical Subscription Rights.

Source: Quaero Capital LLP, Northern Trust and Bloomberg.

* Alternative Performance Measure. For further information see Appendix 2 on pages 75-76.

Discount trend over the last three years

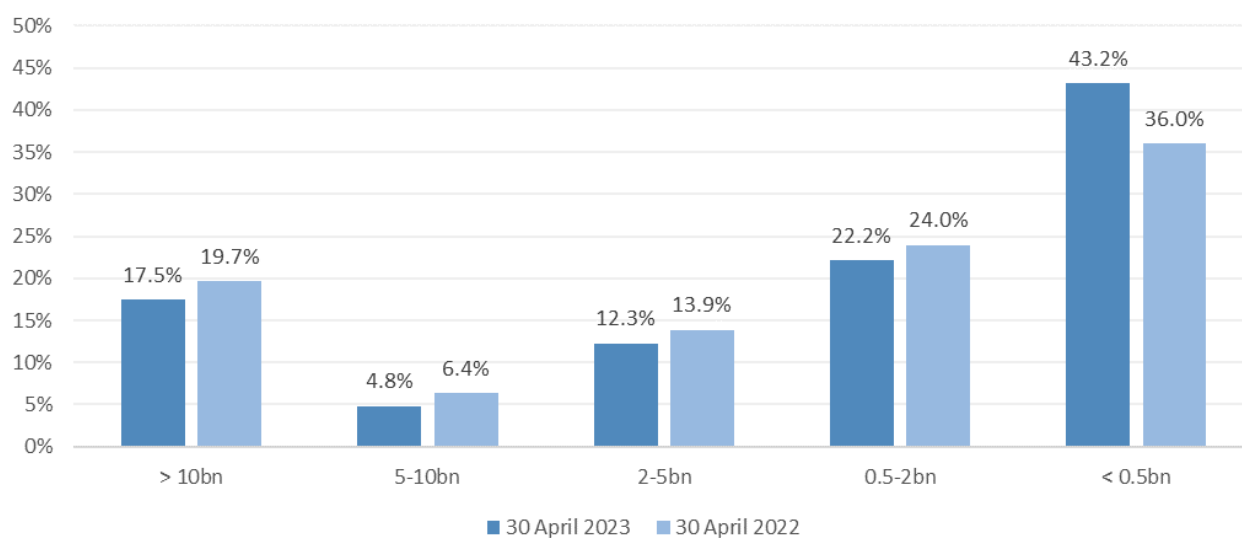


Source: Quaero Capital LLP, Northern Trust and Bloomberg.

FINANCIAL HIGHLIGHTS AND PERFORMANCE (continued)

TO 30 APRIL 2023

Portfolio market capitalisation breakdown in GBP



Source: Quaero Capital LLP, Northern Trust and Bloomberg.

INTRODUCTION

INVESTMENT OBJECTIVE

Atlantis Japan Growth Fund Limited (the “Company”) aims to achieve long term capital growth through investment wholly or mainly in listed Japanese equities.

INVESTMENT POLICY

The Company may invest up to 100% of its gross assets in companies quoted on any Japanese stock exchange including, without limitation, the Tokyo Stock Exchange Prime, Standard and Growth sections, or the regional stock exchanges of Fukuoka, Nagoya and Sapporo. The Company’s benchmark index is the TOPIX Total Return index “benchmark total return index” and the Company will not be restricted to investing in constituent companies of the benchmark.

The Company may also invest up to 20% of its Net Asset Value (the “NAV”) at the time of investment in companies listed or traded on other stock exchanges but which are either controlled and managed from Japan or which have a material exposure to the Japanese economy.

The Company may also invest up to 10% of its NAV at the time of investment in securities which are neither listed nor traded on any stock exchange or over-the-counter market.

In general, investments will be made in equity shares of investee companies, or in debt issued by investee companies. However, the Company may also invest up to 20% of its NAV at the time of investment in equity warrants and convertible debt.

The Company will not invest in more than 10% of any class of securities of an investee company. The Company will not invest in derivative instruments save for the purpose of efficient portfolio management.

The Company may not invest more than 10% in aggregate of the value of its total assets in other listed closed-ended investment funds except in the case of investment in closed-ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds, in which case the limit is 15%.

The Company may borrow up to a maximum of 20% of NAV at the time of borrowing.

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

The management and impact of the risks associated with the investment policies are described in detail in the Notes to the Financial Statements (see Note 15).

INVESTMENT MANAGER AND INVESTMENT ADVISER

Quaero Capital LLP has been appointed as the Investment Manager of the Company since 1 August 2014.

Atlantis Investment Research Corporation (“AIRC”) has been appointed as the Investment Adviser to the Company since 1 August 2014.

AIRC, established in Tokyo, through Taeko Setaishi, as lead adviser, and her colleagues, advises the Investment Manager on the day-to-day conduct of the Company’s investment business, the role it has played since the launch of the Company in May 1996.

CHAIRMAN'S STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

As announced on 11 August 2023, the Board has agreed heads of terms for a proposed combination of the assets of the Company with the assets of Nippon Active Value Fund Plc ("NAVF") (the "Proposal"). Further details regarding the Proposal are provided in the Strategic Review section below.

The past year has continued along the pattern of challenging equity markets and rapid rotations in the global economic and geopolitical theatres. A persistent surge in inflation, fuelled further by the Russian energy sanctions and grain supply chain shortages out of Ukraine, overshadowed the continued resurgence in growth following the pandemic. The US Federal Reserve has led the global move to tighten rates, and equity markets have been closely tied to each signal on the path of interest rates. Despite Japan being the only G7 nation to maintain an easy monetary policy and not raise rates, reaffirmed by the new BOJ Governor Ueda, the equity market has moved much in line with US stocks. Meanwhile, the yen has fallen some 5% against sterling and the dollar reflecting, in part, the widening interest rate differential. Closer to home, we took heart from the enhanced economic policy management by Prime Minister Kishida, after the ruling party success in the Upper House elections last July. Our thoughts were very much with the Japanese at this time, coming closely after the assassination of former Prime Minister, Shinzo Abe who had both re-energised Japan following the 2011 earthquake and pushed for the enhanced corporate governance in Japan.

In a challenging environment for growth companies, the Company finished its financial year to 30 April 2023 with the net asset value on a total return basis 4.0% lower than a year earlier. This underperformed the Company's benchmark, the Topix Total Return (TR) Index which was 7.3% higher in sterling terms. The Company is always seeking to invest in those companies whose growth dynamics have been overlooked by the market, with a focus on delivering sustainable earnings growth over the long-term. Given this and the polarisation of investment style trends, the underperformance of growth stocks by over 7.5% created performance headwinds for the Company.

Whilst undeniably challenging over the near term, the Company's performance over a 5-year period places it in the middle of its peer group. The Company paid out four regular quarterly dividends of 1% of the Company's net asset value ("NAV"), calculated on the average daily NAV of April 2022. Further, at the end of the financial year, the Company's discount was 16.0% against 12.2% a year earlier.

MARKET AND PERFORMANCE

The pattern that we saw in the last financial year, where the rotation from growth to value companies took hold, was amplified in the financial year just ended. This masked the strength in the overall market though the pattern of investing behaviour being led by foreign investors, highlighted by investors such as Warren Buffett, was to focus on the globally compelling valuation that was to be found in Japanese stocks. Valuations for growth companies contracted over the period despite their encouraging earnings outlook, their low debt levels and continued robust cash positions. Persistent foreign selling of the Topix Growth Index was amplified by the fears of a global financial crisis stemming from the collapse of regional banks in the US in spite of backstop protection from the US Treasury. This more than offset the positive demand outlook for China's economy.

STRATEGIC REVIEW

Following discussions with several of the Company's biggest shareholders in connection with the Company's forthcoming continuation vote at this year's AGM, the Board has recently undertaken a comprehensive strategic review of the future opportunities for your Company.

The Board's key objective in this review was to consider the best long term investment strategy for those of our shareholders who wish to remain invested in the Japanese market, whilst recognising that the current discount attaching to our shares, our recent performance and our relatively modest market capitalisation are problematic in attracting new shareholders to the register.

In the course of the Board's strategic review we identified a number of competing Japanese investment trusts where greater liquidity and a lower discount has been evident, supported by clear, focused and differentiated investment strategies.

The Board has agreed heads of terms for a proposed combination of the assets of the Company with the assets of NAVF. NAVF is a top-performing UK investment trust which targets attractive capital growth for its shareholders through active engagement with a focused portfolio of small and mid-cap quoted companies which have the majority of their operations in, or revenue derived from, Japan and that have been identified as being undervalued.

The proposed combination with NAVF is expected to improve the enlarged fund's liquidity as well as spreading the fixed costs of operation over a larger pool of assets under management.

CHAIRMAN'S STATEMENT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

STRATEGIC REVIEW (continued)

Implementation of the Proposal is subject to the approval, inter alia, of the Company's shareholders as well as regulatory and tax approvals and approval by the shareholders of NAVF. A circular providing further details of the Proposal and convening a general meeting to seek the necessary shareholder approvals will be published by the Company as soon as practicable.

It is anticipated that the Proposal, if approved, will be implemented in Q3 2023. The Board believes that implementation of the Proposal is in the best interest of shareholders as a whole and that many shareholders will wish to continue to be invested in the enlarged fund.

Nevertheless, given the proposed change of investment strategy represented by the Proposal, the Board believes it is appropriate to offer shareholders the opportunity to realise part, or potentially all, of their investment in the Company via a cash exit for up to 25% of the Company's shares in issue, at a 2% discount to the fair value per share of the Company on the effective date of the Scheme. The manager of NAVF has agreed to meet the Company's reasonable costs of implementing the Proposal.

DIVIDEND POLICY

The quarterly dividend is set at 1% of the average daily NAV per share in the final month of the preceding financial year and is paid out of capital resources at the end of each calendar quarter. The Board continues to believe that this dividend policy is a fairer way to distribute capital to all shareholders, compared to the previously employed redemption mechanism.

The September 2022, December 2022, March 2023 and June 2023 dividend payments were paid to registered shareholders at the rate of 2.15p per share, based on the average daily NAV per share in the final month of the Company's financial year ended 30 April 2022. As a result of the Company's performance over the year to April 2023, the average NAV per share for the month of April 2023 was 196p. Thus, the new quarterly dividend rate (subject to the outcome of the Proposal described above) will be at 1.96p for the four dividends payable at the end of September 2023, December 2023, March 2024 and June 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INVESTMENT

Investing responsibly is at the centre of the Company's investment philosophy and process. In 2015 the Company's investment manager, Quaero Capital, became a signatory to the UNPRI to demonstrate commitment to responsible investment. Quaero Capital has since joined the Institutional Investor Group for Climate Change (IIGCC) and the Carbon Disclosure Project (CDP), as it looks to understand and adopt best practice to address climate change. As long-term investors it is important that we understand the environmental, social and governance risks and opportunities affecting the companies in which we invest. Strong relationships built over many years in the market enable us to use our position as long-term investors to encourage transparency and flag areas of high ESG risk.

BOARD COMPOSITION

Given the support comprising 51% of the Company's share register, indicated during consultation with major Shareholders ahead of the Proposal, the Board does not anticipate the need for re-election at an AGM. Should this prove necessary, and as reported in 2021, I would be stepping down this year as Chairman of the Company and have been working with my successor, Michael Moule, to ensure a smooth transition and a focus on refreshing board membership. Michael has been a director since February 2018 and, should the Proposal not be adopted, Shareholders would be assured of his continued stewardship as Chairman with effect from this year's AGM.

Philip Ehrmann would not be seeking re-election to the Board at any forthcoming AGM.

Not including the outgoing Chairman and Philip Ehrmann as detailed above, all Directors would be subject to annual re-election at the AGM on 8 December 2023, should it be required to take place.

DISCOUNT MANAGEMENT AND SHARE BUY BACKS

In order to assist in managing the discount at which the Company's shares trade and to enhance the NAV per share of remaining shareholders, the Company has authority to buy back shares. The Board renewed its existing powers to buy back shares at the 2022 AGM. The Board reviews the discount level on a regular basis and will opportunistically buy back stock if the discount is perceived to be too wide.

The discount widened over the period from 12.2% to 16.0%. As part of its discount management policy, during the financial year ended 30 April 2023, the Company exercised its authority to buy back 560,500 shares for holding in Treasury, which represented 1.21% of the issued share capital.

CHAIRMAN'S STATEMENT (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

DISCOUNT MANAGEMENT AND SHARE BUY BACKS (continued)

At the 2019 AGM, the Board announced that a Continuation Vote will be called every fourth year. The next Continuation Vote would therefore be held at the AGM on 8 December 2023, should it be required to take place.

GEARING

Gearing is defined as the ratio of a company's long-term debt, less cash held, compared to its equity capital, expressed as a percentage. The effect of gearing is that, in rising markets, the Company tends to benefit from any growth of the Company's investment portfolio above the cost of payment of the prior ranking entitlements of any lenders and other creditors. Conversely, in falling markets the Company suffers more if the Company's investment portfolio underperforms the cost of those prior entitlements.

In order to improve the potential for capital returns to shareholders, the Company currently has access to an overdraft facility with the Company's Depositary, Northern Trust (Guernsey) Limited, for up to ¥1.5 billion. As at 30 April 2023 the Company's net gearing level (being the amount of drawn-down bank debt less the cash held on the balance sheet) was 4% compared to 5% at the end of the prior reporting period.

The Directors consider it a priority that the Company's level of gearing should be maintained at appropriate levels with sufficient flexibility to enable the Company to adapt at short notice to changes in market conditions. The Board reviews the Company's level of gearing on a regular basis. The current maximum that has been set is 20% of the Company's net assets. The Investment Adviser is encouraged to use the gearing facility and the Company's cash reserves in order to enhance returns for shareholders.

ONGOING CHARGES AND INVESTMENT MANAGEMENT FEE

The Board continues to monitor the level of ongoing charges incurred by the Company and for the financial year ended 30 April 2023 the ongoing charges were 1.85% (30 April 2022: 1.65%). The Board will remain vigilant in seeking opportunities for reductions. Details of the ongoing charges are shown in Note 19 to the Financial Statements.

A tiered structure for investment management fees was put in place with effect from 5 July 2019, with a fee of 1% on the first £125m of net assets, 0.85% on net assets between £125m and £175m and 0.70% on net assets above £175m.

ANNUAL GENERAL MEETING ("AGM")

To create provision for all possible outcomes relating to the Proposal, notice of the Company's AGM accompanies this Annual Report which would, if required, take place on 8 December 2023. In the event that the Proposal is approved by Shareholders at an extraordinary general meeting in Q3, the AGM will be adjourned since the Company will already have completed its merger with NAVF. The Board will update shareholders on the timing of the shareholder meeting to consider the Proposal, once this is confirmed, by notice of meeting and by RNS announcement.

OUTLOOK

We are entering a transformational period in Japan, with a more persistent inflation outlook than we have seen in decades, which is opening the door for the Bank of Japan to adjust its decades long low interest rate regime. This could herald a sharp reversal in the fortunes of the Japanese yen in the coming year. We have corporates talking of double digit pay increases for graduates and sustained wage inflation across many industries. Furthermore, we have a government and stock exchange committed to enhanced corporate governance focus and to pressing companies to address the poor returns on capital and low ratings on the premium market. This is all at a time when we are seeing resilient earnings recovery, improving customer demand and a domestic economy that has seen a healthy uptick in the post-pandemic environment. In spite of the challenging environment in which our Investment Adviser has been operating over the past few terms, the factors above all support the unrepentant focus on those growth companies that have attractive PER, PBR and yield comparables, particularly those with long-term resilient business models. Given the return of the foreign investor over recent months, we expect their early interest in value to broaden out to the wider market and those businesses that benefit from strong operational moats, demand recovery and the increased infrastructure spend in the key areas of digital transformation, pharmaceutical technology, and the evolving workforce.

Your Directors and I continue to believe in the long-term growth potential of the Japanese market given the economic factors set out above which, if realised, would place the sector in a strong position to benefit from the recovery of the global economy and, more particularly, the firming domestic outlook. This sense of optimism is a primary contributor to our conclusions and ultimate proposal arising from the strategic review as outlined earlier in this statement.

INVESTMENT ADVISER'S REPORT FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

PERFORMANCE

The Company's Net Asset Value (NAV) per share, calculated in sterling, ended the financial year at 193.4p, down 3.99% YoY on a total return basis, versus the TOPIX Total Return Index return of 7.26%. The company's discount to NAV ended the period at 16.0%, widening from 12.2%. At financial year end the Company's net gearing was 4%, narrowing from the previous year's level of 5%.

At the end of April 2023, the Company held 55 stocks, reduced from 66 positions held in the previous year. Sectors that performed positively included Banks, Other Financial and Wholesale Trade. There were strong contributions from small cap engineering consultant INTLOOP (9556 JP), major global supplier of semiconductor manufacturing supplies DISCO (6146 JP), and Sumitomo Mitsui Financial Group (8316 JP) one of Japan's three major conglomerate banks. Sectors that underperformed included Information and Communications and Electrical Appliances. Detraction from performance came from S-Pool (2471 JP), a provider of special needs employment services, Wacom (6727 JP), manufacturer of touch panels and VisasQ (4490 JP), a leading provider of expert network services.

The Company's performance has continued to suffer from the post-COVID market style shift away from growth towards value. Over the period, the TOPIX Growth Total Return index underperformed the TOPIX Total Return Value index by 7.53%. This appeared to have stabilised towards the end of 2022, although in early 2023 Japan's value attractions received attention from global investors after Warren Buffet extolled the cheapness of Japanese equities.

The portfolio remains entirely invested in the equities of Japanese companies and J-REITS. The Company has no exposure to foreign exchange hedges, nor does it take positions in convertible bonds, or other types of structured financial products.

MARKET COMMENT

Inflation and interest rate policy have been significant factors in markets during the period under review. The invasion of Ukraine in February 2022 drove up commodity and energy prices, contributing to global inflation and adding urgency to central bank policy tightening. Japan has been the exception as inflation here has remained largely muted and the Bank of Japan (BoJ) has kept easy monetary policy largely unchanged. The resulting policy divergence with the rest of the world has led to a substantial move in the USD/JPY rate to above ¥150. After decades of stagnant inflation, the BoJ has been reluctant to stifle emergent reflation in the hope that recovery could lead to a more self-sustaining cycle of wage growth and consumption. We have seen encouraging signs on wage hikes among larger companies and it remains to be seen if this will spread more broadly across the corporate sector.

Japan has been slower than the western world to exit from its COVID restrictions. Nevertheless, after a significant peak in infections during the summer of 2022, the country began incrementally dismantling its prohibitions since the autumn, removing mask advice and, most significantly, allowing visa-free travel into the country from November 2022. Inbound tourism, which was prior to COVID a significant contributor to domestic consumption, thus picked up in the second half of the financial year.

Late reopening and the weak currency have generally provided a favourable environment for older economy cyclical 'value' stocks. In 2023, Japan's lower priced stocks received a further boost from a recurrence of the activist theme in Japan, as the Tokyo Stock Exchange announced it would apply further pressure on Prime-listed companies which consistently trade at a discount to book value.

INVESTMENT ADVISER'S REPORT (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

ECONOMIC OUTLOOK

Japan downgraded COVID-19 to flu status on May 8th 2023. Inbound tourist travel to Japan should continue to recover, helping the domestic economy. Retail sales have continued to provide evidence of domestic recovery, rising 7.2% in March 2023. While the tourism spend is a major boost, the bulk of spending is by domestic consumers supported by low unemployment and improving wages. This may also indicate the emergence of rational expectations of rising prices as opposed to the deflationary mind-set of the last couple of decades.

Inflation continues to rise, with March CPI +3.2% YoY. Although it is expected to slow from this summer as commodity/energy price impact fades, there is the suggestion that individuals continue to spend ahead of higher prices expected in the not-too-distant future, a positive development for the economic outlook. On April 9th, the BoJ appointed a new governor Kazuo Ueda, and although he appears unlikely to change policy significantly in the near future, the April 28th BoJ board meeting left its zero-interest rate policy unchanged.

