

# **Atlantis International Umbrella Fund**

## **Annual Report and Audited Financial Statements**

*For the year ended 31st December 2013*

# **Atlantis International Umbrella Fund**

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*For the year ended 31st December 2013*

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# **Atlantis International Umbrella Fund**

## **Management and Administration**

### **REGISTERED OFFICE**

George's Court  
54 - 62 Townsend Street  
Dublin 2  
Ireland

### **MANAGER**

**Atlantis Investment Management (Ireland) Ltd.**  
George's Court  
54 - 62 Townsend Street  
Dublin 2  
Ireland

### **JOINT SUB INVESTMENT MANAGERS**

**For all sub-funds except the  
Atlantis Japan Opportunities Fund:  
Atlantis Investment Management (Hong Kong) Ltd.**  
Room 3501  
The Centrium  
60 Wyndham Street  
Central  
Hong Kong

**Atlantis Japan Opportunities Fund:  
Atlantis Investment Management Ltd.**  
2nd Floor  
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London EC4N 8AL  
United Kingdom

### **INVESTMENT ADVISER**

**Atlantis Investment Research Corporation**  
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Tokyo 105-0013  
Japan

### **DISTRIBUTOR**

**Atlantis Investment Management Ltd.**  
2nd Floor  
13 St Swithin's Lane  
London EC4N 8AL  
United Kingdom

### **DIRECTORS OF THE MANAGER**

Paul Selway-Swift (British) (Chairman)  
David Dillon (Irish)  
Victor Holmes (British)  
Gerard Morrison (New Zealander)  
Paul McNaughton (Irish) (appointed 28 January 2013)  
Gerry Brady (Irish) (resigned 28 January 2013)  
Joseph Wat (Singaporean)

### **INVESTMENT MANAGER**

**For all sub-funds except the  
Atlantis Japan Opportunities Fund:  
Atlantis Investment Management (Hong Kong) Ltd.**  
Room 3501  
The Centrium  
60 Wyndham Street  
Central  
Hong Kong

**Atlantis Japan Opportunities Fund:  
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Trafalgar Court  
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St Peter Port  
Guernsey GY1 3QL

### **SOLE SUB INVESTMENT MANAGER**

**For all sub-funds except the  
Atlantis Japan Opportunities Fund:  
Atlantis Investment Management Ltd.**  
2nd Floor  
13 St Swithin's Lane  
London EC4N 8AL  
United Kingdom

### **ADMINISTRATOR, REGISTRAR & TRANSFER AGENT**

**Northern Trust International Fund  
Administration Services (Ireland) Ltd.**  
George's Court  
54 - 62 Townsend Street  
Dublin 2  
Ireland

### **GERMAN PAYING AGENT**

**Marcard, Stein & Co AG**  
Ballindamm 36  
20095 Hamburg  
Germany

# **Atlantis International Umbrella Fund**

## **Management and Administration (continued)**

### **TRUSTEE**

**Northern Trust Fiduciary Services (Ireland) Ltd.**  
George's Court  
54 - 62 Townsend Street  
Dublin 2  
Ireland

### **LEGAL ADVISER IN IRELAND**

**Dillon Eustace**  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **LISTING SPONSOR**

to 15th May 2013:  
**NCB Stockbrokers Ltd.**  
George's Court  
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Dublin 2  
Ireland

### **INDEPENDENT AUDITOR**

**Grant Thornton**  
Chartered Accountants and Registered Auditors  
24-26 City Quay  
Dublin 2  
Ireland

### **GOVERNANCE AND MONITORING SERVICE**

**Bridge Consulting Ltd.**  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **LISTING SPONSOR**

from 15th May 2013:  
**Investec Bank plc**  
The Harcourt Building  
Harcourt Street  
Dublin 2  
Ireland

# **Atlantis International Umbrella Fund**

## **Investment Manager's Report Atlantis Asian Fund For the year ended 31st December 2013**

### **Investment Comment**

The Atlantis Asian Fund had another excellent year. With the exception of 2011, the Fund has now outperformed the benchmark each year since 2009. In 2013, the Fund enjoyed a positive return despite a lacklustre Asian stock market. The USD share class of Atlantis Asian Fund was up 8.6% in 2013, compared to the MSCI Far East ex Japan benchmark's return of 1.3% over the same period. Over a 5 year period, the Fund has outperformed the benchmark by 22.5%.

2013 was characterised by two events; one was the expectation that the US Federal Reserve would taper, and the other was the twin deficits in some Asian economies like Indonesia and India. After a strong rally towards the end of 2012, the market consolidated in the first two months of 2013 as it searched for new, positive catalysts. There were none. Instead the strong macroeconomic data coming out of the US, and the open interpretation of US Fed chairman Ben Bernanke's remarks prompted fears that the Fed would start to tighten monetary policy earlier than expected. The result was a sell-off in the middle of March. But that proved short-lived, as US economic data was not as rosy as hoped and the Fed chairman clarified his statement, prompting a brief mini-rally in Asian stock markets. Shortly after, the markets were spooked by the twin deficits, i.e. the current and trade accounts deficit, in Indonesia and India. This caused a sell-off in the Indonesian rupiah and Indian rupee which were then the worst performing Asian currencies. The weak currencies stoked imported inflation with Indonesia as the worst hit, given that the country also cut fuel subsidies at that time. The result was a sharp sell-off in the equities markets. Indonesia fared the worst due to currency and stock market depreciation as interest rates were hiked 175 bps over the year.

The year was also a tale of two regions and two phases. In the first half, ASEAN (Association of Southeast Asian Nations) was the darling of the region, however spooked by Indonesia, its fortunes quickly changed in the second half, and towards the end of the year, the political instability in Thailand further contributed to investor caution. Meanwhile, China fared badly in first half of 2013 due to the weak results and concerns of the banking sector, and bouts of liquidity in the banking system caused the short term interest rate to dramatically increase on several occasions. However, the market observed a twenty per cent rally in the second half, as investors moved from ASEAN markets into China and North Asia. Moreover, Chinese equity markets were fuelled by investors gaining comfort of the reforms for the next five to ten years outlined in the Third Plenary Session of the 18th CPC Central Committee.

### **Outlook and Strategy**

In our view, the global outlook remains bright, with a strong recovery in the US. This, coupled with the stabilisation of the Eurozone and the resurgence in the Japanese economy, should provide a positive backdrop to equities. The consensus is that the US Fed will rein in QE by USD10 billion at every Fed meeting going forward, so we expect a neutral interest rate impact for the next eighteen months, barring any extraordinary events. We believe that given valuation concerns on the developed global markets, Asian equities should see some inflow.

We continue to favour ASEAN markets and cherry pick stocks in China. We believe that ASEAN looks extremely cheap at this point and investors have been overly bearish on the region. In China, as the economy restructures and readjusts, we will continue to watch out for the banks with liquidity issues, meanwhile we plan to invest selectively in renewable energy and 4G capital equipment industries. The Fund remains sensitive to valuation, and we will generally look for opportunities to increase our positions in a sell-off.