Tempering the generally benign outlook, global macro and geopolitical concerns remain, as some US regional banks have continued to stumble, reminding us that tightening monetary policy to contain inflation has real world consequences and is not an exact science. We are cautiously optimistic on the outlook for Japan's economy, though the FY 3/23 earnings season appears to be resulting in some rather conservative FY 3/24 earnings guidance.

INVESTMENT ADVISER'S STRATEGY

Since the TOPIX Growth TR Index peaked against the corresponding value index in December 2020, it has underperformed by 37.5% to end of April 2023. In one sense, this is easily explained by earnings as the above trend growth of digitalization and e-commerce 'growth' sectors has slowed since COVID, while older economy 'value' stocks have seen earnings recover strongly as the economy reopened. Further supporting this narrative, the shareholder activism theme has returned to the Japanese market, with several high-profile activist successes, and a natural recovery in shareholder returns as profits have recovered. Without wishing to predict the timing of a recovery in growth, we can at least say that the earnings of companies with structural growth are cheaper than they were, while the gap with book value has narrowed for more cyclical sectors.

The Investment Adviser continues to focus on companies which can achieve long term structural growth in earnings, for example those benefiting from structural change and growth areas such as in technology, manufacturing and workflow efficiency, work-style reform, healthcare, infrastructure and unique new business models. The Investment Adviser has not changed its basic approach of frequently meeting with company managements to test their progress and continues to employ a bottom-up approach in its fundamental analysis.

Atlantis Investment Research Corporation
22 August 2023

ALTERNATIVE INVESTMENT FUND MANAGER'S REPORT FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

Quaero Capital LLP, which is registered in England as a limited liability partnership, was authorised on 22 July 2014 by the Financial Conduct Authority of the UK as the Company's Alternative Investment Fund Manager (the "AIFM") for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD" or the "Directive").

As the Company's AIFM, Quaero Capital LLP is required to make available an annual report for each financial year of the Company containing the following:

- i. A detailed description of the principal risks and uncertainties facing the Company (see Principal Risks and Uncertainties on page 22).
- ii. A balance sheet or a statement of assets and liabilities (see Statement of Financial Position on page 51).
- iii. An income and expenditure account for the financial year (see Statement of Comprehensive Income on page 48).
- iv. A report on the activities of the financial year including an overview of the investment activities and financial performance over the year (see Chairman's Statement on page 6, Investment Adviser's Report on page 9, Details of Ten Largest Investments on page 12, Schedule of Investments on page 15 and Directors' Report and Statement of Directors' Responsibilities on page 26).
- v. Details of material changes to the information set out under Article 23 of the Directive. To satisfy this requirement, Quaero Capital LLP publishes an Investor Disclosure Document available at www.atlantisjapangrowthfund.com.
- vi. Certain disclosures in relation to the remuneration of Quaero Capital LLP. To meet these requirements, details of Quaero Capital LLP's remuneration policy and remuneration disclosures in respect of Quaero Capital LLP's reporting period for the financial year ended 31 March 2023 are available at www.atlantisjapangrowthfund.com/literature.
- vii. Details of the leverage employed by the Company. Using the methodologies prescribed under the Directive, the leverage of the Company is disclosed in the following table:

	Commitment leverage as at 30 April 2023	Gross leverage as at 30 April 2023
Leverage ratio	1.04:1	1.04:1

Quaero Capital LLP
22 August 2023

DETAILS OF TEN LARGEST INVESTMENTS AS AT 30 APRIL 2023

The ten largest investments comprise a fair value of £22,998,339 (30 April 2022: £26,026,741) representing 29.1% of Net Asset Value (30 April 2022: 29.8%) with details as below:

Internet Initiative Japan (180,000 shares)

Internet Initiative Japan (IIJ) was Japan's first ISP (internet service provider) which gave it a first mover advantage. It initially worked closely with NTT, Japan's main telecom provider and largest shareholder, which helped establish the firm as the go-to ISP for Japan's leading enterprises and giving it a large Rolodex of major companies as customers. IIJ's main businesses are now split between Network Services and System Integration. Its services cover the entire gamut from highly sophisticated cloud software and cyber security to general connectivity infrastructure and MVNO (discount mobile virtual network operator) offerings to support the digital transformation needs of major multi-national corporations to smaller enterprises. The company is well positioned for stable double-digit growth over the coming years.

Fair value of £2,976,367 representing 3.77% of Net Asset Value (30 April 2022: 1.6%)

Sumitomo Mitsui Financial (75,000 shares)

Sumitomo Mitsui Financial Group (SMFG) is one of Japan's three leading banking groups. While loans have been growing, lending margins have been under pressure in Japan for over ten years, and the impact of the former has finally overcome the latter to generate net interest income growth over the last year, while the prospect of some normalization of domestic monetary policy could boost core earnings growth substantially. Meanwhile SMFG has the highest Common Equity Tier 1 Capital ratio at 13.7%, suggesting upside potential from improved capital efficiency. Japanese banks do not appear to be affected by the particular set of circumstances currently afflicting the US regional banking space.

Fair value of £2,455,087 representing 3.11% of Net Asset Value (30 April 2022: 1.2%)

Topcon (210,000 shares)

Topcon is a globally present manufacturer of optical devices with applications in ophthalmology and high precision 3D surveying/positioning devices using GPS, networks and lasers. In ophthalmology it has a global top share in 3D Optical Coherence Tomography (OCT) and auto refractometers (Chronos) amongst others. Its precision optical equipment products are automation systems positioning and smart infrastructure for use in civil engineering, construction, and agricultural fields. The shortage of skilled labour in industries such as construction and agriculture is driving demand for automation technology including Topcon's devices. Infrastructure expansion plans in the US and Europe are a tailwind. We see the potential for Topcon to raise margins substantially over the next few years as new ophthalmic product development costs have peaked and as the smart infrastructure and positioning business grows overseas.

Fair value of £2,381,023 representing 3.01% of Net Asset Value (30 April 2022: 1.2%)

Japan Material (197,000 shares)

Japan Material is a supplier of ultra-pure water, specialty gases and chemicals used in semiconductor and LCD manufacturing. The company's services include managing the entire process from design to construction, installation and maintenance of specialty equipment, piping, pumps and other infrastructure. The company has a long history with Japan's top semiconductor related companies including Kioxia (Toshiba), Micron and other manufacturers such as Japan Display. The company is known for its highly skilled staff and has a good track record of supplying total solutions for managing the entire process of laying out the piping to design and maintenance of the gas supply, for advanced semiconductor and electronics manufacturing, to help reduce operating costs. With the recent disruption of supply chains in the semiconductor sector, the Japanese government is supporting the onshoring of production in Japan. Several major projects have ensued between Japanese and Taiwanese semiconductor manufactures as well as other companies who are increasing their investment in Japan. Japan Material has recently acquired land in Kyushu to support semiconductor plants in the region, which should help drive long-term above trend growth for the company.

Fair value of £2,360,299 representing 2.99% of Net Asset Value (30 April 2022: 3.5%)

DETAILS OF TEN LARGEST INVESTMENTS (continued)

AS AT 30 APRIL 2023

FP Partner (56,000 shares)

FP Partner is an independent insurance agent selling retail insurance products and providing after-sales services on behalf of a number of insurance companies. It offers products from the majority of domestic and international insurers operating in Japan. As well as insurance product sales, the company has expanded into banking and securities, selling investment trusts and brokering mortgages, and aiming to become a one-stop provider of financial products under the “Money Doctor” brand. The company’s branch and store network now has national coverage and in a fragmented industry the company estimates that it is the second-largest independent insurance agent in Japan. The number of industry agents is contracting nationally, with rising costs of compliance and technology, as well as succession issues with older independent agents driving consolidation and presenting opportunity for larger players such as FP. The company listed in September 2022.

Fair value of £2,282,743 representing 2.89% of Net Asset Value (30 April 2022: 0.0%)

Creek & River (180,000 shares)

Creek & River’s core businesses are staff agency business, managing temporary staffing and employment of specialists, and a production business accepting outsourced creative production and development. While the agency business began in creative fields such as video production, TV and game design, over time the scope of service has expanded into professional services such as doctors, IT engineers, lawyers, accountants, architects, fashion designers and chefs with the view that Creek & River’s business model is widely applicable. As of the end of February 2023, about 370,000 professionals were registered with the company. The creative business still accounts for over 75% of revenue, but the medical staffing business, providing employment services for medical specialists, generates higher margins and consequently 33% of consolidated operating profit, is growing fast. The majority of medical institutions in Japan are registered as clients. The company’s growth strategy lies in expanding the number of professional services from the current 18 to 50. Alongside staff agency and production C&R has a fast growing Rights business managing the distribution of intellectual property.

Fair value of £2,245,814 representing 2.84% of Net Asset Value (30 April 2022: 1.2%)

Disco (24,000 shares)

Disco is a semiconductor production equipment maker and holds the top global share in slicing and dicing, grinding and polishing equipment for semiconductors, electronic components and silicon wafers. The stock also offers some defensive qualities as it also has non-integrated circuit (IC) customers that provides some counter-cyclical protection, and it has a large consumables and maintenance business that generates steady recurring revenues. Disco has benefited from the extension of the current semiconductor cycle and the continued excess demand conditions in maintenance, parts and consumables. Due to the acute semiconductor shortages as a result of the pandemic, and more recently the war in Ukraine, the Japanese government is supporting the onshoring of semiconductor production and strengthening of the industry and supply chains in Japan as a strategic initiative. The same phenomenon is occurring in other countries which is benefiting Disco. The company is also a weak yen beneficiary and has a large orderbook giving it visibility on steady sales growth for the next few years regardless of where we are in the cycle.

Fair value of £2,181,749 representing 2.76% of Net Asset Value (30 April 2022: 2.5%)

Amvis Holdings (120,000 shares)

Amvis is the leader in Japan’s fast-growing hospice care segment. Japan lags many countries in providing specialist end-of-life care for the terminally ill and the potential market for such services is huge. Hospice care reduces the burden on a hospital system which is struggling under the weight of Japan’s ageing society, reducing costs for the state while providing a better environment for patients and their families. This segment does not suffer from the health budget constraints and over-competition of the more generalist nursing home sector. Amvis is the fast-moving operator in this sector, growing from 29 to 58 facilities in the last two years and with plans to double this again over the next three years. It is highly focused on efficiency and profitability giving it the financial resources to pursue its rapid expansion, while increasingly able to hire qualified nursing staff to run its facilities.

Fair value of £2,090,430 representing 2.64% of Net Asset Value (30 April 2022: 1.5%)

DETAILS OF TEN LARGEST INVESTMENTS (continued)

AS AT 30 APRIL 2023

Shin-Etsu Chemical (90,000 shares)

Shin-Etsu Chemical is a leading global specialty chemical manufacturer with leading global businesses in construction PVC and silicon wafers for microchips; the company also has a world-class supply chain in silicones, cellulose and photoresists. The PVC business is centred on its US subsidiary Shintech. While the company has seen some softness in both the PVC business and the semiconductor wafer businesses, the PVC market has already shown signs of bottoming, while the expanding range of semiconductor applications is expected to drive growth in the longer term.

Fair value of £2,050,965 representing 2.6% of Net Asset Value (30 April 2022: 2.0%)

&Do Holdings (350,000 shares)

&Do is a small, independent real estate company specializing in home equity withdrawal products, a relatively new financial service category in Japan. Having gained substantial data and expertise through the establishment of a national franchise chain engaged in the traditional businesses of residential property brokerage, property sales and renovation services, &Do has taken an early lead in offering financial products such as reverse mortgage and residential sale & leaseback services. Applying financial technology to its extensive residential property expertise, and in alliance with financial institutions, &Do is able to tap the growing market amongst Japan's burgeoning senior population for ways to finance their later years. &Do's services offering them the potential to unlock the equity stored in their homes.

Fair value of £1,973,862 representing 2.5% of Net Asset Value (30 April 2022: 1.4%)

SCHEDULE OF INVESTMENTS AS AT 30 APRIL 2023

Holdings	Financial assets at fair value through profit or loss	30 April 2023 Fair value £ '000	% of	30 April 2022 Fair value £ '000
	Banks: 2.29% (30 April 2022: 1.92%)			
430,000	Keiyo Bank	1,426	0.84	671
75,000	Sumitomo Mitsui Financial	2,455	1.45	1,007
	Chemicals: 2.83% (30 April 2022: 3.58%)			
220,000	Axxzia	1,442	0.85	-
90,000	Shin-Etsu Chemical	2,051	1.21	1,762
100,000	Tri Chemical Laboratories	1,288	0.76	1,361
	Construction: 0.57% (30 April 2022: 1.46%)			
180,000	Besterra	960	0.57	1,271
	Electric Appliances: 11.60% (30 April 2022: 20.10%)			
150,000	Chino	1,873	1.11	1,379
4,000	Keyence Corporation	1,442	0.85	1,942
35,000	Kohoku Kogyo	1,043	0.62	1,110
4,000	Lasertec	434	0.26	1,302
27,000	Nidec	1,068	0.63	2,824
40,000	Optex	481	0.28	738
60,000	Oxide	1,134	0.67	1,496
17,000	Sony	1,287	0.76	2,061
4,500	Tokyo Electron	411	0.24	2,548
	Information & Communication: 6.94% (30 April 2022: 18.32%)			
10,000	Hikari Tsushin	1,090	0.64	1,681
180,000	Internet Initiative Japan	2,976	1.76	1,384
150,000	Opendoor Technologies	1,290	0.76	-
112,000	Plus Alpha Consulting	1,913	1.13	1,360
10,000	Shift	1,483	0.88	3,646
90,000	ULS	1,678	0.99	975
100,000	WingArc1st	1,304	0.77	-
	Insurance: 2.09% (30 April 2022: 0.00%)			
56,000	FP Partner	2,283	1.35	-
180,000	Lifenet Insurance	1,253	0.73	-
	Machinery: 3.46% (30 April 2022: 8.69%)			
120,000	Daifuku	1,763	1.04	1,972
24,000	Disco	2,182	1.29	2,162
180,000	Okada Aiyon	1,903	1.13	1,610
	Marine Transportation: 0.00% (30 April 2022: 1.99%)			
	Metal Products: 0.00% (30 April 2022: 0.93%)			

SCHEDULE OF INVESTMENTS (continued)

AS AT 30 APRIL 2023

Holdings	Financial assets at fair value through profit or loss	30 April 2023 Fair value £ '000	% of	30 April 2022 Fair value £ '000
	Nonferrous Metals: 0.64% (30 April 2022: 2.24%)			
105,000	SWCC Showa	1,088	0.64	856
	Other Financing Business: 0.34% (30 April 2022: 3.26%)			
60,000	Premium	574	0.34	2,847
	Other Products: 0.83% (30 April 2022: 1.84%)			
90,000	EDP	1,398	0.83	-
	Others: 0.92% (30 April 2022: 0.00%)			
4,500	Invincible Investment Reits	1,558	0.92	-
	Pharmaceutical: 0.33% (30 April 2022: 2.86%)			
37,000	CellSource	558	0.33	1,773
	Precision Instruments: 2.96% (30 April 2022: 4.49%)			
110,000	Asahi Intecc	1,586	0.94	2,022
220,000	Hirayama	1,045	0.62	866
210,000	Topcon	2,381	1.41	1,029
	Real Estate: 2.89% (30 April 2022: 8.53%)			
350,000	&Do Holdings	1,974	1.17	1,218
280,000	Aoyama Zaisan Networks	1,660	0.98	523
80,000	Katitas	1,249	0.74	932
	Retail Trade: 1.37% (30 April 2022: 0.00%)			
60,000	Komehyo Holdings	980	0.58	-
80,000	Welcia Holdings	1,343	0.79	-
	Services: 11.63% (30 April 2022: 20.49%)			
120,000	Amvis Holdings	2,090	1.24	1,319
220,000	Bell System24 Holdings	1,809	1.07	2,018
95,000	Bridge International	1,422	0.84	-
180,000	Creek & River	2,246	1.33	1,032
75,000	Daiei Kankyo	815	0.48	-
75,000	Funai Soken	1,148	0.68	667
42,000	Intloop	1,848	1.09	-
197,000	Japan Material	2,360	1.40	3,024
140,000	Kanamoto	1,874	1.11	1,309
60,000	M&A Capital Partners	1,357	0.80	-
70,000	Recruit Holdings	1,579	0.93	1,328
300,000	S-Pool	1,111	0.66	2,485

SCHEDULE OF INVESTMENTS (continued)
AS AT 30 APRIL 2023

		30 April 2023		30 April 2022
		Fair value		Fair value
Holdings	Financial assets at fair value through profit or loss	£ '000	% of NAV	£ '000
	Transportation Equipment: 1.00% (30 April 2022: 1.67%)			
35,000	Denso	1,683	1.00	1,462
	Wholesale Trade: 1.77% (30 April 2022: 2.49%)			
80,000	Ai Holdings	1,118	0.66	-
75,000	Mitsui	1,871	1.11	1,061
	Total Japan (30 April 2022: 104.86%)	171,730	103.30	
	Total listed equities (30 April 2022: 104.86%)	171,730	103.30	
	Total investments held at fair value through profit or loss	171,730	103.30	
	Bank overdraft (30 April 2022: (5.19%))	(2,937)	(1.74)	
	Other net assets (30 April 2022: 0.33%)	331	0.20	
	Net assets attributable to equity shareholders	169,124	101.76	

BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

NOEL LAMB (Chairman, appointed to the Board on 1 February 2011 and appointed as Chairman on 1 May 2014), British, graduated from Exeter College, Oxford University and is a barrister-at-law. He joined Lazard Brothers & Co Limited in 1987 and from 1992 to 1997 he was the managing director of Lazard Japan Asset Management where he was the fund manager for their Japanese equities. In 1997, he moved to the Russell Investment Group where he established the investment management capability of Russell in London. In 2002, he was promoted to Chief Investment Officer in North America where he managed assets of \$150bn until his departure in 2008. In 2020, he was appointed as a director of Guinness Asset Management Funds and in January 2022 as chairman of Rockwood Strategic plc.

PHILIP EHLMANN FCSI (appointed to the Board on 25 October 2013), British, graduated from the London School of Economics with a BSc in Economics. He started his investment career in 1981 specialising in the North American market before heading up Emerging Markets for Invesco Asset Management. In 1995 he joined Gartmore Investment Management to undertake a similar role, before becoming Head of Pacific & Emerging Markets. Whilst at Gartmore he managed the Gartmore Asia Pacific Trust plc, a pan-Asian Investment Trust. In 2006 he moved to Jupiter Asset Management where he was Co-Head of Asia. At the beginning of 2015 he joined Manulife Asset Management as a Senior Managing Director, responsible for overseeing Global Emerging Markets equity portfolios.

Philip Ehrmann would not be seeking re-election to the Board at any forthcoming AGM.

RICHARD PAVRY (appointed to the Board on 1 August 2016), British, is the Chief Executive Officer at Devon Equity Management Limited. Richard graduated in Natural Sciences from Cambridge University before converting to law. He began his career as a solicitor with Simmons & Simmons, moving to Jupiter Asset Management in 2000 where he served as head of investment trusts. He moved to Devon Equity Management Limited in November 2019. Richard has previously served as a non-executive director of Jupiter Second Split Trust plc and is Chairman of Devon Equity Funds SICAV.

MICHAEL MOULE (appointed to the Board on 5 February 2018), British, has a close connection to investment trusts and global investment having managed The City of London Investment Trust plc, The Bankers Investment Trust plc and The Law Debenture Corporation plc during an extensive City career with Touche Remnant and Henderson Global Investors. He was until May 2022 a member of the Investment Committee of The Open University, and was previously Chairman of Polar Capital Technology Trust plc.

YUKI SOGA (appointed to the Board on 1 July 2021), Japanese, currently residing in London. Schooled in the UK and a graduate of Somerville College, Oxford, she has spent most of her career to date working in Tokyo. Yuki commenced her career with lawyers Clifford Chance and Herbert Smith and then researched quoted Japanese equities for Arcus and Macquarie. She subsequently became a partner at Indus Capital Tokyo. Since June 2020 Yuki has been running her own research and consulting business.