*Atlantis Investment Management (Hong Kong) Limited  
January 2014*

# Atlantis International Umbrella Fund

## **Investment Manager's Report Atlantis China Fund**

*For the year ended 31st December 2013*

### **Market Review and Performance**

For the year ended 31st December 2013, the Fund recorded a return of -4.84% compared to the MSCI China Free Index return of +0.4%. This represents a 5.2% underperformance over the year under review.

The start of 2013 was marked by a boost in investors' confidence, partly driven by a last-minute deal avoiding the U.S. fiscal cliff. The overall positive purchasing managers' reports also suggested that the manufacturing sector ended 2012 on an optimistic note. Subsequently, a series of positive trade data results were reported from three of the world's largest economies. China's economy demonstrated robust January export and import data, which surprised the market on the upside. Inflation continued to recede, down to 2% from 2.5% the previous month. However, the rally did not last, as the equity markets were affected by the uncertainty of the Chinese property tightening in February and the announcement of Cyprus's bailout in the last week of March, triggering a fall in the global equity markets at the end of the first quarter.

China's GDP growth moderated to 7.7% in the first quarter, surprisingly missing expectations. Four policies that at first had appeared as designed to promote economic growth: the government anti-corruption campaign, property tightening measures, normalising the monetary policy and the regulation of shadow banking, had become reasons for caution. The result was that investors withdrew their money from Chinese equities in April. This developed into a volatile month as the S&P 500 Index reached a historical high, and little risk appetite was left for Chinese equities. The uncertainty on the outlook of US monetary policy led to more volatility in global equities in May. Despite signs of improvement from the global composite PMI data in May, a further breakdown of the manufacturing and services sector indicated that US manufacturing activity remained weak. June was an eventful month as the prospect of lower levels of liquidity from the US Federal Reserve and the growing concerns on China affected commodity and equity prices, particularly those in the emerging markets. The view that these events could threaten growth prospects caused the Shanghai Composite Index to suffer its steepest drop in over three years, falling 5.3% on 24th June to below 2000. Further, the credit crunch that was already a worry in May became a crisis in June. Skyrocketing short-term money market rates indicated that the country was hit by an unprecedented cash crunch. In July, the People's Bank of China (PBOC) continued to inject liquidity to keep money market rates stable.

China increased the Qualified Foreign Institutional Investor (QFII) quota to US\$150 billion from US\$80 billion, as announced on 12th July. Further, Renminbi Qualified Foreign Institutional Investor Scheme (RQFII) trial locations expanded to Singapore and London, in line with expectations of internationalising the renminbi. This was the fifth time the QFII quota expanded, exceeding expectations with the highest one-time increase of US\$70 billion in history, indicating then that policy makers seemed positive about A-shares' future.

China had contracted the most in a year before the latest rebound in August, reflecting the government's "mini-stimulus" measures introduced in June. China's headline Consumer Price Index (CPI) edged down to 2.6% YoY in August from 2.7% YoY in July. PPI's contraction narrowed further to -1.6% YoY from -2.3% YoY in July. This was well below the official target of 3.5% for headline CPI for 2013. August's new lending edged up to Rmb711 billion from Rmb700 billion in July. Also in August, the National Audit Office (NAO) released findings of the audit report on China's government debt at year end, noting that general government debt reached Rmb27.8 trillion at 2012 year end and Rmb30.3 trillion in 2013 mid-year, about 53% of GDP, and local government debt rose to Rmb17.9 trillion as of June 2013. The government has already made debt controls a 2014 priority. We expect measures containing local government debt to slow infrastructure investment in the next few years, so GDP growth may fall to around 7% by 2015.

The third quarter closed on a high note. September marked two seminal events: on the global stage, Lawrence Summers withdrew his candidacy to be the Chairman of the US Federal Reserve; and, domestically, the first free-trade zone (FTZ) was officially launched on 29 September in Shanghai. A key development, the Shanghai FTZ is a pioneer to a more aggressive reform in China, with the aim to raise China's growth potential through enhancing the role of the private sector and the efficiency of capital resources. A fall in inflationary pressure, stabilising economic growth, and globally-integrating Chinese financial markets generated positive dynamics for the nation, and offered support for the growth momentum leading up to the fourth quarter.

Much of the focus in the fourth quarter was on the 18th Party Congress's 3rd Plenary Session in November. The meeting released a reform proposal, Plan 383, prepared by the Research and Development Centre of the State Council ("DRC").

# **Atlantis International Umbrella Fund**

## **Investment Manager's Report Atlantis China Fund For the year ended 31st December 2013 (continued)**

### **Market Review and Performance (continued)**

The proposal outlined the reform strategy with an effort to “improve the market economic system, transform the government’s administrative functions, and innovate the enterprises’ operating systems”. It also identified eight areas for deeper reforms: i) administrative reform; ii) breaking monopolies; iii) land reform; iv) financial reform; v) fiscal/tax reform; vi) state-owned asset management reform; vii) innovation and environmental protection; and, viii) the opening up of the economy. In a positive sign, we saw initial signs of confidence towards the Chinese market, attracting value investors at this time.

2013 was described as a year with challenges and surprises, pointing to China’s interest rate liberalisation which may not only bring revolutionary changes in rates, yields, banking and policymaking, but also paved the way for a more confident President Xi to push for a wider range of reforms that should sustain growth as the focus shifts from politics to the economy.

The portfolio held 31 stocks by the end of December. The top ten holdings accounted for 63% of the total net asset value and the top 20 for 92%. The portfolio held 84.8% in P-chips, 6.6% in H-shares and 9.5% in Redchips. We have maintained our investment strategy with the combination of top-down sector allocation and bottom-up stock-picking. The buy-and-hold investment approach has consistently held up in 2013, although it has been tested many times when hedge funds have played a big role in shorting small and medium sized companies and privately owned enterprises. The Fund gained 12.9% in the last quarter of 2013, recovering sharply from the year, largely attributable to the increased trading: in particular, we saw gains from our trading in IPOs. The investment sentiment improved substantially during the Third Plenum and the IPO market became active with 19 Chinese company listings.

The Fund had delivered a cumulative return of 449.6% at the end of December since its inception in March 2003, outperforming the MSCI China Free Index by 105.9%. However, the Fund experienced headwinds last year; in August, it traded at its lowest range of Price to Book (PB) and Price to Earnings (PE) ratios in its history. And, as we expected then, the Fund significantly recovered at the end of the year as we believed that our core holdings remained solid, valuable companies of which many had been trading at discounted prices. We are generally confident that 2014 will bring us a renewed sense of optimism as we continue to learn from the past and prepare for the future.

### **Outlook and Strategy**

Looking ahead, we anticipate a tightening bias will be maintained towards monetary policy in quarter 1 2014. Inflation is not a major concern at this stage, but the crackdown on shadow banking will likely intensify, and financial institutions may need to deleverage further. So long as the country’s leadership is comfortable with the current speed of growth, no strong incentive to loosen policies to stimulate growth exists. Low inflation also provides policy support when growth further dampens, which we expect in second quarter 2014.

In its ten years of history, the Fund experienced its biggest challenges in 2013. The write-down of a core holding, China Metal Recycling (Holdings) Ltd. (773 HK), weighed on returns. As we discussed in an earlier newsletter, trading in shares of CMR was suspended on 28th January amid allegations against the company, first by a short-seller, then by the Hong Kong securities regulator. Trading has not resumed. We saw and learnt from the investments that disappointed. We also did some things right, including our overweight in healthcare and consumer brands, our increased exposure towards TMT/internet and alternative energy, our participation in IPOs and our timing of the exit of A-shares. As we look forward to 2014, we think that this could be the year for China to address mounting local government and corporate debt. In turn, the Chinese stock market may remain volatile, reflecting raising debt concerns, and potentially overly optimistic expectations of the reform, but we do not expect a hard landing in growth so major sell-offs would be great buying opportunities. The second half of 2014 may turn brighter than ever, given that China largely underperformed the rest of the world for the past three years. We will increase healthcare exposure to maximum levels in the coming months should a correction occur, and plan to participate in more IPOs for trading gains. We are bullish on healthcare, alternative energy/environmental protection, TMT/internet and property sectors in 2014; our goal is to catch up in performance as we believe that our holdings are resilient with very attractive valuations at present.

*Atlantis Investment Management (Hong Kong) Limited  
January 2014*

# **Atlantis International Umbrella Fund**

## **Investment Manager's Report Atlantis New China Fortune Fund *For the year ended 31st December 2013***

The Fund's portfolio was liquidated in January 2013 and final redemption proceeds were paid to unitholders on 6th February 2013.

*Atlantis Investment Management (Hong Kong) Limited  
January 2014*



# **Atlantis International Umbrella Fund**

## **Investment Manager's Report Atlantis China Healthcare Fund**

*For the year ended 31st December 2013*

### **Market Review and Performance**

For the year ended 31st December 2013 the Fund recorded a return of +38.3%. There is no benchmark for the Fund's strategy but the closest comparison is provided by the CSI 300 Healthcare Sub-Index which was up +26.7% over the period under review in US dollar terms. The Fund outperformed this index by +11.6%. The Fund had an average of 25% exposure to China's A-shares throughout the year.

2013 was a seminal year for the Chinese healthcare industry, benefiting from strong government support. The healthcare sector progressed as favourable regional policies were announced during the year. Healthcare names within the Chinese equities market flourished and the CSI 300 HealthCare Index demonstrated an upward trajectory for yet another year. The Fund enjoyed a strong return due to the outperformance of the core holdings of the portfolio.

Following the 12th Five Year Plan in 2012, laying down the groundwork for the healthcare sector was a key focus for the government in 2013. The Ministry of Health (MoH) started the year by publishing key healthcare tasks for 2013. Detailed objectives were set in order to propel reform of the healthcare system, stimulate healthcare service management and regulate the industry. These concrete steps proved the government's efforts in reforming the healthcare sector in China.

China showed on-going dedication to the healthcare industry as it increased government funding and subsidies to hospitals, marked by the 34.2% in growth for the 2013 budget. The government continued to encourage institutions to raise their service quality, such as granting rewards to hospitals that were being upgraded to Class 3. Private hospitals continued to receive policy support, which aims to narrow the gap between private and public hospitals, so as to provide better healthcare services for the country.

Many policies, initiatives and new guidelines were announced in the first half, having effect in the middle of the year; the MoH released the New Good Supply Practice (GSP), where all pharmaceutical distributors and retailers were required to pass the new GSP by 2016 to remain in the business. The State Council also released guidelines on strengthening and improving the Essential Drug List (EDL) policies and primary care operations. These focused on EDL tender/use/regulation, with the goal to improve the quality of service at primary care institutions and increase fiscal funding. The much anticipated new EDL was also released by the MoH and implemented in May.

The healthcare sector, along with the broader market, observed some pullback mid-year due to the government's vigilant efforts to clean up companies across China with the anti-corruption campaign. The second half commenced with The Evaluation Centre of Drug Pricing, a division within the National Development and Reform Commission (NDRC), announcing that it will investigate ex-factory prices of 33 companies including Sinopharm, Shanghai Pharmaceuticals, Guangzhou Pharmaceuticals and Fosun, as well as the cost structure of 27 companies including Sino Biopharmaceuticals' two major subsidiaries. In our view, the increased government role in the healthcare reform could improve policy implementation and efficiency, thus representing a significant step towards the "Great Ministry of Health (大卫生部)" structure.

Investor sentiment towards healthcare names was strong throughout the year, even with the dip caused by the anti-corruption campaign. Marking China's plan for the industry, the State Council announced in the fourth quarter that the country plans to increase the size of the healthcare services industry to over Rmb8 trillion by 2020. Based on this broad figure, the 2020 target size could suggest an annual growth rate of 22.9% for the healthcare services industry. An encouraging sign, we have always been bullish on the long term growth of the services industry given the aging population, growing government healthcare spending, expanding and deepening insurance coverage, rising disposable income and a growing health consciousness.

# **Atlantis International Umbrella Fund**

## **Investment Manager's Report Atlantis China Healthcare Fund For the year ended 31st December 2013 (continued)**

### **Market Review and Performance (continued)**

Our outperformance over the CSI 300 Healthcare Sub-Index was the result of our stock selection in our core holdings: China Medical System (867 HK), up 38.2%; Shandong Weigao (1066 HK), up 35.7%; Bloomage Biotech (963 HK), up 303.8%; Yunnan Baiyao (00538 CH), up 50.0%; and Magic Holdings (1633 HK), up 73.0%. Given the strong fundamentals and market leading position of these names, we see regular buying of these stocks and remain confident on the long-term investment prospects of our stock selection within the sector. We are pleased to see the Fund's performance in 2013 has demonstrated that our investment strategy in the Chinese healthcare sector has been successful.

The Fund held 28 stocks at the end of 2013 with 71.6% Hong Kong listed names, 25.8% A-shares, 0.5% US-listed names and 4.3% S-chips. The Fund has outperformed the CSI 300 and MSCI China Free Index for three consecutive years, reflecting positively on our investment expertise in finding high growth opportunities within the healthcare industry while staying defensive amid market volatilities.

### **Outlook and Strategy**

Looking ahead to 2014, we think that firstly, the anti-corruption campaign is subsiding, reinforcing investor confidence; secondly, the revision of the National Drug Reimbursement List (NDRL) will be key over the next few years with upcoming tenders in major provinces also affecting investor sentiment, with a downward pressure on prices and an upward lift on volume; and finally, investors could be more patient on negative policies such as insurance budget control. After the rally in 2H13, the Chinese healthcare Price to Earnings Ratio (P/E) has reached one standard deviation above the historical average, though still below its peak in 2008. However, without a major sector rotation, we do not anticipate significant downside, given the sector's strong fundamentals.