STRATEGIC REPORT

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

The Strategic Report provides shareholders with enhanced transparency and oversight capabilities when assessing how directors have performed their duties to promote the continued success of the company for shareholders' collective benefit. This is achieved by providing context to the financial statements, analysis of past performance and insights into the decisions taken to maintain future performance.

The Directors submit their Strategic Report, Directors' Report and Statement of Directors' Responsibilities, together with the Company's Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statements of Cash Flows and the related Notes for the financial year ended 30 April 2023, together the "Audited Financial Statements". These Audited Financial Statements give a true and fair view and have been properly prepared, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU").

THE COMPANY

Atlantis Japan Growth Fund Limited (the "Company") was incorporated in Guernsey on 13 March 1996. The Company commenced activities on 10 May 1996. The Company is an authorised closed-ended investment scheme registered and domiciled in P.O. Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands. The Company's equity shares are traded on the London Stock Exchange.

As an investment trust, the Company is classified as an Alternative Investment Fund whose Alternative Investment Fund Manager (AIFM), Quaero Capital LLP, is required to be authorised and regulated by the Financial Conduct Authority. The Company is itself subject to the UKLA Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules ("DTR") and the rules of the London Stock Exchange.

INVESTMENT OBJECTIVE AND POLICY

The Company's investment objective and policy are set out on page 5.

The Company's investment activities are managed by Quaero Capital LLP ("Investment Manager") with the administration delegated to Northern Trust International Fund Administration Services (Guernsey) Limited.

KEY PERFORMANCE INDICATORS ("KPIs")

At each Board meeting, the Board considers a number of performance measures to assess the Company's success in achieving its objectives. Below are the main KPIs which have been identified by the Board for determining the progress of the Company:

- Change in Net Asset Value ("NAV"), see page 2-3, and page 75;
- Discount to the NAV, see page 3 and page 75;
- Share price, see page 75; and
- Ongoing charges, see page 75.

RESULTS AND DIVIDENDS

The results for the financial year are set out in the Statement of Comprehensive Income on page 48.

As a UK investment trust the Company is subject to the provisions of the Corporation Tax Act 2010. Section 1158 includes a retention test which states that the Company should not retain in respect of any accounting period an amount which is greater than 15% of its income. This has been modified for accounting periods beginning on or after 28 June 2013 such that a negative balance on a company's revenue reserve is taken into account when calculating the amount of distributable income. This is not relevant for the financial year ended 30 April 2023 (30 April 2022: not relevant).

Distributions of £3,845,816 were made during the financial year (30 April 2022: £4,511,513) and the Company met the retention test for the financial year ended 30 April 2023.

For more information please also refer to Packaged Retail and Insurance-based Investment Products ("PRIIPs") regulations on page 73.

CAPITAL VALUES

At 30 April 2023, the value of net assets attributable to shareholders was £79,031,826 (30 April 2022: £87,278,759) and the NAV per share was £1.93 (30 April 2022: £2.11).

STRATEGIC REPORT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

BUSINESS REVIEW AND TAX STATUS

The Company has been formally accepted into the investment trust company regime, subject to the Company continuing to submit appropriate annual tax filings to HM Revenue and Customs. In the opinion of the Directors, the Company has conducted its affairs so as to enable it to maintain ongoing investment trust status, subject to completion of the relevant tax work.

DIVIDEND POLICY

There is a regular dividend paid to all shareholders on a quarterly basis set at 1% of net asset value at the close of the preceding financial year. The June 2022 dividend was made at the rate of 2.88p per share, being 1% of the average daily NAV per share in the final month of our financial year ended the 30 April 2021. The quarterly dividend will be paid out of capital resources at the end of each calendar quarter. The September 2022, December 2022, March 2023 and June 2023 dividend payments were made at the rate of 2.15p per share, being 1% of the average daily NAV per share in the final month of our financial year ended 30 April 2022. As a result of the Company's performance over the year to April 2023, the average NAV per share for the month of April 2023 was 196p and so the new quarterly dividend rate ((subject to the outcome of the Proposal described on page 6) will be at 1.96p for the four dividends payable at the end of September 2023, December 2023, March 2024 and June 2024.

SHARE BUY-BACKS

The Company has been granted the authority to make market purchases of up to a maximum of 14.99% of the aggregate number of ordinary shares in issue at a price not exceeding the higher of (i) 5% above the average of the mid-market values of the ordinary shares for the five business days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current investment bid for the ordinary shares.

In deciding whether to make any such purchases the Directors will have regard to what they believe to be in the best interests of shareholders as a whole, to the applicable legal requirements and any other requirements in the Articles. The making and timing of any buy-backs will be at the absolute discretion of the Board and not at the option of the shareholders, and is expressly subject to the Company having sufficient surplus cash resources available (excluding borrowed moneys).

The Board believes that the effective use of treasury shares can assist the Company in improving liquidity in the Company's ordinary shares, managing any imbalance between supply and demand and minimising the volatility of the discount at which the ordinary shares trade to their NAV for the benefit of shareholders. It is believed that this facility gives the Company the ability to sell ordinary shares held in treasury quickly and cost effectively, and provides the Company with additional flexibility in the management of the capital base. During the financial year ended 30 April 2023, 560,500 shares were purchased into treasury (30 April 2022: 378,000). The number of shares held in treasury at 30 April 2023 is 5,625,686 (30 April 2022: 5,065,186), the percentage of treasury shares in total is 12.1% (30 April 2022: 10.9%).

The Board shall have regard to current market practice for the re-issuance of treasury shares by investment trusts and the recommendations of the Investment Manager and the Investment Adviser. The Board's current policy is that any ordinary shares held in treasury will not be resold by the Company at a discount to the Investment Manager and the Investment Adviser's estimate of the prevailing NAV per ordinary share as at the date of issue. The Board will make an announcement of any change in its policy for the re-issuance of ordinary shares from treasury via a Regulatory Information Service approved by the Financial Conduct Authority ("FCA").

VIABILITY STATEMENT

The Company's business model is designed to deliver long term capital growth to its shareholders through investment in readily realisable stocks in the Japanese equity markets. Its plans are therefore based on having no fixed or limited life provided the global equity markets continue to operate normally.

The Board has assessed the Company's prospects over a three year period, notwithstanding its announcement on 11 August 2023 of the proposed combination with NAVF and the material uncertainty described in the Going Concern statement on pages 21 to 22 below (that shareholders may choose not to support the Proposal), the Board considers that this period reflects a balance between looking out over a long-term horizon and the inherent uncertainties of looking out further than three years. In assessing the viability of the Company over the review period the Directors have focused upon the following factors:

- The requirement to hold a continuation vote at the next AGM;

STRATEGIC REPORT (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

VIABILITY STATEMENT (continued)

- The ongoing relevance of the Company's investment objective in the current economic environment, considered via an extensive strategic review;
- The Proposal arising from the strategic review, to combine the assets of the Company with those of NAVF by means of a scheme of reconstruction, which is subject to shareholder and regulatory approvals at the date of this Annual Report;
- The principal risks detailed on page 22 and the steps taken to mitigate these risks;
- The liquidity of the Company's underlying portfolio, which is invested in liquid and readily realisable securities;
- Recent stress testing has confirmed that shares can be easily liquidated, despite continued uncertainty and a volatile economic environment;
- The level of forecast revenue surplus generated by the Company and its ability to achieve the dividend policy; and
- The level of gearing is closely monitored by the Board. Covenants are actively monitored and there is adequate headroom in place.

Following the strategic review, the Board believes that the Proposal will benefit shareholders and expects that the required approvals will be received at a general meeting of the Company. Should the Proposal not receive the necessary approval, or the Continuation vote not be passed, the Board believes from the work carried out during their review, that other attractive options remain available for shareholders in the Japan sector which can be pursued.

Accordingly, taking into account the Company's current position and its prospects, and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report.

In making this assessment, the Board has considered that matters such as significant economic or stock market volatility (including the possibility of a greater than anticipated economic impact of geopolitical developments), a substantial reduction in the liquidity of the portfolio, or changes in investor sentiment, and the outcome of the general meeting(s), could have an impact on its assessment of the Company's prospects and viability in the future.

GOING CONCERN

The Board has considered and sought advice on the appropriateness of continuing to prepare the Financial Statements on a going concern basis.

It is worth noting that one option being considered by the Board is in relation to the announcement of the proposed combination of the Company's assets with the assets of NAVF - which would involve a scheme of reconstruction resulting in the voluntary liquidation of the Company, however, material uncertainties exist in relation to this Proposal, including pending shareholder, regulatory and tax approvals.

Notwithstanding the above, a number of attractive options remain available to the Company, and the Board has concluded that it remained appropriate to continue to prepare the Financial Statements on a going concern basis.

Additionally, the Company's assets consist of equity shares in companies listed on recognised stock exchanges and in normal circumstances are realisable within a short timescale. The Board has reviewed the results of stress testing prepared by the Manager in relation to the ability of the assets to be realised in the current market environment. The results of stress testing, which models a sharp decline in market levels, demonstrated that the Company had the ability to raise sufficient funds so as to remain within its debt covenants and pay expenses.

The Company does not have a fixed life. However, a resolution on the continuation of the Company will be put to the Company's shareholders as part of the Proposal at the general meetings and AGM at a date to be notified to shareholders in due course.

Taking the above factors into consideration, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence and discharge its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

STRATEGIC REPORT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

GOING CONCERN (continued)

On 11 August 2023, the Board announced its agreement in principle of heads of terms for the proposed combination of the assets of the Company with the assets of NAVF, to be implemented, subject to shareholder approval, through a scheme of reconstruction, resulting in the voluntary liquidation of the Company. More detail can be found in the Chairman's Statement on pages 6 to 8, and in the RNS announcement itself. Further information will be set out in a circular to shareholders to be published in due course.

The Board believes that the Proposal is in the best interests of shareholders and will recommend that shareholders vote in favour of the relevant resolutions at the extraordinary general meetings to be held in due course in order to implement the scheme. However, due to the requirements for approvals from shareholders of both companies there can be no certainty of the outcome at the date of this Annual Report and, therefore, there remains material uncertainties on the Proposal obtaining the necessary approvals to be enacted.

Should the Proposal not receive the necessary shareholder or regulatory approvals and should the Continuation Vote to be put to the subsequent AGM also fail to be approved by shareholders the Board believes, from the work carried out during the strategic review, that other attractive options remain available for shareholders in the Japan fund sector which can be pursued. Accordingly the Board has prepared these financial statements on a going concern basis.

PRINCIPAL RISKS AND UNCERTAINTIES

As an investment trust, the Company invests in securities for the long term. The financial investments held as assets by the Company comprise equity shares (see the Schedule of Investments on pages 15 to 17 for a breakdown). As such, the holding of securities, investing activities and financing associated with the implementation of the investment policy involve certain inherent risks. Events may occur that could result in either a reduction in the Company's net assets or a reduction of revenue profits available for distribution.

Principal risks should include, but are not necessarily limited to, those that could result in events or circumstances that might threaten the company's business model, future performance, solvency, liquidity and reputation. In deciding which risks are principal risks companies should consider the potential impact and probability of the related events or circumstances, and the timescale over which they may occur.

The Board has considered the risks and uncertainties facing the Company and prepares and reviews regularly a risk matrix which documents the significant and emerging risks.

The risk matrix document considers the following information:

- Identifying and reporting changes in the risk environment;
- Identifying and reporting changes in the operational controls;
- Identifying and reporting on the effectiveness of controls and remediation of errors arising; and
- Reviewing the risks faced by the Company and the controls in place to address those risks.

Performance

Inappropriate investment policies and processes may result in under-performance against the prescribed benchmark index and the Company's peer group. The Board manages these risks by ensuring a diversification of investments and regularly reviewing the portfolio asset allocation and investment process. The Board also regularly monitors the Company's investment performance against a number of indices and the AIC Japanese smaller companies' sub-sector peer group. In addition, certain investment restrictions have been set and these are monitored as appropriate.

Discount

A disproportionate widening of the discount relative to the Company's peers could result in loss of value for shareholders. The Board reviews the discount level regularly.

STRATEGIC REPORT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

Regulatory

The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Section 1158 of the Corporation Tax Act 2010, the Companies (Guernsey) Law, 2008, the UKLA Listing Rules and the Disclosure and Transparency Rules (“DTR”), could lead to a number of detrimental outcomes and reputational damage. The Company conforms with the Alternative Investment Fund Managers Directive (“AIFMD”). The Board relies on the services of the Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited, and its professional advisers to ensure compliance with the Companies (Guernsey) Law, 2008, the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (“POI Law”), the Authorised Closed-Ended Investment Scheme Rules and Guidance, 2021 (“Authorised Closed-ended Rules”), the UKLA Listing Rules and Prospectus Rules, the DTR and the rules of the London Stock Exchange.

Operational

Like most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Investment Manager, Investment Adviser, Company’s Administrator and Depositary. The security, for example, of the Company’s assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depends on the effective operation of these systems. These are regularly tested, monitored and are reviewed by the Directors at the quarterly board meetings.

Financial

The financial risks faced by the Company, including the impact of changes in Japanese equity market prices on the value of the Company’s investments, are disclosed in Note 15 to the Financial Statements. The financial risks disclosed in Note 15 are detailed for compliance with IFRS EU.

Global Events

The geopolitical tension caused by the Russian invasion of Ukraine continues to create uncertainty in the markets and is directly impacting energy costs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) POLICIES

Although the Company does not have specific ESG or sustainability objectives, the Board is convinced that integrating ESG risks into the Company’s financial analysis will support making better decisions for its shareholders. As a long-term investor it is fundamentally important that the Company understands the environmental, social and governance risks and opportunities affecting its investments.

The Investment Manager, in consultation with the Investment Adviser, operates an exclusion policy which incorporates exclusion lists to screen investments across all applicable investment strategies. These exclusion lists include any companies involved in the production or distribution of indiscriminate and controversial weapons, in line with international convention. Additionally, companies whose conduct is in systematic and severe breach of UN Global Compact principles are also excluded from investment consideration. Companies that have a significant part of their business exposed to coal mining and coal powered energy without any public plans for significant reduction are also not considered for investment.

The Investment Manager and the Investment Adviser support all the Principles of the Japan Stewardship Code for responsible institutional investors and seek to fulfil their stewardship responsibilities under the Code. Whilst using both external and internal analysis, the Investment Manager, in consultation with the Investment Adviser, seeks to vote on all investee companies’ matters in line with its responsible investment philosophy with the aim of contributing positively and promoting the sustainable growth and long-term success of investee companies and stakeholders.

The Investment Manager is a signatory/member of the following:

- UN PRI (United Nations Principles for Responsible Investment) to demonstrate commitment to responsible investment. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society.
- IIGCC (Institutional Investors Group on Climate Change), which looks to influence corporations to address long term risks associated with climate change.
- CDP (Carbon Disclosure Project), which looks to influence companies to disclose their carbon footprint and address risks associated with climate change. The project also provides a wealth of environmental data reported by companies.

STRATEGIC REPORT (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) POLICIES (continued)

- TCFD (Task Force for Climate-related Financial Disclosure). The Investment Manager has signed the statement of support for the Financial Stability Board’s Task Force on Climate-related Financial Disclosures. As such as it will make annual disclosures in line with the recommendation in its annual Sustainability Report, outlining its strategy and its targets.

FUTURE PROSPECTS

Please see the Chairman’s Statement on pages 6 to 8 and the Investment Adviser’s Report on pages 9 to 10 for more information on the future prospects of the Company.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires that the Board must act in the way it considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members (i.e. shareholders) as a whole and in doing so, have regard (amongst other matters) to the likely consequences of any decision in the long term; the need to foster the Company’s business relationships with suppliers, customers and others; the impact of the Company’s operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

Promotion of the Success of the Company

As an externally managed investment company, the Company does not have any employees. Instead, key functions are outsourced such as the provision of investment management services to the Investment Manager and other stakeholders support the Company by providing secretarial, administration, depositary, custodial, banking and audit services.

The Board seeks to promote a culture of strong governance and to challenge, in a constructive and respectful way, the Company’s advisers and other stakeholders.

Consideration of Stakeholder Interests

The Directors have regard to the interests of the Company’s stakeholders, which include but are not limited to shareholders and service providers. The Directors have taken steps to understand and assess the impact of the Company’s operations on these stakeholders. The Company recognizes the importance of maintaining positive relationships with all stakeholders.

Ongoing shareholder engagement is vital for the Company’s success and the effective execution of its long-term strategy. The Board is dedicated to cultivating and sustaining positive relationships with shareholders, and actively seeks to consider their interests. This allows the Board to incorporate shareholder views into its strategic decision-making and objectives.

To establish and nurture strong working relationships, the Company invites its key service providers, such as the Investment Adviser, AIFM, and Company Secretary/Administrator, to attend quarterly Board meetings and present their respective reports. This practice ensures effective oversight of the Company’s activities. Additionally, the external auditor is invited to participate in at least one Audit Committee meeting annually. The Chair of the Audit Committee maintains regular communication with the auditor, Investment Adviser, and Administrator to ensure the smooth execution of the audit process.

The Board recognizes the importance of engaging with the Company’s key service providers beyond scheduled meetings. This includes dedicating time to foster working relationships and ensure the seamless operational functioning of the Company.

Furthermore, the AIFM plays a crucial role in the Company’s long-term success by engaging the Investment Adviser to provide investment advisory services. The Board regularly monitors the Company’s investment performance in alignment with its objectives, investment policy, and strategy. The Board receives and reviews periodic reports and presentations from both the AIFM and Investment Adviser, and seeks to maintain regular contact to foster a productive working relationship.

The Directors recognize the importance of environmental stewardship and have taken steps to minimize the Company’s impact on the environment. The Company seeks to invest in environmentally responsible companies and engages with investee companies to encourage sustainable practices.

STRATEGIC REPORT (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

SECTION 172 STATEMENT (continued)

Engagement with Stakeholders

The Company actively engages with its stakeholders to ensure their voices are heard and considered in decision-making processes. This includes regular communication channels, such as annual general meetings, investor presentations, and periodic reports. The Company also encourages feedback from stakeholders and considers their input when making significant decisions.

Directors' Duties and Decision-Making Process

The Directors of the Company have fulfilled their duties by exercising reasonable care, skill, and diligence in the best interests of the Company and its shareholders. They have conducted comprehensive analysis and research when making strategic decisions, considering the potential consequences on stakeholders and the long-term sustainability of the Company.

In conclusion, the Directors are mindful of their duties under Section 172 of the Companies Act 2006 by promoting the success of the Company, considering the interests of stakeholders, and engaging with them in a meaningful way. The Company remains committed to upholding these principles and continuously enhancing its practices to ensure the sustainable growth and prosperity of the Company and its stakeholders.



Noel Lamb
Chairman
22 August 2023



Richard Pavry
Director

DIRECTORS' REPORT AND STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

The Directors are pleased to present their twenty seventh Annual Report and Audited Financial Statements of the Company for the financial year ended 30 April 2023.

PRINCIPAL ACTIVITY

The Company is a Guernsey registered authorised closed-ended investment company with UK investment trust status traded on the London Stock Exchange. The Company has a premium listing in the Official List. Trading in the Company's ordinary shares commenced on 10 May 1996.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that financial year. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

We confirm, to the best of our knowledge, that:

- this Annual Report and Audited Financial Statements, prepared in accordance with IFRS EU and applicable Guernsey law, give a true and fair view of the assets, liabilities, financial position and assesses the Company's position, performance, business model and strategy of the Company; and
- this Annual Report and Audited Financial Statements include information detailed in the Directors' Report, the Investment Adviser's Report and Notes to the Financial Statements, which provides a fair review of the information required by:
 - a) DTR 4.1.8 of the DTR, being a fair review of the Company's business and a description of the principal risks and uncertainties facing the Company;
 - b) DTR 4.1.11 of the DTR, being an indication of important events that have occurred since the beginning of the financial year, the likely future development of the Company, the Company's use of financial instruments and, where material, the Company's financial risk management objectives and policies and its exposure to price risk, credit risk, liquidity risk and cash flow risk.

In the opinion of the Directors, the Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008 (the "Companies Law") and the POI. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with company law applicable in Guernsey. They are also responsible for ensuring that the Annual Report includes information required by the UKLA Listing Rules and the DTR.