We do not expect policy uncertainty to have a major negative impact on investor sentiment. The accelerating tendering progress, stable patient traffic and healthy high-teen earnings growth should keep the industry at a reasonably high valuation. Although profit margins of some manufacturers may face rising pressures in 2014 due to tenders, large drug makers with differentiated products and a diversified portfolio should see limited downside risks, in our view. We foresee some provincial tenders for EDL drugs after the local government release of the new version of provincial EDL. We will keep an eye out for these possible events: i) EDL drug tendering and essential drugs' promotion in high-tier hospitals; ii) accelerating provincial tendering of non-EDL drugs, especially in large provinces like Guangdong; iii) potential price cuts on MNC drugs; iv) NDRC price cuts on TCM products; v) continued government initiatives in terms of insurance budget controls; and vi) potentially more NDRL drugs, crucial for growth in the next five years.

*Atlantis Investment Management (Hong Kong) Limited  
January 2014*

# **Atlantis International Umbrella Fund**

## **Investment Manager's Report Atlantis Japan Opportunities Fund *For the year ended 31st December 2013***

### **Performance**

For the fiscal year ended December 2013, the Fund advanced 55.72% compared with an increase of 24.09% for the TOPIX which includes all First Market stocks. The Fund was also ahead of the Tokyo Second Market which was up 17.99%. Note all of the above figures are calculated in US dollars. In Japanese yen terms the Fund rose 90.21%, which compares with a gain of 51.46% for the TOPIX. The Japanese yen weakened by 22.15% from JPY86.11/US\$1 as at end of December 2012 to JPY105.185 at end of December 2013. The weaker yen had a negative impact on the Fund.

The Fund is currently holding only listed Japanese equities, excluding cash which accounts for 3.56% of total NAV. The Fund has not hedged the currency and has no exposure to bonds, convertible bonds, warrants, or derivatives, and has no borrowings.

The year began with high hopes that the new Prime Minister, Mr. Shinzo Abe, would take a series of measures to improve the economy, and this is exactly what happened. Interest rates remained low, the Bank of Japan under the leadership of the new Governor, Mr. Kuroda, continued to pump money into the system, the yen continued to weaken, exports slowly recovered, earnings moved higher, industrial production moved into positive territory, and the GDP expanded.

The market moved steadily higher during the first five months of the year, then experienced some consolidation during the summer, and then moved higher in the final three months of the year. The Nikkei 225, the mostly widely used index, hit an eight year high.

The Fund continued to buy and hold mostly growth stocks, cyclical growth stocks and a few recovery situations. The Fund avoided exposure to heavy industry/old Japan companies including shipbuilding, iron and steel, nonferrous metals, utilities, etc., and concentrated mostly on service, information & communication, miscellaneous finance, electrical machinery, machinery and domestic companies expected to benefit from the expanding economy. Exposures to real estate, pharmaceutical and wholesale were reduced.

### **Portfolio Activity**

Major sales during the year included some of the following: Colopl, Chiome Bioscience, JMS, Macromil and K's Holdings. Our major purchases included some of the following: Aucfan, Internet Initiative Japan, Uni-Charm, Broadleaf and Obara Group. At the end of the year the Fund had 45 holdings, which compares with 43 at the end of the previous year. Since we at times buy medium sized and smaller stocks, we think it important not to have too concentrated a portfolio and therefore usually restrict ourselves to no more than 4-5% in any one stock, although there can be some exceptions since we like to let our better performing issues run for a while before we reduce our exposure back down to 4-5% or even less in some cases. Our biggest ten holdings account for 35.8% of the portfolio.

### **Market Outlook and Strategy**

The current government under the leadership of Prime Minister Abe has been pushing the economy toward higher growth, which in turn should help to lift corporate earnings. For the fiscal year ending this coming March, we are projecting corporate earnings growth of around 60% and we are looking for earnings expansion of 10-20% for the following year.

We expect positives to include a continuation of current monetary and fiscal policy. We additionally expect interest rates to remain low and also expect the Bank of Japan to continue to buy government bonds, industrial production to continue to recover, consumer spending to remain steady to higher, private capital investments to grow, especially during the second half of the current fiscal year, growing exports, strong housing starts, a sideways-to-slightly weaker yen, an improving US economy, better economic growth in Europe, improving growth prospects in China and Southeast Asia and steady-to-higher stock prices in major world markets.

As always there are some possible challenges, including a stronger yen, slowing GDP growth in China, a disappointing world economy, net selling by domestic investors, geopolitical problems, especially territorial problems between Japan and China, and weakness in major stock markets. However, at this time, we think most of the above unlikely.

# **Atlantis International Umbrella Fund**

## **Investment Manager's Report Atlantis Japan Opportunities Fund For the year ended 31st December 2013 (continued)**

### **Market Outlook and Strategy (continued)**

One very important topic, not mentioned above, is the expected negative impact from the hike in the Japanese consumption tax to 8% from 5% scheduled for April 1st. At present we think that there will be a rush of buying by consumers during the next few months and then lower consumer spending during the April-June period, followed by some recovery during the following quarter and strong growth during the October to March 2015 period.

Given the above, at this time we remain optimistic on the market outlook and are also encouraged by the fact that valuations remain reasonable, in some cases very low. We are finding, buying, and holding many stocks which we expect to do well over the next 1-2 years or longer.

Our basic strategy remains unchanged. We will continue to visit a large number of companies in all kinds of businesses in the hope of finding attractive firms with above average earnings growth prospects over the coming few years or longer. We will continue to place stress on medium to long term top and bottom line growth potential. We want exposure to well-run companies where management cares about shareholders, is focused, and pays attentions to long term trends. We pay special attention to return on equity (ROE), management, direction of operating profit margins, projected price to earnings ratio (PER) for the next several years, free cash flow, book value per share, historic record and competitive power. We are always asking ourselves what can go wrong, what will most impact earnings growth over the coming few years?

We would like to thank all of our unit holders for their support during 2013 and wish everyone the best for 2014, the Year of the Horse.

**AFMG Limited  
January 2014**

# Atlantis International Umbrella Fund

## Report of the Trustee to the Unitholders

We have enquired into the conduct of the Manager in respect of the Atlantis International Umbrella Fund (the "Trust") for the year ended 31st December 2013, in our capacity as Trustee to the Trust.

This report, including the opinion, has been prepared for, and solely for, the unitholders in the Trust as a body, in accordance with the Central Bank's UCITS (Undertakings for Collective Investment in Transferable Securities) Notice 4, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### **Responsibilities of the Trustee**

Our duties and responsibilities are outlined in the Central Bank's UCITS Notice 4. One of those duties is to enquire into the conduct of the Trust in each annual accounting period and report thereon to the unitholders.

Our report shall state whether, in our opinion, the Trust has been managed in that period in accordance with the provisions of the Trust's Trust Deed and the UCITS Regulations. It is the overall responsibility of the Manager to comply with these provisions. If the Manager has not so complied, we as Trustee must state why this is the case and outline the steps which we have taken to rectify the situation.