The Directors who held office at the date of the approval of the Financial Statements confirm that, so far as they are aware:

- There is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors confirm that these Financial Statements comply with these requirements.

DIRECTORS' REPORT AND STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

In respect of the UK Criminal Finances Act 2017, which has introduced a new corporate criminal offence of "failing to take reasonable steps to prevent the facilitation of tax evasion", the Board confirms that it is committed to zero tolerance towards the criminal facilitation of tax evasion.

PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements of the Company have been prepared in accordance with IFRS EU.

SIGNIFICANT SHAREHOLDINGS

In accordance with the Company's Articles of Association the Directors have the ability to request nominee shareholders to disclose the beneficial shareholders they represent. Based on the information received the following shareholders had a holding in the Company in excess of 3% as at 30 April 2023.

Shareholder	%	Ordinary Shares
1607 Capital Partners	25.28	10,331,009
Allspring Global Investments	14.44	5,900,954
Lazard Asset Management	6.29	2,570,751
Hargreaves Lansdown Asset Management	5.88	2,404,347
Premier Miton Investors	4.23	1,730,000
Interactive Investor	3.71	1,516,806
Canaccord Genuity Wealth Management	3.08	1,258,025

The Company has not received any notifications of changes to the above mentioned holdings from 30 April 2023 to date of approval of the financial statements.

SECRETARY

The Secretary is Northern Trust International Fund Administration Services (Guernsey) Limited.

INDEPENDENT AUDITOR

Grant Thornton Limited were re-appointed as the independent auditor at the Annual General Meeting, and Grant Thornton Limited have indicated their willingness to be re-appointed in office.

Resolutions to re-appointing the Independent Auditor and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

CORPORATE GOVERNANCE AND SHAREHOLDER RELATIONS

Details of the Company's compliance with corporate governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement on pages 31 to 34 and this statement forms part of the Directors' Report.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

The Company has entered into the arrangements necessary to ensure compliance with the AIFM Directive. Following a review of the Company's management arrangements, the Board approved the appointment of Quaero Capital LLP ("Quaero") as the Company's Alternative Investment Fund Manager on the terms of and subject to the conditions of the Investment Management Agreement between the Company and Quaero.

The Board has also appointed Northern Trust (Guernsey) Limited (the "Depositary") to act as the Company's depositary (as required by the AIFM Directive) on the terms and subject to the conditions of a Depositary Agreement between the Company, Quaero and the Depositary.

**DIRECTORS' REPORT AND STATEMENT OF DIRECTORS'
RESPONSIBILITIES (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023**

BOARD ROLES

During the financial year Philip Ehrmann stood down as Chair of the Audit Committee and was replaced as Chair of the Audit Committee by Richard Pavry. Philip Ehrmann would not be seeking re-election to the Board at any forthcoming AGM.

During the financial year Noel Lamb stood down as a member of the Audit Committee. He will remain as Chair of the Board of the Company until his retirement at the Annual General Meeting in December 2023.

There were no other changes to the Board of Directors during the financial year.

INTERNATIONAL TAX REPORTING

For the purposes of the US Foreign Account Tax Compliance Act, the Company registered with the US Internal Revenue Services ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number PYT2PS.99999.SL.831, and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted by Guernsey and which came into effect on 1 January 2016. The Board has taken the necessary action to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.



Noel Lamb
Chairman
22 August 2023



Richard Pavry
Director

DIRECTORS' REMUNERATION REPORT FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

The Board has approved this report, in accordance with the rules covering good communication to shareholders, as opposed to the requirements and format of a typical listed company Directors' Remuneration Report. An ordinary resolution for the approval of this report will be put to the members at the forthcoming annual general meeting.

REMUNERATION COMMITTEE

The Board as a whole fulfils the function of a Remuneration Committee. The Company's Financial Adviser, Corporate Broker and Company Secretary will be asked to provide advice when the Directors consider the level of Directors' fees.

POLICY ON DIRECTORS' FEES

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

The fees for the non-executive Directors are determined within the limits of £200,000 set out in the Company's Articles of Incorporation. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

DIRECTORS' SERVICE CONTRACTS

It is the Board's policy that none of the Directors have a service contract. Directors are appointed initially until the following annual general meeting when, under the Company's Articles of Incorporation, it is required that they be re-elected by shareholders. Thereafter, two Directors shall retire by rotation, or if only one Director is subject to retire by rotation they shall retire. The retiring Directors will then be eligible for reappointment having been considered for reappointment by the Chairman and other Directors. Notwithstanding the foregoing provisions of the Company's Articles of Incorporation, the Board is recommending that all Directors be subject to re-election as laid out in AIC Code at the forthcoming annual general meeting.

DIRECTORS' EMOLUMENTS FOR THE FINANCIAL YEAR

The Directors who served in the financial year are entitled to the following emoluments in the form of fees are listed in the table below:

	Year ended 30 April 2023	Year ended 30 April 2022
Regular fees	£	£
Noel Lamb	36,000	34,000
Richard Pavry	26,000	26,000
Philip Ehrmann	30,000	29,000
Michael Moule	26,000	26,000
Yuki Soga	26,000	21,667
	144,000	136,667

Other than the fixed yearly emoluments listed above the Directors who served during the financial year are entitled to no other short term benefits, long term benefits, post-employment benefits, share based payments or any benefits on termination of their directorship with the Company.

DIRECTORS' INTERESTS

The Directors listed on page 18 are all members of the Board at the financial year end 30 April 2023.

Certain Directors had a beneficial interest in the Company by way of their investment in the ordinary shares of the Company.

DIRECTORS' REMUNERATION REPORT (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

DIRECTORS' INTERESTS (continued)

The details of these interests as at 30 April 2023 and 30 April 2022 are as follows:

	Ordinary Shares 30 April 2023	Ordinary Shares 30 April 2022
Noel Lamb	30,000	30,000
Richard Pavry	40,000	40,000
Philip Ehrmann	50,000	50,000
Michael Moule	50,000	50,000

As at the date of this report, there were no changes to the Directors' interests.

There were no relevant contracts in force during or at the end of the financial year in which any Director had an interest. There are no service contracts in issue in respect of the Company's Directors.

No Directors had a non-beneficial interest in the Company during the financial year under review.

DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

The following summarises the Directors' directorships in other public companies:

Noel Lamb

Company Name
Rockwood Strategic plc

Stock Exchange
London

None of the other Directors held directorships in other public companies during the financial year under review.

APPROVAL

A resolution for the approval of the Directors' Remuneration Report for the financial year ended 30 April 2023 will be proposed at the annual general meeting.

By order of the Board



Noel Lamb
Chairman
22 August 2023



Richard Pavry
Director

CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

INTRODUCTION

The following Corporate Governance statement forms part of the Directors' Report on pages 26 to 28 (DTR 7.2.1). The Board of the Company has considered the principles and provisions of the February 2019 edition of the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses all the principles set out in the UK Corporate Governance Code 2018 (the "UK Code"), as well as setting out additional principles and provisions on issues that are of specific relevance to the Company.

The Company is subject to the Guernsey Financial Services Commission ("GFSC") Code of Corporate Governance (the "GFSC Code") and reports against the AIC Code which is deemed to comply with the GFSC Code.

The Company has complied with the provisions of the AIC Code and the relevant provisions of the UK Code throughout the financial year, except as set out below:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function
- the need to appoint a senior independent director
- the need to appoint a nomination committee or management engagement committee
- the whistle blowing policy

The Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions. The Directors are non-executive and the Company does not have employees, hence no whistle-blowing policy is required. However, the Directors note that the Company's service providers have whistle blowing policies in place.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

THE BOARD

Disclosures under the AIC Code

The Board comprises five independent non-executive Directors including the outgoing Chairman, Noel Lamb. Due to the size of the Company, the nature of its activities and the fact that all of the Directors are independent, the Board does not consider it necessary to appoint a senior independent Director.

The Board has not appointed a remuneration committee but, comprising wholly independent Directors, the whole Board considers these matters regularly. The Board considers agenda items formally laid out in the Notice and Agenda, which are formally circulated to the Board in advance of the meeting as part of the Board papers.

The primary focus at board meetings is a review of investment performance and associated matters such as the discount, redemptions, gearing, asset allocation, marketing and investor relations, peer group information and industry issues. There were five board meetings (1 May 2021-30 April 2022: five), three Audit Committee meetings (1 May 2021-30 April 2022: three) and five other committee meetings (1 May 2021-30 April 2022: six) held during the financial year 1 May 2022 to 30 April 2023. The table below shows the number of formal meetings attended by each Director during the financial year:

Director	Board Meetings Attended	Audit Committee Meetings Attended	Board Committee Meetings Attended
Noel Lamb	5/5	3/3	5/5
Philip Ehrmann	5/5	3/3	1/5
Richard Pavry	5/5	3/3	1/5
Michael Moule	5/5	3/3	3/5
Yuki Soga	5/5	3/3	0/5

CORPORATE GOVERNANCE (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

THE BOARD (continued)

Disclosures under the AIC Code (continued)

Directors are appointed initially until the following annual general meeting when, under the Company's Articles of Incorporation, it is required that they be re-elected by shareholders. Thereafter, two Directors shall retire by rotation, or if only one Director is subject to retire by rotation he shall retire. The retiring Directors will then be eligible for reappointment having been considered for reappointment by the Chairman and other Directors. Not including the outgoing Chairman (see Board Composition note on page 7), the Board is recommending that all eligible Directors be subject to re-election as laid out in AIC Code at the forthcoming AGM.

The Board evaluates its performance and considers the tenure of each Director including the Chairman on an annual basis, and considers that the mix of skills, experience, ages and length of service to be appropriate to the requirements of the Company. The Directors can also provide feedback to the Chairman at the regular quarterly board meetings, audit committee and other committee meetings.

When considering succession planning, the Board bears in mind the balance of skills, knowledge, sector experience and diversity existing on the Board. The Board has noted amendments to the AIC code to strengthen the principle on boardroom diversity following the Davies Report. The Board considers diversity as part of the annual performance evaluation and it is felt that there is a range of backgrounds and each Director brings different qualities to the Board and its discussions. It is not felt appropriate for the Company to have set targets in relation to diversity; candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. A good knowledge of investment management generally, Japanese investment management specifically and investment trust industry matters and sophisticated investor concerns relevant to the Company will nevertheless remain the key criteria by which new Board candidates will be assessed. The Board will recommend when the recruitment of additional non-executive Directors is required. Once a decision is made to recruit additional Directors to the Board each Director is invited to submit nominations and these are considered in accordance with the Board's agreed procedures. The Board may also use independent external agencies as and when the requirement to recruit an additional Board member becomes necessary.

The Board embraces the principles of the AIC Code but, with regard to its provisions concerning Director tenure, is of the opinion that an individual's independence cannot be arbitrarily determined on the basis of a set period of time. The Company's investment objective is to achieve long term capital growth and it benefits from having long serving Directors with a detailed knowledge of the Company's operations to effectively oversee its management on behalf of shareholders. The Company therefore does not impose fixed term limits on Directors' tenure as this would result in a loss of experience and knowledge without any assurance of increased independence. The Board, collectively and individually, firmly believes in the continued independence of its members. The Board confirms that the performance of all Directors has been subject to formal evaluation and that they continue to be effective in their role. The Board firmly recommends to shareholders that all eligible Directors should be re-elected.

There is an agreed procedure for Directors to take independent professional advice if necessary, and at the Company's expense. This is in addition to the access which every Director has to the advice of the Company Secretary. The Company has taken out insurance jointly with QBE and Travelers in respect of the Directors' liability. For the financial year ended 30 April 2023 the charge was £6,859 (30 April 2022: £6,383).

INTERNAL CONTROLS

The Board has delegated the responsibility for the management of the Company's investment portfolio, the provision of depositary services and the administration, registrar and corporate secretarial functions including the independent calculation of the Company's NAV and the production of the Annual Report and Audited Financial Statements. The Annual Report and Audited Financial Statements are also independently reviewed by the Audit Committee. Whilst the Board delegates responsibility, it retains responsibility for the functions it delegates and is responsible for the risk management and systems of internal control. Formal contractual agreements have been put in place between the Company and providers of these services.

The Board directly on an ongoing basis and via its Audit Committee has implemented a system to identify and manage the risks inherent in such contractual arrangements by assessing and evaluating the performance of the service providers, including financial, operational and compliance controls and risk management systems.

CORPORATE GOVERNANCE (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

INTERNAL CONTROLS (continued)

On an ongoing basis compliance reports are provided at each Board meeting from the Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited, and the Audit Committee reviews the Service Organisation Controls (SOC 1) report on this service provider.

The extent and quality of the systems of internal control and compliance adopted by the Investment Manager and the Investment Adviser are also reviewed on a regular basis, and the primary focus at each Board meeting is a review of investment performance and associated matters such as gearing, asset allocation, marketing and investment relations, peer group information and industry issues. The Board also closely monitors the level of discount and has the ability to buy back shares in the market.

The Board believes that it has implemented an effective system for the assessment of risk, but the Company has no staff, has no internal audit function and can only give reasonable but not absolute assurance that there has been no material financial misstatement or loss.

COMMITTEES

The Board has established an Audit Committee which is described below.

The Board has not appointed a Management Engagement Committee or Nomination Committee but has chosen to assess and review the performance of the Board and contractual arrangements with the Investment Manager, Investment Adviser and service providers to the Company on an annual basis by the entire Board who are independent non-executive Directors. Details of the Investment Management Agreement are shown in Note 6 to the Financial Statements.

Audit Committee

The Audit Committee operates within defined terms of reference. The Audit Committee's responsibilities include, but are not limited to (see pages 35 to 37 for more details):

- review of draft annual and interim report and financial statements;
- review of independence, objectivity, qualifications and experience of the auditor; and
- review of audit fees.

The Audit Committee is appointed by the Board and comprises Mr Pavry as Chairman, Mr Ehrmann, Mr Moule and Ms Soga. Philip Ehrmann would not be seeking re-election to the Board at any forthcoming AGM.

In accordance with the AIC Code, the Board has determined that Mr Pavry has recent and relevant financial experience. All other members of the Audit Committee are deemed to have the necessary ability and experience to understand the Financial Statements. For more information on the Audit Committee, including their relevant sector experience, please see page 18.

The incoming Chairman (see Board Composition note on page 7), is also a member of the Audit Committee and in accordance with the AIC Code, the Board has deemed this appropriate as all of the other members of the Audit Committee are independent non-executive Directors and the Chairman may not be the Chairman of the Audit Committee.

The function of the Audit Committee is to ensure that the Company maintains the highest standards of integrity, financial reporting and internal control.

The Audit Committee meets with the Company's external auditor annually to review the Audited Financial Statements.

The Audit Committee meets at least twice a year and may meet more frequently if the Audit Committee deems necessary or if required by the Company's auditor.

The Company's auditor is advised of the timing of the Audit Committee Meetings. The Audit Committee has access to the Compliance officers of the Investment Manager, the Administrator and the Depositary.

The Company Secretary is the Secretary of the Audit Committee and attends all meetings of the Audit Committee.

CORPORATE GOVERNANCE (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

Audit Committee (continued)

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

SHAREHOLDER RELATIONS

The Board monitors the trading activity and shareholder profile on a regular basis and maintains contact with the Company's stockbroker to ascertain the views of shareholders. Shareholders where possible are contacted directly on a regular basis, and shareholders are invited to attend the Company's annual general meeting in person and ask questions of the Board and Investment Adviser. Following the annual general meeting each year the Investment Adviser gives a presentation to the shareholders.

The Company reports to shareholders twice a year and a proxy voting card is sent to shareholders with the Annual Report and Audited Financial Statements. The Registrar monitors the voting of the shareholders and proxy voting is taken into consideration when votes are cast at the annual general meeting. Shareholders may contact the Directors via the Company Secretary. In addition, estimated NAVs are published on a daily basis and monthly factsheets are published on the Investment Manager's website at www.atlantisjapangrowthfund.com.

EVALUATION OF PERFORMANCE OF INVESTMENT MANAGER AND INVESTMENT ADVISER

The investment performance is reviewed at each regular Board meeting at which representatives of the Investment Manager and Investment Adviser are required to provide answers to any questions raised by the Board. The Board has instigated an annual formal review of the Investment Manager and Investment Adviser which includes consideration of:

- performance compared with benchmark and peer group;
- investment resources dedicated to the Company;
- investment management fee arrangements and notice period compared with peer group; and
- marketing effort and resources provided to the Company.

In the opinion of the Directors the continuing appointment of the Investment Manager and Investment Adviser on the terms agreed is in the interests of the Company's shareholders as a whole.

By order of the Board



Noel Lamb
Chairman
22 August 2023



Richard Pavry
Director

AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

On the following pages, we present the Audit Committee's Report, setting out the responsibilities of the Audit Committee and its key activities for the financial year ended 30 April 2023.

The Audit Committee has continued its detailed scrutiny of the appropriateness of the Company's system of risk management and internal controls, the robustness and integrity of the Company's financial reporting, along with the external audit process. The Committee has devoted time to ensuring that controls and processes have been properly established, documented and implemented.

During the course of the financial year, the information that the Audit Committee has received has been timely and clear and has enabled the Audit Committee to discharge its duties effectively.

The Audit Committee supports the aims of the UK Code, the AIC code and the best practice recommendations of other corporate governance organisations and the Association of Investment Companies ("AIC"), and believes that reporting against the revised AIC Code allows the Audit Committee to further strengthen its role as a key independent oversight Committee.

ROLE AND RESPONSIBILITIES

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities. This includes reviewing the financial reports and other financial information before publication.

In addition, the Audit Committee reviews the systems of internal controls on a continuing basis that the Investment Manager and the Board have established with respect to finance, accounting, risk management, compliance, fraud and audit. The Committee also reviews the accounting and financial reporting processes, along with reviewing the roles, independence and effectiveness of the external auditor.

The ultimate responsibility for reviewing and approving the Annual Report and Audited Financial Statements remains with the Board.

The Audit Committee's full terms of reference can be obtained by contacting the Company's Administrator.

Should it be required to take place, Philip Ehrmann would not be seeking re-election to the Board at any forthcoming AGM, and from that date would cease to be a member of the Audit Committee.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board, as a whole, including the Audit Committee members, considers the nature and extent of the Company's risk management framework and the risk profile that is acceptable in order to achieve the Company's strategic objectives. As a result, it is considered that the Board has fulfilled its obligations under the AIC Code.

The Audit Committee continues to be responsible for reviewing the adequacy and effectiveness of the Company's on-going risk management systems and processes. Its system of internal controls, along with its design and operating effectiveness, is subject to review by the Audit Committee through reports received from the Investment Manager, Investment Adviser and Depositary, along with those from the Administrator and external auditor.

The Audit Committee has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Investment Manager, Investment Adviser, Administrator and Depositary provide sufficient assurance that a sound system of risk management and internal control, which safeguards shareholders' investments and the Company's assets, is maintained. An internal audit function is therefore considered unnecessary.

FRAUD, BRIBERY AND CORRUPTION

The Audit Committee has relied on the overarching requirement placed on all service providers under the relevant agreements to comply with applicable law. The Audit Committee reviews the service provider policies and receives a confirmation from all service providers that there have been no instances of fraud or bribery.

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL ISSUES

The Audit Committee assesses whether suitable accounting policies have been adopted. The Audit Committee reviews accounting papers prepared by the Investment Manager and Administrator which provide details on the main financial reporting judgements. The Audit Committee also reviews reports by the external auditor which highlight any issues with respect to the work undertaken on the audit.

AUDIT COMMITTEE REPORT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL ISSUES (continued)

The significant issues considered during the financial year by the Audit Committee in relation to the Financial Statements and how they were addressed is detailed below:

(i) Valuation of Investments:

The Company's investments had a fair value of £81,638,432 as at 30 April 2023 and represent a substantial portion of the assets of the Company. As such this is the largest factor in relation to the consideration of the Financial Statements. These investments are valued in accordance with the Significant Accounting Policies set out in Note 2 (f) to the Financial Statements. The Audit Committee considered the valuation of the investments held by the Company as at 30 April 2023 to be correct from information provided by the Investment Manager, Investment Adviser, Depositary and Administrator on their processes for the valuation of these investments.