### **Basis of Trustee Opinion**

The Trustee conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Notice 4 and to ensure that, in all material respects, the Trust 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 Trust's constitutional documentation and the appropriate regulations.

### **Opinion**

In our opinion, the Trust 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 Manager and the Trustee by the Trust Deed and by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, (the "Regulations"); and
- (ii) otherwise in accordance with the provisions of the Trust Deed and the Regulations.

**Northern Trust Fiduciary Services (Ireland) Limited**  
**George's Court**  
**54-62 Townsend Street**  
**Dublin 2**

15 April 2014



# **Atlantis International Umbrella Fund**

## **Independent Auditors' Report to the Unitholders**

*For the year ended 31st December 2013*

We have audited the financial statements of Atlantis International Umbrella Fund (the "Fund") on pages 15 to 55 for the year ended 31st December 2013 which comprise the Portfolio Statement, the Balance Sheet, the Profit and Loss Account, the Statement Changes in Net Assets Attributable to Holders of Redeemable Participating Shares and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland).

### **Respective Responsibilities of the Manager and Auditors**

In preparing the financial statements the Managers have assumed responsibility to:

- prepare the annual report and audited financial statements in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by Chartered Accountants Ireland ("CAI"), the European Union (Undertakings for Collective Investment In Transferable Securities) (Amendment) Regulations 2012 ("UCITS Notices") and the Listing Rules of the Irish Stock Exchange.
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will continue in operation

Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Trust's Unitholders, as a body, in accordance with Section 193 of the Companies Act, 1990 and the UCITS Notices issued by the Central Bank of Ireland, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the Financial Statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Trust's affairs as at 31st December 2013, and of its results for the year then ended, and
- have been properly prepared in accordance with the requirements of the Trust Deed, and the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2012.

# **Atlantis International Umbrella Fund**

## **Independent Auditors' Report to the Unitholders (continued)**

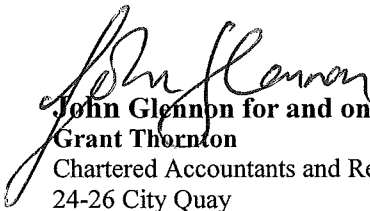
*For the year ended 31st December 2013*

### **Matters on which we are required to report by the Companies Acts 1963 to 2013**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the Company.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of the directors' remuneration and transaction specified by law are not made.



**John Glennon for and on behalf of:**

**Grant Thornton**

Chartered Accountants and Registered Auditors

24-26 City Quay

Dublin 2

15 April 2014

# Atlantis International Umbrella Fund

## Atlantis Asian Fund Portfolio Statement As at 31st December 2013

| Holdings                                    | Financial assets at fair value through profit or loss | Currency | Fair Value<br>US\$ | % of<br>Net Assets |
|---|---|----------|--------------------|--------------------|
| <b>Equities (2012: 97.98%)</b>              |   |          |                    |                    |
| <b>Basic Materials (2012: 6.08%)</b>        |   |          |                    |                    |
| 10,888,000                                  | Delta Dunia Makmur                                    | IDR      | 81,414             | 0.40               |
| 4,088                                       | OCI   | KRW      | 739,857            | 3.63               |
| 1,888                                       | Posco   | KRW      | 583,207            | 2.86               |
| 1,088,000                                   | Xingda International                                  | HKD      | 644,057            | 3.16               |
| <b>Total Basic Materials</b>                |   |          | <b>2,048,535</b>   | <b>10.05</b>       |
| <b>Communications (2012: 7.70%)</b>         |   |          |                    |                    |
| 1,088,000                                   | ECS   | SGD      | 581,335            | 2.85               |
| 1,188,000                                   | Indosat   | IDR      | 405,111            | 1.99               |
| 8,832,000                                   | SIM Technology  | HKD      | 370,190            | 1.81               |
| <b>Total Communications</b>                 |   |          | <b>1,356,636</b>   | <b>6.65</b>        |
| <b>Consumer, Cyclical (2012: 17.61%)</b>    |   |          |                    |                    |
| 2,888,000                                   | Boshiwa International†                                | HKD      | 171,332            | 0.84               |
| 3,488,000                                   | GOME Electrical Appliances                            | HKD      | 643,273            | 3.15               |
| 7,669,100                                   | Malaysian Airline System                              | MYR      | 725,819            | 3.56               |
| 2,388,000                                   | Maoye International                                   | HKD      | 428,087            | 2.10               |
| 688,000                                     | Parkson Retail  | HKD      | 211,178            | 1.04               |
| 5,188,000                                   | Ramayana Lestari Sentosa                              | IDR      | 447,609            | 2.20               |
| 888,000                                     | Sinotruk Hong Kong                                    | HKD      | 495,888            | 2.43               |
| 538,000                                     | Thai Airways International                            | THB      | 225,940            | 1.11               |
| <b>Total Consumer, Cyclical</b>             |   |          | <b>3,349,126</b>   | <b>16.43</b>       |
| <b>Consumer, Non-cyclical (2012: 8.77%)</b> |   |          |                    |                    |
| 8,888,000                                   | Adi Sarana Armada                                     | IDR      | 200,838            | 0.99               |
| 888,000                                     | Biosensors International                              | SGD      | 586,939            | 2.88               |
| 764,400                                     | China Agri-Industries                                 | HKD      | 379,546            | 1.86               |
| 338,000                                     | Malee Sampran   | THB      | 308,582            | 1.51               |
| 888   | NongShim  | KRW      | 210,777            | 1.03               |
| <b>Total Consumer, Non-cyclical</b>         |   |          | <b>1,686,682</b>   | <b>8.27</b>        |
| <b>Diversified (2012: 1.60%)</b>            |   |          |                    |                    |
| 788,000                                     | Tianjin Development                                   | HKD      | 593,501            | 2.91               |
| <b>Total Diversified</b>                    |   |          | <b>593,501</b>     | <b>2.91</b>        |



# Atlantis International Umbrella Fund

## Atlantis Asian Fund Portfolio Statement *As at 31st December 2013 (continued)*

| Holdings                                   | Financial assets at fair value through profit or loss | Currency | Fair Value<br>US\$ | % of<br>Net Assets |
|--|---|----------|--------------------|--------------------|
| <b>Equities (2012: 97.98%) (continued)</b> |   |          |                    |                    |
| <b>Energy (2012: 2.52%)</b>                |   |          |                    |                    |
| 1,688,000                                  | Esso Thailand   | THB      | 308,217            | 1.51               |
| 2,688,000                                  | GCL Poly Energy                                       | HKD      | 828,533            | 4.06               |
| 488,000                                    | Termbray Petro-King Oilfield Services                 | HKD      | 257,410            | 1.26               |
| <b>Total Energy</b>                        |   |          | <b>1,394,160</b>   | <b>6.83</b>        |
| <b>Financial (2012: 10.50%)</b>            |   |          |                    |                    |
| 8,888,000                                  | Agung Podomoro Land                                   | IDR      | 157,019            | 0.77               |
| 3,888,000                                  | Ananda Development                                    | THB      | 224,808            | 1.10               |
| 4,888,000                                  | Bekasi Fajar Industrial Estate                        | IDR      | 178,731            | 0.88               |
| 559,500                                    | China Galaxy Securities                               | HKD      | 489,229            | 2.40               |
| 2,388,000                                  | Minmetals Land  | HKD      | 314,136            | 1.54               |
| 495,020                                    | NBB Investment  | VND      | 356,687            | 1.75               |
| 3,188,000                                  | Pembangunan Jaya Ancol                                | IDR      | 256,717            | 1.26               |
| <b>Total Financial</b>                     |   |          | <b>1,977,327</b>   | <b>9.70</b>        |
| <b>Industrial (2012: 37.55%)</b>           |   |          |                    |                    |
| 1,188,000                                  | Beijing Capital International Airport                 | HKD      | 926,946            | 4.55               |
| 6,888,000                                  | Berlian Laju Tanker†                                  | SGD      | -                  | -                  |
| 1,688,000                                  | China Automation                                      | HKD      | 380,972            | 1.87               |
| 1,088,000                                  | China Shanshui Cement                                 | HKD      | 465,854            | 2.28               |
| 338,880                                    | India Cements   | INR      | 328,991            | 1.61               |
| 23,880                                     | Lumens  | KRW      | 227,407            | 1.12               |
| 638,000                                    | Neptune Orient Lines/Singapore                        | SGD      | 568,155            | 2.79               |
| 1,888,000                                  | Sinotrans   | HKD      | 710,996            | 3.49               |
| 1,688,000                                  | Sinotrans Shipping                                    | HKD      | 616,086            | 3.02               |
| 4,388,000                                  | Tianjin Port Development                              | HKD      | 747,004            | 3.66               |
| 16,000                                     | TPK   | TWD      | 94,485             | 0.46               |
| 641,600                                    | Yageo   | TWD      | 230,346            | 1.13               |
| <b>Total Industrial</b>                    |   |          | <b>5,297,242</b>   | <b>25.98</b>       |
| <b>Technology (2012: 3.81%)</b>            |   |          |                    |                    |
| 88,000                                     | Chipbond Technology                                   | TWD      | 138,333            | 0.68               |
| 728,000                                    | Compal Electronics                                    | TWD      | 556,928            | 2.73               |
| 2,288,000                                  | Comtec Solar Systems                                  | HKD      | 427,865            | 2.10               |
| 10,888,000                                 | Innovalues  | SGD      | 1,284,186          | 6.30               |
| 788,000                                    | Kingdee International Software                        | HKD      | 238,823            | 1.17               |
| <b>Total Technology</b>                    |   |          | <b>2,646,135</b>   | <b>12.98</b>       |

# Atlantis International Umbrella Fund

## Atlantis Asian Fund Portfolio Statement *As at 31st December 2013 (continued)*

| Financial assets at fair value through profit or loss  | Fair Value<br>US\$ | % of<br>Net Assets           |
|--|--------------------|------------------------------|
| Utilities (2012: 1.84%)  | -                  | -                            |
| <b>Total Equities</b>  | <b>20,349,344</b>  | <b>99.80</b>                 |
| Warrants (2012: 1.47%)   | -                  | -                            |
| <b>Total Value of Investments</b>  | <b>20,349,344</b>  | <b>99.80</b>                 |
| Cash   | 125,300            | 0.61                         |
| Other Net Liabilities  | (84,248)           | (0.41)                       |
| <b>Net Assets Attributable to Holders of Redeemable<br/>Participating Shares at bid prices</b>         | <b>20,390,396</b>  | <b>100.00</b>                |
| <b>Analysis of portfolio (unaudited)</b>   |                    | <b>% of Total<br/>Assets</b> |
| Transferable securities admitted to an official stock exchange listing or traded on a regulated market |                    | 99.29                        |
| Other Assets   |                    | 0.71                         |
|  |                    | <b>100.00</b>                |

† Trading of these securities is suspended.

# Atlantis International Umbrella Fund

## Atlantis China Fund Portfolio Statement As at 31st December 2013

| Holdings                                     | Financial assets at fair value through profit or loss | Currency | Fair Value<br>US\$ | % of<br>Net Assets |
|--|---|----------|--------------------|--------------------|
| <b>Equities (2012: 100.19%)</b>              |   |          |                    |                    |
| <b>Basic Materials (2012: 3.15%)</b>         |   |          |                    |                    |
| 9,527,000                                    | Qunxing Paper†  | HKD      | 1,523,563          | 0.87               |
|  | <b>Total Basic Materials</b>                          |          | <b>1,523,563</b>   | <b>0.87</b>        |
| <b>Communications (2012: 0.51%)</b>          |   |          |                    |                    |
| 73,000,000                                   | China E-Learning                                      | HKD      | 772,004            | 0.44               |
| 80,000,000                                   | Media Asia  | HKD      | 319,841            | 0.18               |
|  | <b>Total Communications</b>                           |          | <b>1,091,845</b>   | <b>0.62</b>        |
| <b>Consumer, Cyclical (2012: 8.72%)</b>      |   |          |                    |                    |
| 190,000,000                                  | China LotSynergy                                      | HKD      | 12,251,978         | 6.98               |
| 50,000,000                                   | eSun  | HKD      | 6,254,957          | 3.56               |
| 130,000,000                                  | Ming Fung Jewellery                                   | HKD      | 2,615,475          | 1.49               |
| 88,000,000                                   | Viva China  | HKD      | 5,050,394          | 2.88               |
|  | <b>Total Consumer, Cyclical</b>                       |          | <b>26,172,804</b>  | <b>14.91</b>       |
| <b>Consumer, Non-cyclical (2012: 39.89%)</b> |   |          |                    |                    |
| 28,200,227                                   | Brilliant Circle International                        | HKD      | 7,382,972          | 4.20               |
| 7,000,000                                    | China Foods   | HKD      | 2,961,110          | 1.69               |
| 8,000,125                                    | China Medical System                                  | HKD      | 8,501,716          | 4.84               |
| 15,000,000                                   | China Sandi   | HKD      | 1,063,988          | 0.61               |
| 10,000,000                                   | China Yurun Food                                      | HKD      | 6,396,822          | 3.64               |
| 2,100,000                                    | Goldpac   | HKD      | 2,033,957          | 1.16               |
| 72,000,000                                   | Hua Han Bio-Pharmaceutical                            | HKD      | 13,928,564         | 7.93               |
| 57,000,000                                   | Ming Fai International                                | HKD      | 6,174,997          | 3.52               |
| 25,000,000                                   | Silver base   | HKD      | 3,546,625          | 2.02               |
|  | <b>Total Consumer, Non-cyclical</b>                   |          | <b>51,990,751</b>  | <b>29.61</b>       |
| <b>Energy (2012: 4.28%)</b>                  |   |          |                    |                    |
| 8,000,000                                    | Goldpoly New Energy                                   | HKD      | 1,557,936          | 0.89               |
|  | <b>Total Energy</b>                                   |          | <b>1,557,936</b>   | <b>0.89</b>        |
| <b>Financial (2012: 11.16%)</b>              |   |          |                    |                    |
| 5,000,000                                    | China CDM Exchange Centre                             | GBP      | -                  | -                  |
| 3,000,000                                    | China Cinda Asset Management                          | HKD      | 1,864,880          | 1.06               |
| 239,000,000                                  | Renhe Commercial                                      | HKD      | 15,103,465         | 8.60               |
| 40,000,000                                   | Silver Grant International                            | HKD      | 5,674,600          | 3.23               |
|  | <b>Total Financial</b>                                |          | <b>22,642,945</b>  | <b>12.89</b>       |