(ii) Income Recognition:

The Audit Committee considered the income from investments recorded in the Financial Statements for the financial year ended 30 April 2023. Income from investments is recognised in accordance with the Significant Accounting Policies set out in Note 2 (d). The Audit Committee reviewed information obtained from the Investment Manager and was satisfied that income (excluding net realised and unrealised gains/losses on investments), having arisen solely from dividends declared by listed equities, was correctly stated in the Financial Statements.

(iii) Review of the Financial Statements:

At the request of the Audit Committee, the Administrator confirmed that it was not aware of any material misstatements, including matters relating to Financial Statements presentation. At the Audit Committee meeting to review the Annual Report and Audited Financial Statements, the Audit Committee received and reviewed a report on the audit from the external auditor. On the basis of its review of this report, the Audit Committee is satisfied that the external auditor has fulfilled its responsibilities with diligence and professional scepticism. The Audit Committee advised the Board that these Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Audit Committee will consider and make recommendations to the Board in relation to the appointment and reappointment of the Company's external auditor. The Audit Committee will discuss with the external auditor concerning such issues as compliance with accounting standards and any proposals which the external auditor has made regarding internal auditing procedures.

The Audit Committee is satisfied that appropriate disclosures have been included in the Financial Statements.

EXTERNAL AUDITOR

The Audit Committee has responsibility for making a recommendation on the appointment, reappointment and removal of the external auditor.

During the financial year the Audit Committee received and reviewed the audit plan, audit findings report and audit report from the external Auditor. To assess the effectiveness of the external audit process, the auditor was asked to articulate the steps that they have taken to ensure objectivity and independence, including where the auditor provides non-audit services. The Audit Committee also reviewed the work done during the financial year by the external auditor as part of the audit process and from time to time compares their effectiveness as well as their costs with the benefit of the experience they have had in other investment management houses and relevant contexts. These steps enable the Audit Committee to monitor the auditor's performance, behaviour and effectiveness during the exercise of their duties, which informs the decision to recommend reappointment on an annual basis. The Audit Committee under its terms of reference reviews the appointment and re-appointment of the external auditor typically at its December meeting in advance of the reviewing the audit approach for the Annual Report and Audited Financial Statements.

AUDIT COMMITTEE REPORT (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

EXTERNAL AUDITOR (continued)

The Committee ensures that auditor objectivity and independence are safeguarded by requiring pre-approval by the Committee for all non-audit services provided to the Company, which takes into consideration:

- confirmation from the auditor that they have adequate arrangements in place to safeguard their objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which they are subject;
- the fees to be incurred, relative to the audit fees;
- the nature of the non-audit services; and
- whether the auditor's skills and experience make it the most suitable supplier of such services and whether they are in a position to provide them.

The following table summarises the remuneration paid for services of Grant Thornton Limited during the financial year ended 30 April 2023 and 30 April 2022.

	For the financial year ended 30 April 2023
	£
Annual audit	40,425
	For the financial year ended 30 April 2022
	£
Annual audit	36,750

For any questions on the activities of the Audit Committee not addressed in the foregoing, a member of the Audit Committee will attend each annual general meeting to respond to such questions.

The Audit Committee Report was approved on 22 August 2023 and signed on behalf of the Audit Committee by:



Richard Pavry
Chairman, Audit Committee

DEPOSITARY STATEMENT FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS

Northern Trust (Guernsey) Limited has been appointed as Depositary to Atlantis Japan Growth Fund Limited (the “Company”) in accordance with the requirements of Article 36 and Articles 21(7), (8) and (9) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the “AIFM Directive”).

We have enquired into the conduct of Quaero Capital LLP (the “AIFM”) for the financial year ended 30 April 2023, in our capacity as Depositary to the Company.

This report, including the review provided below, has been prepared solely for the shareholders of the Company. We do not, in giving this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Our obligations as Depositary are stipulated in the relevant provisions of the AIFM Directive and the relevant sections of Commission Delegated Regulation (EU) No 231/2013 (collectively the “AIFMD legislation”).

Amongst these obligations is the requirement to enquire into the conduct of the AIFM and the Company and their delegates in each annual accounting period.

Our report shall state whether, in our view, the Company has been managed in that period in accordance with the AIFMD legislation. It is the overall responsibility of the AIFM to comply with these provisions. If the AIFM or their delegates have not so complied, we, as the Depositary, will state why this is the case and outline the steps which we have taken to rectify the situation.

BASIS OF DEPOSITARY REVIEW

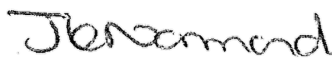
The Depositary conducts such reviews as it, in its reasonable discretion, considers necessary in order to comply with its obligations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the constitutional documentation and the appropriate regulations. Such reviews vary based on the type of company, the assets in which a company invests and the processes used, or experts required, in order to value such assets.

REVIEW

In our view, the Company has been managed during the year, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional document and by the AIFMD legislation; and

(ii) otherwise in accordance with the provisions of the constitutional document and the AIFMD legislation.



For and on behalf of
Northern Trust (Guernsey) Limited
22 August 2023

Type text here

Independent auditor's report
To the members of Atlantis Japan Growth Fund Limited

Opinion

We have audited the financial statements of Atlantis Japan Growth Fund Limited (the 'Company') for the year ended 30 April 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (IFRS EU).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2023 and of the Company's loss for the year then ended;
- are in accordance with IFRSs as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(b) the financial statements, which indicates that a resolution on the continuation of Company will be put to the Company's shareholders as part of the Proposal at the general meetings and AGM. On 11 August 2023 the Board announced that heads of terms had been agreed for the combination of the assets of the Company by way of a Scheme of Reconstruction ('the Scheme'). This reconstruction is subject to shareholder, regulatory and tax approval. As stated in Note 2(b) these events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the determination made by the Board of Directors that the Company is a going concern and hence the appropriateness of the financial statements to be prepared on going concern basis;
- We assessed the Company's worst case scenario and have evaluated the Company's liquidity, solvency and ability to meet its ongoing liabilities as they fall due;
- We obtained management's assessment of going concern and corroborated management's key assertions that the investments held could easily be converted to cash (if required), by review of the frequency of investment trading activity during the year and shortly after the year end;
- We challenged the appropriateness of management's key assertions by challenging the assumptions used including their expectation on the impact of the Russian/Ukraine crisis on the markets; and

- We assessed the disclosures in the financial statements relating to going concern to ensure they were fair, balanced and understandable and in compliance with IAS 1 ‘Presentation of Financial Statements’.

We are responsible for concluding on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

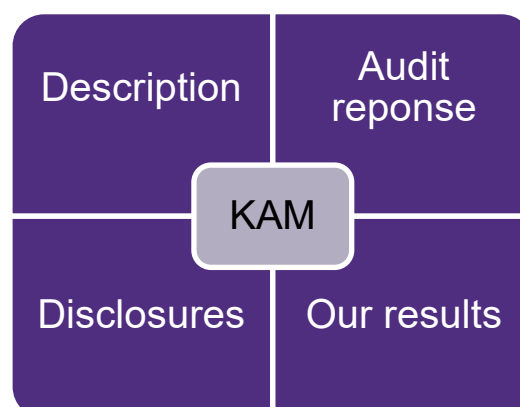
In relation to the Company’s reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting and directors’ identification in the financial statements of any material uncertainties to the entity’s ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

Our approach to the audit

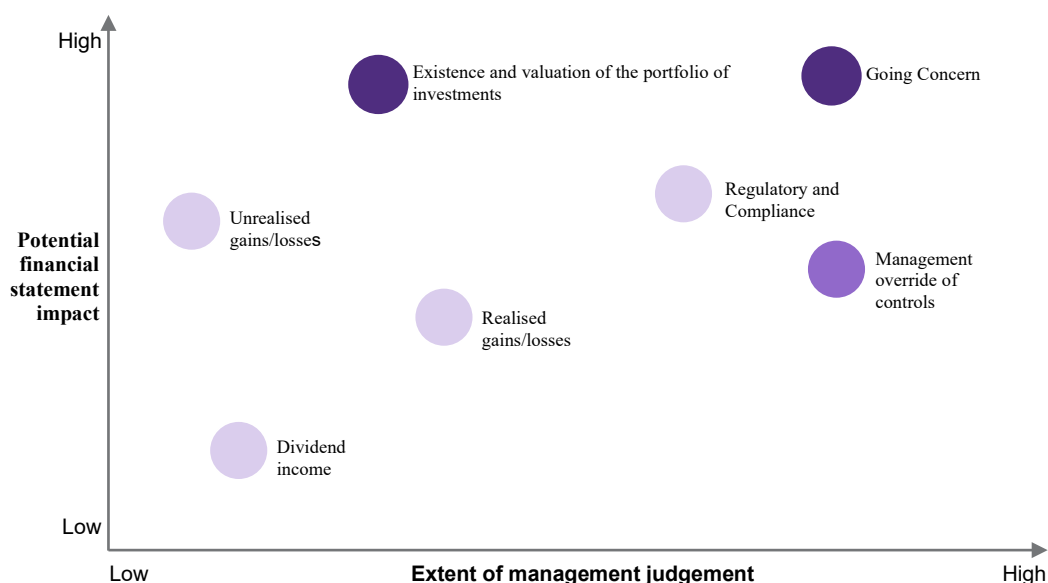
 	Overview of our audit approach Overall materiality: £1,580,637, which represents 2% of the Company’s net asset value as at 30 April 2023. The only key audit matter identified was • Existence and valuation of the portfolio of investments. Our auditor’s report for the year ended 30 April 2022, reflected the same, single key audit matter. Our audit approach is a risk-based audit focused on the investment activities of the Company. There was no change in our approach from prior year.
---	--

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



	Key audit matter		Significant risk		Other risk
--	------------------	--	------------------	--	------------

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to the key audit matters to be communicated in our report;

Key Audit Matter

How our scope addressed the matter

Existence and valuation of the portfolio of investments

The portfolio of investments is fully comprised of quoted investments which are held by an external Custodian and valued using publicly available quoted market prices, in accordance with IFRS 9 *Financial Instruments* and IFRS 13 *Fair Value Measurement*.

Whilst the valuation of these investments is not considered complex, nor does it involve significant judgements and estimates to be made by management, the market value of investments is material to the Company, as they represent 103% of the net asset value as at 30 April 2023 and represent a balance considerably larger than any other reported balance within the Company's financial statements.

In addition, due to the regular/frequent trading of investment positions held by the Company, there is a risk that the reported investment portfolio at the year end, may be misstated.

Due to the financial significance of the investments held at the year-end, an error or misstatement regarding the recognition/inclusion of a single investment could lead to a

In responding to the key audit matter, we performed the following audit procedures:

- o Updated our understanding of the processes, policies and methodologies, and controls in relation to the valuation and measurement of investments and performed tests of the design and implementation of relevant controls.
- o Obtained year-end confirmation from the Custodian confirming the number of shares owned as well as the price per unit used to value the shares at year end.
- o Selected a sample of investment sales and purchases that occurred during the year and agreed the transactions selected to supporting contracts and cash payments/receipts.
- o Performed recalculation of the fair value of all investments using listed prices from an independent source and agree it to the schedule of investments and financial statements.
- o Determined if the listed shares are considered actively traded by analysing the

Key Audit Matter	How our scope addressed the matter
material misstatement within the financial statements. As the risk of potential financial statement impact was considered high, the existence and valuation of the portfolio of investments was considered to be the most significant assessed risk of material misstatement.	trade volumes and trade dates up to the year-end to determine if any price discount should have been applied to determine the fair value. Where applicable, assessed the foreign exchange rate applied to convert the value of all investments to GBP and concluded on whether the foreign exchange rate applied was reasonable in comparison to publicly available rates.

Relevant disclosures in the Annual Report and Audited Financial Statements

- Audit committee report
Financial Statements: note 2(f), Investments held at fair value through profit and loss; note 15, Financial risk management objectives and policies and note 16, Investments held at fair value through profit or loss.

Our results

Based on our work, we did not find any material misstatement relating to the valuation and existence of investments.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

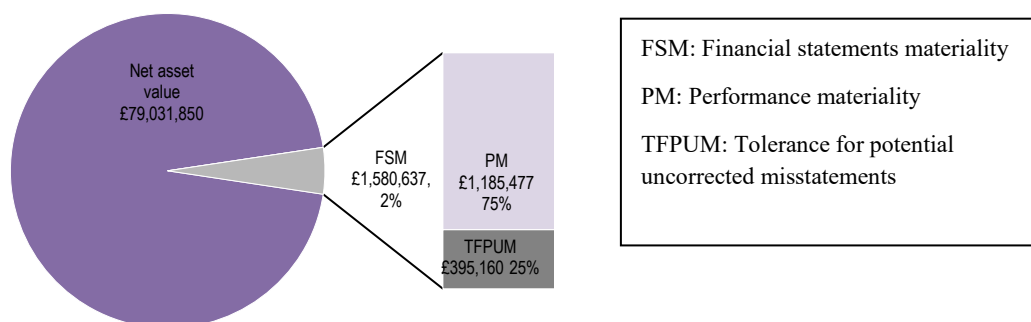
Materiality was determined as follows:

Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£1,580,637 which is 2% of the Company's net asset value as at 30 April 2023.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: ➤ A key performance indicator/metric for users of the financial statements is the net asset value of the Company, specifically the change in net asset value per share. It is indicated in the Strategic Report that the Board considers the change in Net Asset Value as a measure in assessing the Company's success in achieving its objectives. ➤ Significant income and consequently profit/loss for the year is dependent upon the transactions within, and the valuation of, the investment portfolio. ➤ Net asset value is the generally accepted measure used for similar companies within the industry.

Materiality measure	Company
	Materiality for the current year is higher than the level that we determined for the year ended 30 April 2022 (1%) to reflect our assessment of the level judgment / misstatement involving investments.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£1,185,477 which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining materiality, we made the following significant judgements: • No misstatements were identified in the prior year audit and our assessment of the control environment which concluded that there were effective controls around the relevant business processes and financial reporting activities.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Our assessment did not highlight any particular classes of transaction, account balances or disclosures where a lower level of specifically materiality was required.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£79,032 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



An overview of the scope of our audit

The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focused on obtaining an understanding of, and evaluating, internal controls at the Company and the third-party service providers (which included obtaining the System and Organisation Controls (SOC) 1 Report of the Administrator), and inspecting records and documents held by these third-party service providers. The Company engages an investment manager, Quaero Capital LLP, to manage the investment portfolio. We had interaction with the investment manager which included correspondence on Company performance, in completing aspects of our audit work.

We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks. In relation to the KAM described above, the majority of our substantive testing focused on the audit of the investment portfolio and associated disclosures as at the reporting date and the movement in investment holdings during the year. There were no changes in approach from the previous period.

Other information

The other information comprises the information included in the Annual Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Audited Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

The Company has also reported compliance against the GFSC Finance Sector Code of Corporate Governance and the AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code to meet the Company's obligations, as an investment company, under the Listing Rules of the FCA.

Aside from the impact of the matters disclosed in the material uncertainty related to going concern section, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the directors' explanation in the annual report (set out on pages 20 to 22) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet their liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions;
- the directors' statement (set out on page 26) that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- the directors' confirmation in the annual report (set out on page 22) that they have carried out a robust assessment of the principal and emerging risks facing the Company (including the Russian/Ukraine crises and cost of living crises) and the disclosures in the annual report that describe the principal risks, procedures to identify emerging risks and an explanation of how they are being managed or mitigated (including the impact of the Russian/Ukraine crises and cost of living crises);
- the section of the annual report (set out on page 35) that describes the review of the effectiveness of Company's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls; and
- the section of the annual report (set out on pages 35 to 37) describing the work of the audit committee, including significant issues that the audit committee considered relating to the financial statements and how these issues were addressed.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Report and Statement of Directors' Responsibilities [set out on pages 26 to 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the investment industry in which it operates, becoming familiar with applicable laws and regulations. We determined that the following laws and regulations were most significant:
 - IFRS as adopted by the European Union;
 - The Companies (Guernsey) Law, 2008;
 - The Protection of Investors (Bailiwick of Guernsey) Law, 2020;
 - The UK Corporate Governance Code;
 - The Association of Investment Companies (AIC) Code of Corporate Governance and GFSC Finance Sector Code of Corporate Governance.
 - FCA Listing Rules;
 - FCA Disclosure Guidance and Transparency Rules;
 - The Authorised Closed—Ended Investment Scheme Rules and Guidance 2021;
 - The Alternative Investment Fund Managers Directive; and
 - Applicable tax legislation in Guernsey and the United Kingdom.
- We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes and reports prepared for Board meetings and Audit Committee meetings.
- In assessing the potential risks of material misstatements we:
 - Obtained an understanding of the Company's operations, including the nature of its revenue sources and investment operations and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - Obtained an understanding of the applicable statutory provisions;
 - Reviewed the policies and procedures implemented by the Company to review and monitor compliance with its regulatory requirements; and
 - Reviewed compliance reports prepared by the Administrator/Secretary and presented to the Board throughout the year.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We also considered investor focus and management remuneration which may create an incentive for management to manipulate profit. We considered the possibility of fraud through management override and, based on our understanding, we designed and incorporated the following audit procedures into our audit strategy to identify instances of fraud and non-compliance with relevant laws and regulations:

- identifying and assessing relevant controls management has in place to prevent and detect fraud;
 - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
 - As per the engagement partner's assessment, the engagement team collectively have the appropriate competence and capabilities to recognise non-compliance with laws and regulations.

All non-compliance with laws and regulation and fraud were communicated with the engagement team and none of these matters were identified as key audit matters.

- Relevant laws and regulations and potential fraud risks were communicated to all engagement team members. We remained alert of any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the audit committee on 22 March 2023 to audit the financial statements for the year ended 30 April 2023. Our total uninterrupted period of engagement is 4 years covering the periods ended 30 April 2020 to 30 April 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Cyril Swale
For and on behalf of Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

Date: 23 August 2023

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

		30 April 2023			30 April 2022		
Notes		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
	Income						
	Net losses on investments held at fair value						
4	through profit or loss	-	(3,032)	(3,032)	-	(23,473)	(23,473)
	Net gains on foreign exchange	-	9	9	-	46	46
	Dividend income	1,447	-	1,447	1,589	-	1,589
		<u>1,447</u>	<u>(3,023)</u>	<u>(1,576)</u>	<u>1,589</u>	<u>(23,427)</u>	<u>(21,838)</u>
	Expenses						
6	Investment management fees	(834)	-	(834)	(1,107)	-	(1,107)
7	Depositary fees	(74)	-	(74)	(95)	-	(95)
8	Administration fees	(130)	-	(130)	(140)	-	(140)
9	Directors' fees and expenses	(161)	-	(161)	(144)	-	(144)
	Insurance fees	(7)	-	(7)	(6)	-	(6)
	Audit fees	(51)	-	(51)	(43)	-	(43)
	Printing and advertising fees	(13)	-	(13)	(12)	-	(12)
	Legal and professional fees	(129)	-	(129)	(92)	-	(92)
10	Research costs	(129)	-	(129)	(101)	-	(101)
	Miscellaneous expenses	(48)	-	(48)	(89)	-	(89)
		<u>(1,576)</u>	<u>-</u>	<u>(1,576)</u>	<u>(1,829)</u>	<u>-</u>	<u>(1,829)</u>
	Finance cost						
	Interest expense and bank charges	(63)	-	(63)	(21)	-	(21)
	Loss before taxation	(192)	(3,023)	(3,215)	(261)	(23,427)	(23,688)
11	Taxation	(228)	-	(228)	(243)	-	(243)
	Loss for the financial year	(420)	(3,023)	(3,443)	(504)	(23,427)	(23,931)
	Total comprehensive loss for the financial year	(420)	(3,023)	(3,443)	(504)	(23,427)	(23,931)
12	Deficit per ordinary share	£(0.010)	£(0.073)	£(0.083)	£(0.012)	£(0.562)	£(0.574)

In arriving at the result for the financial year, all amounts above relate to continuing activities.