# Atlantis International Umbrella Fund

## Atlantis China Fund Portfolio Statement *As at 31st December 2013 (continued)*

| Holdings  | Financial assets at fair value through profit or loss                                      | Currency | Fair Value<br>US\$        | % of<br>Net Assets       |
|---|--|----------|---------------------------|--------------------------|
| <b>Equities (2012: 100.19%) (continued)</b>   |  |          |                           |                          |
| <b>Industrial (2012: 21.58%)</b>  |  |          |                           |                          |
| 33,000,000  | Burwill  | HKD      | 2,255,654                 | 1.28                     |
| 16,118,346  | China Metal Recycling†   | HKD      | -                         | -                        |
| 22,000,000  | China Rongsheng Heavy Industries   | HKD      | 3,433,133                 | 1.96                     |
| 40,000,000  | China Water Affairs  | HKD      | 14,805,548                | 8.43                     |
| 57,006,000  | Hi Sun Technology China  | HKD      | 14,262,804                | 8.12                     |
| 16,000,000  | KEE  | HKD      | 1,114,285                 | 0.63                     |
| 10,000,000  | Nanjing Sample Technology  | HKD      | 10,059,519                | 5.73                     |
| 40,000,000  | Shanghai Prime Machinery   | HKD      | 5,416,664                 | 3.09                     |
| 5,500,000   | Xinjiang Goldwind Science & Technology   | HKD      | 6,234,967                 | 3.55                     |
| 90,000,000  | Yuanda China   | HKD      | 7,892,853                 | 4.49                     |
|   | <b>Total Industrial</b>  |          | <b><u>65,475,427</u></b>  | <b><u>37.28</u></b>      |
| <b>Technology (2012: 10.90%)</b>  |  |          |                           |                          |
| <b>Utilities (2012: 0.00%)</b>  |  |          |                           |                          |
| 170,000,000   | Hao Tian Development   | HKD      | 6,796,624                 | 3.87                     |
|   | <b>Total Utilities</b>   |          | <b><u>6,796,624</u></b>   | <b><u>3.87</u></b>       |
|   | <b>Total Equities</b>  |          | <b><u>177,251,895</u></b> | <b><u>100.94</u></b>     |
| <b>Warrants (2012: 2.22%)</b>   |  |          |                           |                          |
|   |  |          | -                         | -                        |
|   | <b>Total Value of Investments</b>  |          | <b>177,251,895</b>        | <b>100.94</b>            |
|   | <b>Cash</b>  |          | <b>(1,586,481)</b>        | <b>(0.90)</b>            |
|   | <b>Other Net Liabilities</b>   |          | <b>(61,782)</b>           | <b>(0.04)</b>            |
|   | <b>Net Assets Attributable to Holders of Redeemable Participating Shares at bid prices</b> |          | <b><u>175,603,632</u></b> | <b><u>100.00</u></b>     |
| <b>Analysis of portfolio (unaudited)</b>  |  |          |                           | <b>% of Total Assets</b> |
| Transferable securities admitted to official stock exchange listing or traded on a regulated market |  |          |                           | <b>99.65</b>             |
| Other Assets  |  |          |                           | <b>0.35</b>              |
|   |  |          |                           | <b><u>100.00</u></b>     |

†Trading of these securities is suspended.

# Atlantis International Umbrella Fund

## Atlantis China Healthcare Fund

### Portfolio Statement

*As at 31st December 2013*

| Holdings  | Financial assets at fair value through profit or loss                  | Currency | Fair Value<br>US\$ | % of<br>Net Assets |
|---|--|----------|--------------------|--------------------|
| <b>Equities (2012: 74.49%)</b>                      |  |          |                    |                    |
| <b>Communications 0.51% (2012: 1.55%)</b>           |  |          |                    |                    |
| 44,400,000  | China E-Learning   | HKD      | 469,548            | 0.51               |
|   | <b>Total Communications</b>  |          | <b>469,548</b>     | <b>0.51</b>        |
| <b>Consumer, Non-cyclical 75.20% (2012: 70.90%)</b> |  |          |                    |                    |
| 2,900,000   | Beijing Tong Ren Tang Chinese Medicine                                 | HKD      | 3,799,919          | 4.16               |
| 6,000,000   | Biosensors International   | SGD      | 3,965,804          | 4.35               |
| 500,000   | Biostime International   | HKD      | 4,449,403          | 4.88               |
| 3,000,000   | Bloomage Biotechnology   | HKD      | 6,616,068          | 7.25               |
| 239,742   | China Cord Blood   | USD      | 956,571            | 1.05               |
| 8,000,000   | China Medical System   | HKD      | 8,501,583          | 9.32               |
| 6,000,000   | CSPC Pharmaceutical  | HKD      | 4,727,974          | 5.18               |
| 60,001,188  | Golden Meditech  | HKD      | 5,416,771          | 5.94               |
| 1,000,000   | Guangzhou Baiyunshan Pharmaceutical                                    | HKD      | 3,482,141          | 3.82               |
| 24,000,000  | Hua Han Bio-Pharmaceutical   | HKD      | 4,642,855          | 5.09               |
| 2,000,000   | Lifetech Scientific  | HKD      | 1,498,610          | 1.64               |
| 7,000,000   | Magic Holdings   | HKD      | 5,534,025          | 6.06               |
| 500,000   | Phoenix Healthcare   | HKD      | 799,603            | 0.88               |
| 5,002,000   | Shandong Weigao Medical Polymer  | HKD      | 6,734,832          | 7.38               |
| 5,500,000   | Shanghai Fudan-Zhangjiang Bio-Pharmaceutical                           | HKD      | 4,312,696          | 4.73               |
| 4,000,000   | Sino Biopharmaceutical   | HKD      | 3,167,459          | 3.47               |
|   | <b>Total Consumer, Non-cyclical</b>                                    |          | <b>68,606,314</b>  | <b>75.20</b>       |
| <b>Diversified 1.31% (2012: 1.50%)</b>              |  |          |                    |                    |
| 250,000,000   | China Renji Medical  | HKD      | 1,192,956          | 1.31               |
|   | <b>Total Diversified</b>   |          | <b>1,192,956</b>   | <b>1.31</b>        |
| <b>Industrial 0.00% (2012: 0.54%)</b>               |  |          |                    |                    |
|   |  |          | -                  | -                  |
|   | <b>Total Equities</b>  |          | <b>70,268,818</b>  | <b>77.02</b>       |
| <b>Warrants (2012: 23.47%)</b>                      |  |          |                    |                    |
| 500,232   | Beijing Tiantan (Goldman Sachs) 29/08/2014                             | USD      | 1,735,805          | 1.90               |
| 450,100   | China Life Insurance (UBS AG - UK) 13/02/2014                          | USD      | 1,112,197          | 1.22               |
| 220,000   | Jiangsu Hengrui Medicine (Credit Suisse AG (Nassau) Branch) 24/10/2014 | USD      | 1,376,254          | 1.51               |
| 100,000   | Shandong Dong-E E-Jiao-A (BNP Paribas Arbitrage Issuance) 05/05/2014   | USD      | 646,920            | 0.71               |
| 180,000   | Shandong Dong-E E-Jiao-A (Credit Suisse AG-Switzerland) 28/05/2015     | USD      | 1,175,670          | 1.29               |