The total column in this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS EU. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

The notes on pages 53 to 71 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

Notes	Ordinary	Share	Revenue	Capital	Capital	Capital	Accumulated	Total
	capital	premium	reserve	reserve/ realised	reserve/ unrealised	reserve/ exchange	other comprehensive income	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balances at 1 May 2022	-	-	(25,841)	91,026	30,342	(14,391)	6,143	87,279
Movements during the financial year								
14 Shares bought into treasury	-	-	-	(958)	-	-	-	(958)
4 Net unrealised loss on investments held at fair value through profit or loss	-	-	-	2,280	(2,280)	-	-	-
Net gain on foreign exchange	-	-	-	(9)	-	9	-	-
18 Distributions to shareholders	-	-	-	(3,846)	-	-	-	(3,846)
Total comprehensive loss	-	-	(420)	(3,023)	-	-	-	(3,443)
Balances at 30 April 2023	-	-	(26,261)	85,470	28,062	(14,382)	6,143	79,032

The notes on pages 53 to 71 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

Notes	Ordinary capital £'000	Share premium £'000	Revenue reserve £'000	Capital reserve/ realised £'000	Capital reserve/ unrealised £'000	Capital reserve/ exchange £'000	Accumulated other comprehensive income £'000	Total £'000
Balances at 1 May 2021	-	-	(25,337)	89,356	60,776	(14,437)	6,143	116,501
Movements during the financial year								
14 Shares bought into treasury	-	-	-	(779)	-	-	-	(779)
4 Net unrealised loss on investments held at fair value through profit or loss	-	-	-	30,434	(30,434)	-	-	-
Net gain on foreign exchange	-	-	-	(46)	-	46	-	-
18 Distributions to shareholders	-	-	-	(4,512)	-	-	-	(4,512)
Total comprehensive loss	-	-	(504)	(23,427)	-	-	-	(23,931)
Balances at 30 April 2022	-	-	(25,841)	91,026	30,342	(14,391)	6,143	87,279

The notes on pages 53 to 71 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2023

Notes	30 April 2023 £'000	30 April 2022 £'000
Non-current assets		
15,16 Investments held at fair value through profit or loss	81,638	91,525
Current assets		
Cash and cash equivalents	105	72
Due from brokers	348	-
Dividends receivable	469	622
Prepaid expenses and other receivables	35	5
	957	699
Current liabilities		
Bank overdraft	(3,042)	(4,605)
Due to brokers	(323)	(107)
Payables and accrued expenses	(198)	(233)
	(3,563)	(4,945)
Net current liabilities	(2,606)	(4,246)
Non-current liabilities	-	-
17 Net assets	79,032	87,279
Equity		
Ordinary share capital	-	-
Share premium	-	-
Revenue reserve	(26,261)	(25,841)
Capital reserve	99,150	106,977
Accumulated other comprehensive income	6,143	6,143
Net assets attributable to equity shareholders	79,032	87,279
17 Net asset value per ordinary share*	£1.93	£2.11

*Based on the Net Asset Value at the financial year end divided by the number of shares in issue: 40,856,070 (30 April 2022: 41,416,570) (see Note 17).

Approved by the Board and authorised for issue on 22 August 2023 and signed on its behalf by:



Noel Lamb
Chairman



Richard Pavry
Director

The notes on pages 53 to 71 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

Notes	30 April 2023 £'000	30 April 2022 £'000 **Restated**
Cash flows from operating activities		
Loss before taxation	(3,215)	(23,688)
Dividend income	(1,447)	(1,589)
<i>Adjustments to reconcile loss before taxation and dividend income to net cash flows from operating activities</i>		
Net realised losses/(gains) on investments held at fair value through profit or loss		
4 loss	752	(6,961)
4 Net unrealised losses on investments held at fair value through profit or loss	2,280	30,434
Interest expense and bank charges	63	21
(Increase)/decrease in due from brokers	(348)	322
Decrease/(increase) in dividends receivable	153	(224)
(Increase)/decrease in prepaid expenses and other receivables	(30)	20
Increase/(decrease) in due to brokers	216	(184)
11 Decrease in payables and accrued expenses	(35)	(11)
Taxation paid	(228)	(243)
	<u>(1,839)</u>	<u>(2,103)</u>
16 Purchase of investments	(48,502)	(55,642)
16 Sale of investments	55,357	57,590
Dividend income	1,447	1,589
	<u>8,302</u>	<u>3,537</u>
Net cash inflow from operating activities	<u>6,463</u>	<u>1,434</u>
Cash flows from financing activities		
Interest paid	(63)	(21)
18 Distributions paid to shareholders	(3,846)	(4,512)
13 (Repayment)/Drawdown of overdraft facility*	(1,563)	3,938
14 Redemptions	(958)	(779)
Net cash outflow from financing activities	<u>(6,430)</u>	<u>(1,374)</u>
Net increase/(decrease) in cash and cash equivalents	33	60
Cash and cash equivalents at beginning of financial year	<u>72</u>	<u>12</u>
Cash and cash equivalents at end of financial year*	<u>105</u>	<u>72</u>

* The 30 April 2022 amounts have been reclassified to conform with the current year presentation of the bank overdraft facility as a financing activity. This change in presentation was done so as to provide more reliable and more relevant information. As an impact the 30 April 2022 accounts have a figure of £3,938,000 representing a drawdown of the overdraft facility during the financial year to 30 April 2022. The Cash and cash equivalents at end of financial year figure has also been adjusted to reflect this reclassification changing from (£4,533,000) to £72,000.

The notes on pages 53 to 71 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

1. GENERAL INFORMATION

Atlantis Japan Growth Fund Limited (the “Company”) was incorporated in Guernsey on 13 March 1996. The Company commenced activities on 10 May 1996. The Company is an authorised closed-ended investment scheme registered and domiciled in P.O. Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands. The Company’s equity shares are traded on the London Stock Exchange.

As an investment trust, the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, it is subject to the UKLA Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules and the rules of the London Stock Exchange.

The Company’s investment objective is to achieve long term capital growth through investing wholly or mainly in listed Japanese equities.

The Company’s investment activities are managed by Quaero Capital LLP (“Investment Manager”) with the administration delegated to Northern Trust International Fund Administration Services (Guernsey) Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

a) Basis of preparation

The Financial Statements of the Company have been prepared in accordance with IFRS EU. The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of investments held at fair value through profit or loss, and in accordance with the Association of Investment Companies (“AIC”) Statement of Recommended Practice (“SORP”) for Investment Trust Companies and Venture Capital Trusts to the extent it is not in conflict with IFRS EU and the Company’s Principal Documents.

The preparation of the Financial Statements in conformity with IFRS EU requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. As at the financial year ended 30 April 2023, the Company, being solely invested in listed equities, did not hold any investment requiring the use of significant estimation to determine their value. There were no other significant estimates for the financial year ended 30 April 2023.

The significant accounting policies adopted are consistent with those of the previous financial year.

New standards not yet adopted

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 May 2022 that had a significant effect on the Company’s Financial Statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on these Financial Statements.

Other accounting standards and interpretations have been published and will be mandatory for the Company’s accounting periods beginning on or after 1 May 2023 or later periods. On review of the future standards and interpretations, the impact of these standards is not expected to be material to the reported results and financial position of the Company.

Critical judgements

The Board consider GBP the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. GBP is the currency in which the Company measures its performance. This determination also considers the competitive environment in which the Company is compared to other European investment products. The presentation currency for these financial statements is GBP.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Going concern

The Board has considered and sought advice on the appropriateness of continuing to prepare the Financial Statements on a going concern basis.

It is worth noting that one option being considered by the Board is in relation to the announcement of the proposed combination of the Company's assets with the assets of NAVF - which would involve a scheme of reconstruction resulting in the voluntary liquidation of the Company, however, material uncertainties exist in relation to this Proposal, including pending shareholder, regulatory and tax approvals.

Notwithstanding the above, a number of attractive options remain available to the Company, and the Board has concluded that it remained appropriate to continue to prepare the Financial Statements on a going concern basis.

Additionally, the Company's assets consist of equity shares in companies listed on recognised stock exchanges and in normal circumstances are realisable within a short timescale. The Board has reviewed the results of stress testing prepared by the Manager in relation to the ability of the assets to be realised in the current market environment. The results of stress testing, which models a sharp decline in market levels, demonstrated that the Company had the ability to raise sufficient funds so as to remain within its debt covenants and pay expenses.

The Company does not have a fixed life. However, a resolution on the continuation of the Company will be put to the Company's shareholders as part of the Proposal at the general meetings and AGM at a date to be notified to shareholders in due course.

Taking the above factors into consideration, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence and discharge its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

On 11 August 2023, the Board announced its agreement in principle of heads of terms for the proposed combination of the assets of the Company with the assets of NAVF, to be implemented, subject to shareholder approval, through a scheme of reconstruction, resulting in the voluntary liquidation of the Company. More detail can be found in the Chairman's Statement on pages 6 to 8, and in the RNS announcement itself. Further information will be set out in a circular to shareholders to be published in due course.

The Board believes that the Proposal is in the best interests of shareholders and will recommend that shareholders vote in favour of the relevant resolutions at the extraordinary general meetings to be held in due course in order to implement the scheme. However, due to the requirements for approvals from shareholders of both companies there can be no certainty of the outcome at the date of this Annual Report and, therefore, there remains material uncertainties on the Proposal obtaining the necessary approvals to be enacted.

Should the Proposal not receive the necessary shareholder or regulatory approvals and should the Continuation Vote to be put to the subsequent AGM also fail to be approved by shareholders the Board believes, from the work carried out during the strategic review, that other attractive options remain available for shareholders in the Japan fund sector which can be pursued. Accordingly the Board has prepared these financial statements on a going concern basis.

c) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

d) Income recognition

Dividend income arising on the Company's investments is accounted for gross of withholding tax on an ex-dividend basis or when the right to receive payment is established.

e) Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Investments held at fair value through profit or loss

(i) Classification and Measurement

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of those financial assets. The portfolio of the financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Company classifies its entire investment portfolio as financial assets or liabilities as fair value through profit or loss. This includes forward currency contracts of which Nil were held at the financial year end (30 April 2022: Nil). All financial assets are mandatorily measured as at fair value through profit or loss with no assets being designated.

The Company's policy requires the Investment Manager and the Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(ii) Recognition and Measurement

Investments are initially recognised at the trade date of purchase. They are included initially at fair value, which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the Statement of Comprehensive Income, and allocated to the capital column of the Statement of Comprehensive Income at the time of acquisition).

Investments are de-recognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Gains and losses on investments are included in the Statement of Comprehensive Income as capital.

(iii) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as transferable securities and financial derivative instruments traded publicly) are based on quoted market prices at the close of trading on the reporting date.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The fair value of financial derivative instruments, that are not exchange-traded, is estimated at the amount that the Company would receive or pay to terminate the contract at the reporting date, taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties. Realised gains and losses on investment disposals are calculated using the weighted average cost method.

g) Due from and due to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

At each reporting date, the Company shall measure the loss allowance on the amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12 month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation,

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Due from and due to brokers (continued)

and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment is more than 90 days past due is considered credit impaired.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

h) Other receivables

Other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

i) Cash and cash equivalents (continued)

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

IAS 7 requires disclosures that:

- Enable users of the financial statements to evaluate changes in liabilities arising from financing activities; and
- Provide a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position is suggested although not mandatory.

These requirements have been met as part of the Statement of Changes in Equity for share capital transactions attributable to holders of ordinary shares and Note 13 (Overdraft Facility).

j) Other payables and accrued expenses

Other payables and accrued expenses are obligations to pay for services that have been acquired in the ordinary course of business. Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

k) Overdraft facility

All borrowings are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable. After initial recognition, all borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account discount or premium on settlement.

The Company's borrowings are denominated in JPY. Gains and losses on foreign exchange on loans are included in the Statement of Comprehensive Income as capital.

l) Foreign currencies

The Company's investments are predominately denominated in JPY. The Company's obligation to shareholders is denominated in GBP and, when appropriate, the Company may hedge the exchange rate risk from JPY to GBP. Therefore, the Company's functional currency is GBP. The Company's presentation currency is GBP.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Foreign currencies (continued)

At each Statement of Financial Position date, assets and liabilities, which are denominated in foreign currencies, are translated into the functional currency at the closing rates of exchange. Transactions involving currencies other than the functional currency are recorded at the exchange rates prevailing on the dates of the transactions. Resulting exchange differences are recognised in profit or loss in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within “Net gains/(losses) on foreign exchange”.

m) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. In addition, the Company incurs withholding taxes imposed by certain countries on dividend and interest income. Such income is recognised gross of the taxes and the corresponding withholding tax is recognised as a tax expense.

The tax currently payable is based on the taxable profit for the financial year. Any taxable profit differs from the net profit, if any, as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company’s liability for current tax is calculated using tax rates that were applicable at the Statement of Financial Position date.

In line with the provisions of the AIC SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the “marginal basis”.

Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. A deferred tax liability is recognised in full for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are enacted or substantively enacted in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

n) Capital reserve

The capital reserve distinguishes between gains/(losses) on sales or disposals and valuation gains/(losses) on investments. The capital reserve consists of realised gains/(losses) on investments, movement in valuation of gains/(losses) on investments and gains/(losses) relating to foreign exchange. This is a distributable reserve which may be utilised for the repurchase of share capital and for distributions to shareholders by way of Dividend.

o) Share premium

Share Premium Account represents the excess of the issue price over the par value on shares issued.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Revenue reserve

Revenue reserve is a distributable reserve and is the undistributed income of the Company.

q) Accumulated other comprehensive income

Historical exchange differences on the translation of assets, liabilities, income and expenses from functional to presentation currency are recognised in accumulated other comprehensive income.

r) Treasury shares

Where the Company purchases its own share capital (whether into treasury or cancellation), the consideration paid, which includes any directly attributable costs (net of income taxes), is recognised as a deduction from equity shareholders' funds through the capital reserve, which is a distributable reserve.

When such shares are subsequently sold or reissued, the consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised as an increase in equity and proceeds from the reissue of treasury shares are transferred to/from the capital reserve.

Shares held in treasury are not taken into account in determining earnings per share detailed in Statement of Comprehensive Income and NAV per share detailed in Note 17.

s) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

t) Ordinary shares

The Company's ordinary shares were redeemable in the capital of the Company at no par value and are classified as equity in accordance with the Company's Articles of Incorporation.

u) Subscriber shares

The Company's subscriber shares are classified as equity in accordance with the Company's Articles of Incorporation. These shares do not participate in the profits of the Company. For more information please see Note 14.

v) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements and disclosed in the Statement of Changes in Equity in the period in which the dividends are approved by the Board.

3. OPERATING SEGMENTS

The Board makes the strategic resource allocations on behalf of the Company and is responsible for the Company's entire portfolio. The Board is of the opinion that the Company is engaged in a single geographic and economic segment business. The asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the Directors for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS EU.

The fair value of the financial instruments held by the Company and the equivalent percentages of the total value of the Company are reported in the Schedule of Investments on pages 15 to 17.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

4. NET LOSSES ON INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 April 2023	30 April 2022
	£'000	£'000
Realised gains on investments held at fair value through profit or loss	8,936	19,240
Realised losses on investments held at fair value through profit or loss	<u>(9,688)</u>	<u>(12,279)</u>
Net realised (losses)/gains on investments held at fair value through profit or loss	<u>(752)</u>	<u>6,961</u>
Unrealised gains on investments held at fair value through profit or loss	11,648	9,256
Unrealised losses on investments held at fair value through profit or loss	<u>(13,928)</u>	<u>(39,690)</u>
Net unrealised losses on investments held at fair value through profit or	<u>(2,280)</u>	<u>(30,434)</u>
Net losses on investments held at fair value through profit or loss	<u>(3,032)</u>	<u>(23,473)</u>

5. RELATED PARTY DISCLOSURE

The Investment Manager, Investment Adviser, Depositary, Administrator and Directors are considered related parties to the Company under IAS 24 as they have the ability to control, or exercise significant influence over, the Company in making financial or operational decisions. See Notes 6 to 9 for details of transactions with these related parties during the financial year ended 30 April 2023.

The Company has an overdraft facility with the Depositary, Northern Trust Guernsey Limited (NTGL). Please see Note 13 for details.

Certain Directors had a beneficial interest in the Company by way of their investment in the ordinary shares of the Company.

The details of these interests as at 30 April 2023 and 30 April 2022 are as follows:

	Ordinary Shares 30 April 2023	Ordinary Shares 30 April 2022
Noel Lamb	30,000	30,000
Richard Pavry	40,000	40,000
Philip Ehrmann	50,000	50,000
Michael Moule	50,000	50,000

The above interests of the Directors were unchanged as at the date of this report.

Remuneration paid to the Directors during the year is detailed in note 9 and in the Directors' Remuneration Report on page 29.

As at 30 April 2023, a family member of the late President of the Investment Adviser held 0 (zero) (30 April 2022: 900,800) ordinary shares of the Company.

6. INVESTMENT MANAGEMENT AND INVESTMENT ADVISER FEES

Under the terms of the Investment Management Agreement, the Investment Manager, Quaero Capital LLP, will continue in office until a resignation is tendered or the contract is terminated. In both circumstances, a resignation or termination must be given with a notice period which must not be less than three months, and be in accordance with the Investment Management Agreement.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

6. INVESTMENT MANAGEMENT AND INVESTMENT ADVISER FEES (continued)

The Company pays to the Investment Manager a fee accrued daily and paid monthly in arrears at the annual rate of 1% of the daily NAV of the Company on the first £125m of net assets, 0.85% on net assets between £125m and £175m and 0.70% on net assets above £175m.

The Investment Adviser Fees are 75% of the total Investment Management Fees and are paid by the Investment Manager.

For the financial year ended 30 April 2023, total investment management fees were £834,431 (30 April 2022: £1,106,750), of which £61,338 (30 April 2022: £71,043) is due and payable as at that date. Of the total investment management fees, £208,608 (30 April 2022: £276,688) was due to the Investment Manager, with £15,334 (30 April 2022: £53,282) payable as at 30 April 2023.

For the financial year ended 30 April 2023, total investment adviser fees were £625,823 (30 April 2022: £830,062), with £46,004 (30 April 2022: £17,761) payable as at 30 April 2023.

7. DEPOSITARY FEES

Under the terms of the Depositary Agreement, fees are payable to the Depositary, Northern Trust (Guernsey) Limited, monthly in arrears, on the Gross Asset Value (Net Asset Value before investment management fees) of the Company as at the last business day of the month at an annual rate of:

<u>Gross Asset Value</u>	<u>Annual Rate</u>
Up to \$50,000,000	0.035%
\$50,000,001 to \$100,000,000	0.025%
Thereafter	0.015%

The Depositary is also entitled to a global custody fee of 0.03% per annum of the NAV of the Company, subject to a minimum fee of \$20,000, and transaction fees as per the Depositary Agreement.

For the financial year ended 30 April 2023, total depositary fees were £74,057 (30 April 2022: £94,579), of which £13,947 (30 April 2022: £18,034) was due and payable as at that date.

8. ADMINISTRATION FEES

Under the terms of the Administration Agreement, the Company pays to the Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited, a fee accrued weekly and paid monthly in arrears at the annual rate of:

<u>NAV</u>	<u>Annual Rate</u>
Up to \$50,000,000	0.18%
\$50,000,001 to \$100,000,000	0.135%
\$100,000,001 to \$200,000,000	0.0675%
Thereafter	0.02%

For the financial year ended 30 April 2023, total administration fees were £129,834 (30 April 2022: £140,342), of which £14,262 (30 April 2022: £21,552) was due and payable as at that date.

9. DIRECTORS' FEES AND EXPENSES

Each of the Directors is entitled to receive a fee from the Company, being £36,000 per annum for the Chairman, £30,000 per annum for the Chairman of the Audit Committee and £26,000 per annum for each of the other Directors. In addition, the Company reimburses all reasonably incurred out-of-pocket expenses of the Directors.

For the financial year ended 30 April 2023, total directors' fees and expenses were £161,278 (30 April 2022: £148,146), of which £13,864 (30 April 2022: £8,910) was due and payable as at that date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

10. RESEARCH COSTS

The Investment Manager has established a research budget whereby the Company will pay for research services independently of trade execution. All transactions are placed and executed on the basis that best execution is achieved. Research costs incurred from 1 May 2022 to 30 April 2023 amounted to £128,770 (30 April 2022: £100,611).

11. TAXATION

The Company is exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and has paid an annual exemption fee of £1,200 (30 April 2022: £1,200), however the Company is subject to UK tax being a UK tax resident to comply with the Section 1158 of the Corporation Tax Act 2010. The main rate of corporation tax in the UK was 19% effective from 1 April 2017 and effective 1 April 2023 the rate will increase to 25%.

	30 April 2023 £'000	30 April 2022 £'000
Irrecoverable overseas tax	228	243
Tax charge in respect of the current year	228	243

Current taxation

The current taxation charge for the financial year is different from the standard rate of corporation tax in the UK. The differences are explained in the following table:

	30 April 2023 £'000	30 April 2022 £'000
Loss before tax	(3,215)	(23,688)
Capital gain for the financial year	3,023	23,427
Revenue loss for the financial year	(192)	(261)
	30 April 2023 £'000	30 April 2022 £'000
Theoretical tax at UK corporation tax rate of 19% (30 April 2022 -19%)	(37)	(50)
Effects of:		
Excess management expenses	80	96
Notional relief for overseas tax suffered	(43)	(46)
Overseas tax written off	228	243
Actual current tax charge	228	243

The Company is an investment trust and therefore is not taxable on capital gains.

Factors that may affect future tax charges

As at 30 April 2023, the Company has excess management expenses of £3,881,495 that are available to offset future taxable revenue. Whilst this represents management's best estimate based on the carried forward balance in the previous financial year of £11,170,418 the estimated value could differ from actual amounts. However, the potential impact is not expected to be significant.

A deferred tax asset has not been recognised in respect of these amounts as they will be recoverable only to the extent that there is sufficient future taxable revenue.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

12. EARNINGS/(DEFICIT) PER ORDINARY SHARE

The earnings/(deficit) per ordinary share figure is based on the loss for the financial year of £3,443,430 (30 April 2022: loss of £23,930,408) divided by the weighted average number of shares (excluding shares held in treasury) in issue during the financial year ended 30 April 2023, being 41,165,951 (30 April 2022: 41,416,570).

	30 April 2023 £'000	30 April 2022 £'000
Net revenue loss	(420)	(504)
Net capital loss	(3,023)	(23,427)
Net total loss	<u>(3,443)</u>	<u>(23,931)</u>
Weighted average number of ordinary shares in issue during the financial year	41,165,951	41,716,040
	£	£
Revenue loss per ordinary share	(0.010)	(0.012)
Capital loss per ordinary share	(0.073)	(0.562)
Total loss per ordinary share	<u>(0.083)</u>	<u>(0.574)</u>

The revenue loss per ordinary share and capital loss per ordinary share figure is based on the net revenue loss for the financial year of £420,341 (30 April 2022: loss of £503,939), the net capital loss of £3,022,089 (30 April 2022: loss of £23,426,469) respectively and 41,165,951 being the weighted average number of shares in issue during the financial year ended 30 April 2023 (30 April 2022: 41,416,570).

13. OVERDRAFT FACILITY

As at 30 April 2023, the Company had drawn down ¥515,993,536 (£3,045,934) on the overdraft facility (30 April 2022: drawn down ¥752,724,992 (£4,609,310)). ¥1,500,000,000 (£8,848,774) is borrowable under the terms of the facility agreement. Under the terms of the facility agreement with NTGL, the Company is required to comply with the following financial covenant:

Borrowings on the accounts in the name of the borrower may not exceed at any time the lesser of (a) 20% of the value of unencumbered, listed and daily priced assets held in custody by the Depositary for the borrower or (b) 100% of any borrowing limit set out in the constitutional documents of such borrower.

The Company complied with all of the above financial covenants during the financial years ended 31 April 2023 and 30 April 2022.

14. SHARE CAPITAL AND SHARE PREMIUM

Authorised

The Company is authorised to issue an unlimited number of ordinary shares of no par value. The Company has issued two subscriber shares for the purposes of incorporation of the Company. The subscriber shares do not participate in the profits of the Company.

The Company may also issue C shares being a convertible share in the capital of the Company of no par value. C shares shall not have the right to attend or vote at any general meeting of the Company. The holders of C shares of the relevant class shall be entitled, in that capacity, to receive a special dividend of such amount as the Directors may resolve to pay out of the net assets attributable to the relevant C share class and from income received and accrued attributable to the relevant C share class for the period up to the conversion date payable on a date falling before, on or after the conversion date as the Directors may determine. There are no C shares currently in issue.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

14. SHARE CAPITAL AND SHARE PREMIUM (continued)

The rights which the ordinary shares confer upon the holders thereof are as follows:

Voting rights

On a show of hands, every member who is present shall have one vote and, on a poll, a member present in person or by proxy shall be entitled to one vote per ordinary share held.

Entitlement to dividends

The Company may declare dividends in respect of the ordinary shares which are paid out of capital reserves. Treasury shares do not confer an entitlement to any dividends declared.

Rights in a winding-up

The holders of ordinary shares will be entitled to share in the NAV of the Company as determined by the Liquidator.

Issued Ordinary Shares

	Number of Shares	Share Capital £'000	Share Premium £'000
In issue at 30 April 2023	<u>40,856,070</u>	<u>-</u>	<u>-</u>
In issue at 30 April 2022	<u>41,416,570</u>	<u>-</u>	<u>-</u>

	Number of Shares 30 April 2023	Number of Shares 30 April 2022
Shares of no par value		
Issued shares at the start of the financial year	41,416,570	41,794,570
Purchase of shares into treasury	<u>(560,500)</u>	<u>(378,000)</u>
Number of shares at the end of the financial year	<u>40,856,070</u>	<u>41,416,570</u>
Shares held in treasury		
Opening balance	5,065,186	4,687,186
Shares bought into treasury during the financial year	<u>560,500</u>	<u>378,000</u>
Number of shares at the end of the financial year	<u>5,625,686</u>	<u>5,065,186</u>

During the financial year ended 30 April 2023, £958,010 of shares were purchased into treasury (30 April 2022: £778,650).

Shareholders are entitled to receive any dividends or other distributions out of profits lawfully available for distribution and on winding up they are entitled to the surplus assets remaining after payment of all the creditors of the Company. The shares redeemed in the current financial year were cancelled immediately.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In accordance with its investment objective and policies, the Company holds financial instruments which at any one time may comprise the following:

- securities held in accordance with the investment objective and policies;
- cash and cash equivalents and short-term receivables and payables arising directly from operations;
- loans used to finance investment activity; and
- derivative instruments for the purposes of efficient portfolio management only.

The financial instruments held by the Company principally comprise equities listed on the stock markets in Japan, including, without limitation, the Tokyo Stock Exchange categorised as Prime, Standard and Growth sections, or the regional stock exchanges of Fukuoka, Nagoya and Sapporo.

The specific risks arising from the Company's exposure to these instruments, and the Investment Manager/Investment Adviser's policies for managing these risks, which have been applied throughout the financial year, are summarised below.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company may not borrow or otherwise use leverage exceeding 20% of its net assets for investment purposes, to settle facilities for specific investments, such as bridge financing. In connection with the facility agreement, the Company has entered into an English law, multicurrency, and revolving overdraft facility with NTGL (see Note 13).

As at 30 April 2023, the Company had a commitment leverage ratio of 1.04:1 and a gross leverage ratio of 1.04:1.

The Company does not have any externally imposed capital requirements apart from the fact that it should not retain more than 15% of income, in order to comply with Section 1158 of Corporation Tax Act 2010. The Company has complied with this requirement.

The Company is a closed-ended investment company. The Company's capital is represented by ordinary shares of no par and each share carries one vote. They are entitled to dividends when declared.

There were 560,500 shares repurchased into treasury during the financial year ended 30 April 2023 (30 April 2022: 378,000).

Market risk

The Company's investment portfolio - particularly its equity investments - is exposed to market price fluctuations which are monitored by the Investment Manager/Investment Adviser in pursuance of the investment objective and policies.

At 30 April 2023, the Company's market price risk is affected by three main components: changes in market prices, currency exchange rates and interest rate risk. Currency exchange rate movements and interest rate movements, which are dealt with under the relevant headings below, primarily affect the fair values of the Company's exposures to equity securities, related derivatives and other instruments. Changes in market prices primarily affect the fair value of the Company's exposures to equity securities, related derivatives and other instruments.

Exceptional risks associated with investment in Japanese smaller companies may include:

- greater price volatility, substantially less liquidity and significantly smaller market capitalisation; and
- more substantial government intervention in the economy, including restrictions on investing in companies or in industries deemed sensitive to relevant national interests.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Market price sensitivity analysis

If the price of each of the equity securities to which the Company had exposure at 30 April 2023 had increased or decreased by 5% with all other variables held constant, this would have increased or decreased profit and net assets attributable to equity shareholders of the Company by:

	30 April 2023	30 April 2022
	+/-	+/-
NAV	£4,081,922	£4,576,274
NAV per share	£0.10	£0.11
Total comprehensive income	£4,081,922	£4,576,274
Earnings per share	£0.10	£0.11

Foreign currency risk

The Company principally invests in securities denominated in currencies other than GBP, the functional currency of the Company. Therefore, the Statement of Financial Position will be affected by movements in the exchange rates of such currencies against the GBP. The Investment Manager/Investment Adviser has the power to manage exposure to currency movements by using forward currency contracts. No such instruments were held as at 30 April 2023 (30 April 2022: None).

It is not the present intention of the Directors to hedge the currency exposure of the Company, but the Directors reserve the right to do so in the future if they consider this to be desirable.

The treatment of currency transactions other than in GBP is set out in Note 2(l) to the Financial Statements.

As at 30 April 2023, the Company has a USD cash exposure in GBP terms of £1,470 (30 April 2022: £4,757).

The Company's net JPY exposure in GBP terms is set out in the following table:

As at 30 April 2023

	£'000
Assets	
Investments held at fair value through profit or loss	81,638
Due from brokers	348
Dividends receivable	469
Total assets	82,455
Liabilities	
Bank overdraft	(3,044)
Due to brokers	(323)
Payables and accrued expenses	(3)
Total liabilities	(3,370)
Total net assets	79,085

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The Company's net JPY exposure in GBP terms is set out in the following table:

As at 30 April 2022

	£'000
Assets	
Investments held at fair value through profit or loss	91,525
Dividends receivable	622
Total assets	92,147
Liabilities	
Bank overdraft	(4,609)
Due to brokers	(107)
Payables and accrued expenses	(4)
Total liabilities	(4,720)
Total net assets	87,427

Foreign currency sensitivity analysis

If the exchange rate at 30 April 2023, between the functional currency and all other currencies had increased or decreased by a 5% currency movement with all other variables held constant, this would have increased or reduced profit and net assets attributable to equity shareholders of the Company by:

	30 April 2023	30 April 2022
	+/-	+/-
NAV	£3,954,331	£4,371,610
NAV per share	£0.10	£0.11
Total comprehensive income	£3,954,331	£4,371,610
Earnings per share	£0.10	£0.11

No benchmark is used in the calculation of the above information. The only foreign currency the Company has a significant exposure to is JPY, hence the above foreign currency sensitivity analysis has not been disclosed on a currency by currency basis.

Interest rate risk

Substantially all the Company's assets and liabilities are non-interest bearing and any excess cash and cash equivalents are invested at short-term market interest rates.

As at 30 April 2023, the Company has a small exposure to interest rate risk regarding the loan facility and cash and cash equivalents.

Increases in interest rates may increase the costs of the Company's borrowings. The rate of interest is the rate per annum equivalent to the Bank of Japan Official base rate plus 1.25% and will be calculated on the amount for the time being outstanding on each account based upon the number of days elapsed and a year of 365 days. The currency base lending rate is subject to a floor of zero. Interest on the loan is payable monthly in arrears. As at 30 April 2023, the interest accrued on the loan was £3,159 (30 April 2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The following disclosures exclude prepayments and taxation receivables and payables:

	Less than 1 month £'000	1 month to 1 year £'000	Total £'000
As at 30 April 2023			
Financial assets			
Cash and cash equivalents	<u>105</u>	<u>-</u>	<u>105</u>
Financial liabilities			
Bank overdraft	<u>(3,042)</u>	<u>-</u>	<u>(3,042)</u>
Net financial assets/(liabilities)	<u>(2,937)</u>	<u>-</u>	<u>(2,937)</u>
	Less than 1 month £'000	1 month to 1 year £'000	Total £'000
As at 30 April 2022			
Financial assets			
Cash and cash equivalents	<u>72</u>	<u>-</u>	<u>72</u>
Financial liabilities			
Bank overdraft	<u>(4,605)</u>	<u>-</u>	<u>(4,605)</u>
Net financial assets/(liabilities)	<u>(4,533)</u>	<u>-</u>	<u>(4,533)</u>

The cash flow interest rate risk comprises those assets and liabilities with a floating interest rate, for example cash deposits at local market rates. Cash and cash equivalents earn interest at the prevailing market interest rate. Although this portion of the NAV is not subject to fair value risk as a result of possible fluctuations in the prevailing market interest rates, the future cashflows of the Company could be adversely or positively impacted by decreases or increases in those prevailing market interest rates.

The fair value interest rate risk comprises those assets and liabilities with a fixed interest rate, for example loans payable and loan interest payable.

Fair value

All assets and liabilities are carried at fair value with the exception of short term receivables and payables and cash and cash equivalents, which are carried at amortised cost.

Short term receivables and payables

Receivables and payables do not carry interest and are short term in nature. They are stated at amortised cost, as reduced by appropriate allowances for irrecoverable amounts in the case of receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising assets or otherwise raising funds to meet financial commitments.

As at 30 April 2023, the Company had drawn down ¥515,993,536 (£3,043,934) on the credit facility (30 April 2022: drawn down ¥752,724,992 (£4,609,310)). In connection with the facility agreement, the Company has entered into an English law, multicurrency, and revolving credit facility with NTGL.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The loan may be used for the following purposes:

- the acquisition of investments in accordance with the investment policy; and
- its working capital requirements in the ordinary course of business.

The loan must be repaid on the earliest of the day on which written demand is made by NTGL for repayment or the day on which an automatic repayment event occurs (such as insolvency).

The Company invests primarily in listed securities which are liquid in nature.

The Company's liquidity risk is managed by the Investment Manager who monitors the cash positions on a regular basis.

The maturity analysis of the Company's financial liabilities (excluding tax balances) is set out in the following table:

	Up to 1 year or on demand £'000	1 to 5 years £'000	Total £'000
As at 30 April 2023			
Financial liabilities			
Bank overdraft	(3,042)	-	(3,042)
Other financial liabilities	(521)	-	(521)
Total financial liabilities	(3,563)	-	(3,563)
As at 30 April 2022			
Financial liabilities			
Bank overdraft	(4,605)	-	(4,605)
Other financial liabilities	(340)	-	(340)
Total financial liabilities	(4,945)	-	(4,945)

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

In accordance with the investment restrictions as described in its prospectus and investment policy (see page 5), the Company may not invest more than 10% of the Company's gross assets in securities of any one company or issuer. However, this restriction shall not apply to securities issued or guaranteed by a government or government agency of the Japanese or US Governments. In adhering to these investment restrictions, the Company mitigates the risk of any significant concentration of credit risk arising on broker and dividend receivables.

As the Company invests primarily in publicly traded equity securities the Company is not exposed to credit risk from these positions. However, the Company will be exposed to a credit risk on parties with whom it trades and will bear the risk of settlement default. The Company minimises concentrations of credit risk by undertaking transactions with a number of regulated counterparties on recognised and reputable exchanges. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on a purchase once the securities have been received from the broker. The trade will fail if either party fails to meet its obligation. The Company is exposed to credit risk on cash and investment balances held with the Depositary. The Investment Manager regularly reviews concentrations of credit risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

All of the cash assets are held with the Northern Trust Company (“NTC”). Cash deposited with NTC is deposited as banker and is held on its Statement of Financial Position. Accordingly, in accordance with usual banking practice, NTC’s liability to the Company in respect of such cash deposits shall be that of debtor and the Company will rank as a general creditor of NTC. The financial assets are held with the Depositary, Northern Trust (Guernsey) Limited.

These assets are held distinct and separately from the proprietary assets of the Depositary. Securities are clearly recorded to ensure they are held on behalf of the Company.

Bankruptcy or insolvency of the Depositary and, or one of its agents or affiliates may cause the Company’s rights with respect to the securities held by the Depositary to be delayed or limited.

NTC is a wholly owned subsidiary of Northern Trust Corporation. As at 30 April 2023, Northern Trust Corporation had a long term rating from Standard & Poor’s of A+ (30 April 2022: A+). Risk is managed by monitoring the credit quality and financial positions of the Depositary the Company uses. Northern Trust acts as its own sub-depositary in the US, the UK, Ireland and Canada. In all other markets Northern Trust appoints a local sub-depositary. Northern Trust continually reviews its sub-depositary network to ensure clients have access to the most efficient, creditworthy and cost-effective provider in each market.

The securities held by the Company are legally held with the Depositary, which holds the securities in segregated accounts, and subject to any security given by the Company to secure its overdraft facilities, the Company’s securities should be returned to the Company in the event of the insolvency of the Depositary or its appointed agents, although it may take time for the Company to prove its entitlement to the securities and for them to be released by the liquidator of the insolvent institution. The Company will however only rank as an unsecured creditor in relation to any cash deposited or derivative positions with the Depositary, their related companies and their appointed agents, and is therefore subject to the credit risk of the relevant institution in this respect.

The assets exposed to credit risk at financial year end amounted to £104,896 (30 April 2022: £71,870).

Fair value hierarchy

The fair value of investments traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the Statement of Financial Position date. The quoted market price used for investments held by the Company is the last traded price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The fair value of investments that are not traded in an active market is determined by using valuation techniques.

For instruments for which there is no active market, the Company may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models may be used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. These instruments would be categorised as level 2.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value hierarchy (continued)

The following table sets out fair value measurements using the IFRS EU 13 fair value hierarchies:

At 30 April 2023

Investments at fair value through profit or loss	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	81,638	-	-	81,638
	81,638	-	-	81,638

At 30 April 2022

Investments at fair value through profit or loss	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	91,525	-	-	91,525
	91,525	-	-	91,525

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 - valued using quoted prices in active markets for identical assets or liabilities.
- Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1.
- Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

16. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 April 2023 £'000	30 April 2022 £'000
Opening book cost	82,932	77,919
Purchases at cost	48,502	55,642
Proceeds on sale	(55,357)	(57,590)
Realised gains	(752)	6,961
Closing book cost	75,325	82,932
Unrealised gains on investments	6,313	8,593
Fair value	81,638	91,525

17. NAV HISTORY

	30 April 2023	30 April 2022	30 April 2021
NAV	£79,031,826	£87,278,759	£116,501,330
Number of Shares in Issue excluding treasury shares	40,856,070	41,416,570	41,794,570
NAV per Ordinary Share	£1.93	£2.11	£2.79

18. DIVIDENDS

All amounts held in the Company's revenue reserve are distributable to shareholders by way of dividends. There are regular quarterly payments of 1% of the company's NAV (based on the average daily NAV in the final month of the financial year). These will be paid in March, June, September and December.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

18. DIVIDENDS (continued)

The Company declared the following dividends during the financial year ended 30 April 2023:

Date	Dividend rate per share (pence)	Dividend (£)	Record date	Ex-dividend date	Pay date
11 May 2022	2.88	1,192,797	27 May 2022	26 May 2022	30 June 2022
17 August 2022	2.15	887,371	26 August 2022	25 August 2022	30 September 2022
16 November 2022	2.15	884,555	25 November 2022	24 November 2022	30 December 2022
21 February 2023	2.15	881,093	03 March 2023	02 March 2023	31 March 2023

19. ONGOING CHARGES

The ongoing charges using the AIC recommended methodology were 1.85% for the financial year ended 30 April 2023 (30 April 2022: 1.65%). Of the £1,576,539 expenses in the Statement of Comprehensive Income, excluded from the calculation of ongoing charges, are £30,000 considered by the Directors to be non-recurring (30 April 2022: £nil).

For further information see Appendix 2 on page 75.

20. EXCHANGE RATES

The following exchange rates were used at the reporting date to convert the assets and liabilities of the Company:

	30 April 2023 GBP	30 April 2022 GBP	30 April 2021 GBP
USD	\$1.2569	\$1.2555	\$1.3846
JPY	¥171.1458	¥162.6627	¥151.3383

The following average exchange rates were used during the financial year to convert the transactions of the Company:

	30 April 2023 GBP	30 April 2022 GBP	30 April 2021 GBP
USD	\$1.2013	\$1.3591	\$1.3195
JPY	¥163.2002	¥154.4499	¥140.0542

21. CHANGES IN THE PORTFOLIO

A list, specifying for each investment the total purchases and sales which took place during the financial year ended 30 April 2023, may be obtained, upon request, at the registered office of the Company.

22. EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the financial year which require adjustment to or additional disclosure in the Financial Statements.

23. EVENTS AFTER THE FINANCIAL YEAR

Philip Ehrmann would not be seeking re-election to the Board at any forthcoming AGM.

There were no other significant events subsequent to the financial year which require adjustment to or additional disclosure in the Financial Statements.

24. ULTIMATE CONTROLLING PARTY

There is no one entity with ultimate control over the Company.

ADMINISTRATION

Directors

Noel Lamb (Chairman)
Richard Pavry (Audit Committee Chairman)
Philip Ehrmann
Michael Moule
Yuki Soga

Registered Office

P.O. Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands
www.atlantisjapangrowthfund.com

Investment Manager, Alternative Investment Fund Manager and Marketing Agent

Quaero Capital LLP
2-4 King Street, London SW1Y 6QL
Telephone no: +44 20-7747-5770
Email: enquiries.uk@quaerocapital.com

Investment Adviser

Atlantis Investment Research Corporation
Hamamatsu-cho Square
Studio 1805
1-30-5 Hamamatsu-cho
Minato-ku
Tokyo 105-0013
Japan

Depositary

Northern Trust (Guernsey) Limited
P.O. Box 71, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3DA, Channel Islands

Administrator and Secretary

Northern Trust International Fund Administration Services (Guernsey) Limited
P.O. Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands
(Telephone: +44 1481-745-001)

Registrar

Computershare Investor Services Limited
13 Castle Street, St. Helier, Jersey JE1 1ES
Channel Islands

Corporate Broker and Financial Adviser

Singer Capital Markets Advisory LLP
One Bartholomew Lane,
London, EC2N 2AX
www.singercm.com

Independent Auditor

Grant Thornton Limited
Saint James Place
Saint James Street, Saint Peter Port, Guernsey, GY1 2NZ
Channel Islands

Company Identifiers

LEI: 5493004IW0LDG0OPGL69
ISIN: GG00B61ND550
SEDOL: B61ND55
Ticker: AJG

APPENDIX 1: SUPPLEMENTARY INFORMATION

PRIIPS KEY INFORMATION DOCUMENT

We are required by the Packaged Retail and Insurance-based Investment Products (“PRIIPs”) regulations introduced at the beginning of 2018 to provide investors with a key information document (“KID”) which includes performance projections which are the product of prescribed calculations based on the Company’s past performance. Whilst the content and format of the KID cannot be amended under the applicable UK law incorporating the EU directive, the Board does not believe that these projections are an appropriate or helpful way to assess the Company’s future prospects.

Accordingly, the Board urges shareholders also to consider the more complete information set out in these Annual Report and Audited Financial Statements, together with the monthly fact sheets and daily net asset value (“NAV”) announcements, when considering an investment in the Company’s shares. These documents, together with a link to some useful third party research coverage of the Company are published at www.atlantisjapangrowthfund.com.

Retail distribution of non-mainstream products

The Company currently conducts its affairs so that its shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA’s rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company’s shares are excluded from the FCA’s restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

GENERAL DATA PROTECTION REGULATIONS

Changes to our Data Privacy Notice

Our Privacy Notice is in alignment with the data privacy law in the European Union, known as the General Data Protection Regulation (“GDPR”) to which we are subject. Data protection and the security of your information always has been and remains of paramount importance to us.

Where a data subject’s details are provided to the Company as a consequence of an investment in the Company, then the Company, acting as a data controller may itself (or through a third party such as the Administrator, the Registrar or the Investment Manager) process that personal data. When processing such personal data, there may also be times where the Investment Manager will act as a data controller.

You are not required to take any action in respect of this notice, but we encourage you to read our Privacy Notice. Our Privacy Notice can be found on our website, www.atlantisjapangrowthfund.com. In the event that you hold your shares as a nominee, we request that you promptly pass on the details of where to find our Privacy Notice to the underlying investors and/or the beneficial owners.

RETAIL DISTRIBUTION OF NON-MAINSTREAM PRODUCTS

The Company conducts its affairs so that its shares can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA’s rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company’s shares are excluded from the FCA’s restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

ADVICE TO SHAREHOLDERS

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our shareholders to be cautious so that they can protect themselves and spot the warning signs.

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they are only making the offer available to you
- ask you to not tell anyone else about it

APPENDIX 1: SUPPLEMENTARY INFORMATION (continued)

ADVICE TO SHAREHOLDERS (continued)

You can avoid investment scams by:

- **Rejecting unexpected offers** – Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high risk investment or a scam.
- **Checking the FCA Warning List** – Use the FCA Warning List to check the risks of a potential investment. You can also search to see if the firm is known to be operating without proper FCA authorisation.
- **Getting impartial advice** – Before investing get impartial advice and don't use an adviser from the firm that contacted you.

If you are suspicious, report it.

- You can report the firm or scam to the FCA by contacting their Consumer Helpline on 0800 111 6768 or using their online reporting form.
- If you have lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk.

For further helpful information about investment scams and how to avoid them please visit www.fca.org.uk/scamsmart.

MANAGING YOUR SHAREHOLDING ONLINE

If your shareholding is held in your own name you will have been allocated a unique Shareholder Reference Number "SRN" which is quoted on your share certificate. All correspondence in respect of your shareholding should be sent to: Computershare Investor Services (Guernsey) Limited, 1st Floor, Tudor House, Le Bordaige, St Peter Port, Guernsey, GY1 1DB. General shareholder queries can also be sent to info@computershare.co.je.

If you wish to register to manage your shareholding online, you can do so by registering on the Computershare Investor Centre website at www.investorcentre.co.uk/je. Investor Centre can also be used to check your current shareholding balance and confirm the details of any transactions. In addition, Investor Centre allows you to securely update your address and change your payment details for any dividend payments.

To register for Investor Centre you will need to select the 'Register' button on the home page which will direct you to the online registration form. You will then be required to enter 'Atlantis Japan Growth Fund Limited' under the Company name and enter your personal Shareholder Reference Number (SRN). UK & Channel Islands resident shareholders should insert a post code, whereas other shareholders should select the appropriate country. You will also be required to enter a security code and accept the terms and conditions.

For security reasons, an activation code will be sent to your registered postal address, should your holding be valued at over £25,000. In the event that your holding is valued under the threshold, no activation code will be necessary and you will be able to view your account information immediately online.

Dividend Tax Allowance

With effect from 6 April 2016 the dividend tax credit was replaced by an annual tax-free dividend allowance. Dividend income in excess of this allowance will be taxed according to your personal income tax bracket. The Company's Registrar will continue to provide shareholders with confirmation of dividends paid; Shareholders should retain such confirmations to enable them to calculate and report total dividend income received. Shareholders should note that it is their sole responsibility to report any dividend income in excess of their annual tax-free allowance to HMRC.

Further information on changes to dividend tax allowance can be obtained from the HMRC website at: <https://www.gov.uk/government/publications/income-tax-changes-to-dividend-taxation>.

APPENDIX 2: ALTERNATIVE PERFORMANCE MEASURES & GLOSSARY OF TERMS

The European Securities and Markets Authority has published guidelines on Alternative Performance Measures (“APMs”). APMs are defined as being a “financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.” The guidelines are aimed at promoting the usefulness and transparency of APMs included in regulated information and aim to improve comparability, reliability and/or comprehensibility of APMs. The following APMs are used throughout the Annual Report and Audited Financial Statements and Notes to the Financial Statements.

NAV per share

The Net Asset Value (NAV) is the value of the investment company’s asset less its liabilities. The NAV per share is the NAV divided by the number of shares in issue. The difference between the NAV per share and the share price is known as the discount or premium.

Mid-market price

The mid-market price is the mid-point between the buy and the sell prices.

Total return index

A total return index is a type of equity performance index that tracks both the capital gains of a group of stocks over time, and assumes that any cash distributions, such as dividends, are reinvested back into the index.

Ongoing charges (APM)

Ongoing charges are the total expenses including both the investment management fee and other costs but excluding performance fees, expressed as a percentage of NAV. The total expenses for the financial year ended 30 April 2023 is £1,547,538 which expressed as a percentage of the weighted average NAV of £83,672,285 is 1.85% (30 April 2022 1.65%).

		30 April 2023	30 April 2022
Management fee (GBP '000)	a	834	1,107
Administrative expenses (GBP '000)	b	743	724
Less: non recurring charges ¹ (GBP '000)	c	(30)	-
Ongoing Charges (GBP '000)	a+b+c	1,548	1,830
Average net assets (GBP '000)	d	83,672	111,156
Ongoing Charges %	(a+b+c)/d	1.85%	1.65%

¹ Consists of professional fees on Company restructuring which are not expected to recur.

For further information see Ongoing Charges note on page 8.

Premium to net asset value (APM)

Premium to net asset value represents the percentage difference by which the Share Price is higher than Net Asset Value per Ordinary share of the Company at the time of calculation. The size of the premium is calculated by subtracting the NAV per share from the Share Price and is usually expressed as a percentage of the NAV per share.

Discount to net asset value (APM)

Discount to net asset value represents the percentage difference by which the Share Price is lower than Net Asset Value per Ordinary share of the Company at the time of calculation. The size of the discount is calculated by subtracting the Share Price from the NAV per share and is usually expressed as a percentage of the NAV per share.

		30 April 2023	30 April 2022
Net asset value (GBP)	a	1.93	2.11
Middle market share price (GBP)	b	1.63	1.85
Discount	(a-b)/a	16%	12.2%

APPENDIX 2: ALTERNATIVE PERFORMANCE MEASURES (continued) & GLOSSARY OF TERMS

Gearing (APM)

Net gearing measures total borrowings less cash and cash equivalents divided by the Fund's Net Asset Value, expressed as a percentage. Under AIC reporting guidelines Due to Brokers and Due From Brokers balances at year end are included in this calculation as cash equivalents.

		30 April 2023	30 April 2022
Borrowings (GBP '000)	a	3,044	4,605
Cash (GBP '000)	b	106	72
Due to Brokers (GBP '000)	c	323	107
Due from Brokers (GBP '000)	d	348	0
Net Asset Value (GBP '000)	e	79,032	87,279
Net gearing	$(a-b+c-d)/e$	3.7%	5.3%

For further information see Gearing note on page 8.

Total Return (APM)

The *Net Asset Value Total Return* demonstrates how the NAV has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders.

The *Share Price Total Return* demonstrates how the share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders.

Year ended 30 April 2023		NAV	Share Price
Opening price at 30 April 2022	a	2.11	1.85
Closing price at 30 April 2023	b	1.93	1.63
Price Movement	$c=(a/b)-1$	-8.2%	-12.2%
Dividend reinvestment ¹	d	4.2%	4.7%
Total Return	c+d	-4.0%	-7.5%

Year ended 30 April 2022		NAV	Share Price
Opening price at 30 April 2021	a	2.79	2.53
Closing price at 30 April 2022	b	2.11	1.85
Price Movement	$c=(a/b)-1$	-24.4%	-26.9%
Dividend reinvestment ¹	d	3.1%	3.5%
Total Return	c+d	-21.3%	-23.4%

¹Net Asset Value Total Return involves investing the net dividend in the NAV of the Company with debt at fair value on the ex-dividend date. Share Price Total Return involves reinvesting the net dividend in the share price of the Company on the ex-dividend date.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document or the action you should take, you should consult immediately your stockbroker, bank manager, solicitor, accountant or other financial adviser, authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or otherwise transferred all of your ordinary shares in Atlantis Japan Growth Fund Limited, please send this document and Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Atlantis Japan Growth Fund Limited

(Company No. 30709)

(The “Company”)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2023 Annual General Meeting of the Company will be held at MYO/Second Floor, 123 Victoria Street, London, SW1E 6DE, UK on 8 December 2023 at 11:00 AM. (“The “Meeting”).

Results of Proxy Voting and a presentation by the Investment Adviser will be available for download from the Company’s website after the AGM.

Resolution on Form of Proxy	Agenda
	To elect the Chairman of the Meeting.
Ordinary Resolution 1	To receive the Annual Report and Audited Financial Statements of the Company for the year ended 30 April 2023.
Ordinary Resolution 2	To receive and adopt the Directors’ Remuneration Report as contained in the Annual Report and Audited Financial Statements of the Company for the year ended 30 April 2023.
Ordinary Resolution 3	To appoint Grant Thornton Limited as Auditor of the Company until the conclusion of the next Annual General Meeting.
Ordinary Resolution 4	To authorise the Board of Directors to determine the Auditor’s remuneration.
Ordinary Resolution 5	To re-elect Richard Pavry as a Director of the Company.
Ordinary Resolution 6	To re-elect Michael Moule as a Director of the Company.
Ordinary Resolution 7	To re-elect Yuki Soga as a Director of the Company.
<i>Special Business</i> Ordinary Resolution 8	THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 315 of the Companies (Guernsey) Law, 2008 (as amended) (the “Companies Law”) to make market acquisitions (within the meaning of section 316 of the Companies Law) of its issued ordinary shares, provided that: i. the maximum number of ordinary shares hereby authorised to be purchased shall be 6,104,837 or that number of ordinary shares which is equal to 14.99 per cent. of the Company’s issued ordinary share capital on 9 August 2023;

- ii. the minimum price which may be paid for an ordinary share is £0.01;
- iii. the maximum price which may be paid for an ordinary share will not exceed the higher of (a) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the 5 consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made; and (b) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 5(6) of the EU Market Abuse Regulation (No. 596 of 2014);
- iv. any ordinary shares purchased may be cancelled or held in treasury;
- v. the authority hereby conferred shall, unless renewed, expire at the conclusion of the Company's AGM in 2024;
- vi. the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of ordinary shares pursuant to any such contract concluded before the authority expired notwithstanding such expiry; and
- vii. any purchase of ordinary shares will be made in the market for cash at prices below the prevailing Net Asset Value per ordinary share.

Ordinary Resolution 9

THAT the Directors of the Company be and are generally and unconditionally authorised in accordance with section 291 of the Companies (Guernsey) Law, 2008 (as amended) to exercise all powers of the Company to issue ordinary shares at a premium to the then prevailing Net Asset Value, up to a maximum number of 4,072,607 ordinary shares (representing 10% of the ordinary share capital on 9 August 2023, provided that such authority shall expire at the conclusion of the Company's AGM to be held in 2024 (save that the Company may prior to the expiry of such period make any offer or agreement which would or might require such ordinary shares to be issued after such expiry and the Directors of the Company may issue such ordinary shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired).

Ordinary Resolution 10

That the Company continue in being as an investment trust.

Special Resolution 1

THAT the pre-emption rights granted to Shareholders pursuant to Article 11.3.1 of the Articles of Incorporation of the Company shall not apply in respect of the issue of up to 4,072,607 ordinary shares (representing 10% of the Company's issued ordinary share capital excluding treasury shares on 9 August 2023, issued at a premium to the then prevailing Net Asset Value, such authority to expire at the conclusion of the Company's AGM to be held in 2024 (save that the Company may prior to the expiry of such period make any offer or agreement which would or might require such ordinary shares to be issued (or sold from treasury) after such expiry and the Directors of the Company may issue (or sell from treasury) such ordinary shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired), unless such resolution is previously revoked by the Company's shareholders by further special resolution.

Any Other Business

By Order of the Board

For and on behalf of
**Northern Trust International Fund Administration
 Services (Guernsey) Limited**
 As Secretary

22 August 2023

Notes

A member of a company is entitled to appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the company. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by them. A proxy need not also be a member of the company. Details of how to appoint the Chairman of the Meeting or another person as proxy using the Proxy Form are set out in the notes to the Proxy Form. The requisite form is attached hereto and must be lodged with the Company's Registrars at: The Pavillions, Bridgwater Road, Bristol, BS99 6ZY at least 48 hours before the time of the Meeting.

ANNUAL GENERAL MEETING – EXPLANATORY NOTES

The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document and Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Although the Company is not a member of the FTSE 350, in accordance with best practice and the recommendations of the AIC Code of Corporate Governance, all Directors will be putting themselves forward for re-election at the forthcoming AGM.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

Ordinary Resolution 9 (Authority to buy back ordinary shares)

The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own ordinary shares. The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares. Any purchase of ordinary shares will be made in the market for cash at prices below the prevailing Net Asset Value per ordinary share.

Under the Listing Rules of the Financial Conduct Authority, the maximum price payable by the Company for each ordinary share is the higher of (i) 105% of the average of the middle market quotations of the ordinary shares for the five dealing days prior to the date of the market purchase and (ii) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 5(6) of EU Market Abuse Regulation (No. 596 of 2014). The Directors are seeking authority to purchase up to 6,104,837 ordinary shares (being 14.99% of the ordinary shares in issue at the date of this document) or 14.99% of the ordinary shares in issue (excluding treasury shares) at 9 August 2023. This authority, unless renewed at an earlier general meeting, will expire at the conclusion of next year's Annual General Meeting.

Purchases of ordinary shares will be made within guidelines established from time to time by the Board and only in accordance with the Companies (Guernsey) Law, 2008 (as amended), the Listing Rules and the Disclosure Guidance and Transparency Rules.

Ordinary Resolution 10 (Continuation vote)

Under its Articles of Association the Company is required to put forward to shareholders a resolution every four years to approve the Company continuing in being as an investment trust.

Subject to the outcome of the recommended Proposal for the reconstruction of the Company announced on 11 August 2023, the Directors believe that the continuance of the Company is in shareholders' interests and therefore recommends that you vote in favour of the resolution at the Annual General Meeting.

As an ordinary resolution, Resolution 10 requires approval by 50% of the Company's shareholders voting in person or by proxy to pass and it is noted that, should shareholders representing 20% or more of those voting in person or by proxy vote against this resolution, the Board will be required to make a statement on further action to be taken subsequent to the vote in order to ameliorate investor concerns.

Special Resolution 1 (Authority to disapply pre-emption rights)

Pursuant to the Articles of Incorporation, Directors require specific authority from shareholders before issuing new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings. Special Resolution 1 empowers the Directors to issue new shares or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, in respect of up to 4,072,607 ordinary shares representing 10% of the Company's issued ordinary share capital excluding treasury shares on 9 August 2023. Unless renewed at a general meeting prior to such time, this authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2024.

The Directors do not intend to issue new ordinary shares pursuant to this authority other than to take advantage of opportunities in the market as they arise and will only do so if they believe that it is advantageous to existing shareholders and when it will not result in any dilution of the Net Asset Value per share (i.e. new ordinary shares will only be issued at a premium to Net Asset Value).

In the case of ordinary shares sold from treasury pursuant to this authority, the sale of ordinary shares will be at a price at no greater discount to the Net Asset Value than that at which they were purchased by the Company.

Resolution 12 will be proposed as a special resolution and will require the approval of not less than 75% of the votes cast at the Annual General Meeting, whether in person or by proxy, in order for it to be passed.

RECOMMENDATION

The Board considers the resolutions to be proposed at the forthcoming Annual General Meeting to be in the best interests of the Company and the members as a whole and recommends that members vote in favour of the resolutions to be proposed at the forthcoming Annual General Meeting, as they intend to do in respect of their own beneficial holdings.

ANNUAL GENERAL MEETING RIDER