# Atlantis International Umbrella Fund

## Atlantis China Healthcare Fund Portfolio Statement

*As at 31st December 2013 (continued)*

| Holdings                                   | Financial assets at fair value through profit or loss  | Currency | Fair Value<br>US\$       | % of<br>Net Assets       |
|--|--|----------|--------------------------|--------------------------|
| <b>Warrants (2012: 23.47%) (continued)</b> |  |          |                          |                          |
|  | Shandong Dong-E E-Jiao-A (Goldman Sachs - UK)  |          |                          |                          |
| 70,000                                     | 10/06/2014   | USD      | 451,920                  | 0.50                     |
|  | Shanghai Fosun Pharmaceutical - A (BOCI Financial  |          |                          |                          |
| 70,000                                     | Products) 05/12/2014   | USD      | 226,403                  | 0.25                     |
|  | Shanghai Fosun Pharmaceutical - A (BOCI Financial  |          |                          |                          |
| 330,096                                    | Products) 30/10/2014   | USD      | 1,067,552                | 1.17                     |
|  | Shanghai Kehua Bio-Engineering (Credit Suisse  |          |                          |                          |
| 240,476                                    | (Nassau) Branch) 28/10/2014  | USD      | 668,132                  | 0.73                     |
|  | Shanghai Kehua Bio-Engineering (UBS AG - UK)   |          |                          |                          |
| 100,001                                    | 07/05/2014   | USD      | 277,403                  | 0.30                     |
|  | Shanghai Kehua Bio-Engineering - A (BOCI Financial   |          |                          |                          |
| 300,000                                    | Products) 14/11/2014   | USD      | 833,512                  | 0.91                     |
|  | Shanghai Pharmaceuticals (CLSA Financial Products)   |          |                          |                          |
| 100,000                                    | 06/07/2015   | USD      | 240,760                  | 0.26                     |
|  | Shanghai Pharmaceuticals (Standard Chartered Bank  |          |                          |                          |
| 250,100                                    | (Singapore) 15/10/2014   | USD      | 611,008                  | 0.67                     |
| 235,176                                    | Shinva Medical ( UBS AG - UK) 03/03/2014   | USD      | 2,715,577                | 2.98                     |
| 80,100                                     | Shinva Medical (Goldman Sachs) 24/04/2014  | USD      | 913,861                  | 1.00                     |
| 102,000                                    | Tibet Rhodiola (CLSA Financial Products) 30/06/2015  | USD      | 294,576                  | 0.32                     |
| 300,000                                    | Tibet Rhodiola (Goldman Sachs) 08/08/2014  | USD      | 868,500                  | 0.95                     |
|  | Tibet Rhodiola Pharmaceuticals - A (BOCI Financial   |          |                          |                          |
| 650,067                                    | Products) 29/08/2014   | USD      | 1,902,772                | 2.09                     |
|  | Tibet Rhodiola Pharmaceuticals - A (BOCI Financial   |          |                          |                          |
| 150,072                                    | Products) 28/11/2014   | USD      | 439,266                  | 0.48                     |
|  | Yunnan Baiyao Group (BNP Paribas Arbitrage   |          |                          |                          |
| 150,091                                    | Issuance) 01/04/2015   | USD      | 2,503,278                | 2.74                     |
|  | Yunnan Baiyao Group (CLSA Financial Products)  |          |                          |                          |
| 152,114                                    | 24/05/2017   | USD      | 2,525,503                | 2.77                     |
| 60,000                                     | Yunnan Baiyao Group (Goldman Sachs) 11/03/2014   | USD      | 998,700                  | 1.09                     |
|  | <b>Total Warrants</b>  |          | <b><u>23,585,569</u></b> | <b><u>25.84</u></b>      |
|  | <b>Total Value of Investments</b>  |          | <b>93,854,387</b>        | <b>102.86</b>            |
|  | <b>Cash</b>  |          | <b>674,705</b>           | <b>0.74</b>              |
|  | <b>Other Net Liabilities</b>   |          | <b>(3,285,129)</b>       | <b>(3.60)</b>            |
|  | <b>Net Assets Attributable to Holders of Redeemable Participating Shares at bid prices</b>             |          | <b><u>91,243,963</u></b> | <b><u>100.00</u></b>     |
|  | <b>Analysis of portfolio (unaudited)</b>   |          |                          | <b>% of Total Assets</b> |
|  | Transferable securities admitted to an official stock exchange listing or traded on a regulated market |          |                          | 98.29                    |
|  | Other Assets   |          |                          | 1.71                     |
|  |  |          |                          | <u>100.00</u>            |

# Atlantis International Umbrella Fund

## Atlantis Japan Opportunities Fund

### Portfolio Statement

*As at 31st December 2013*

| Holdings                                     | Financial assets at fair value through profit or loss | Currency | Fair Value<br>US\$ | % of<br>Net Assets |
|--|---|----------|--------------------|--------------------|
| <b>Equities (2012: 97.94%)</b>               |   |          |                    |                    |
| <b>Basic Materials (2012: 1.93%)</b>         |   |          |                    |                    |
| <b>Communications (2012: 10.19%)</b>         |   |          |                    |                    |
| 20,000                                       | Aucfan  | JPY      | 535,248            | 2.14               |
| 25,000                                       | Colopl  | JPY      | 702,809            | 2.81               |
| 13,600                                       | F@N Communications                                    | JPY      | 404,696            | 1.62               |
| 20,000                                       | Internet Initiative Japan                             | JPY      | 535,057            | 2.14               |
| 46,000                                       | WirelessGate  | JPY      | 1,502,210          | 6.01               |
| 25,000                                       | ZIGExN  | JPY      | 452,536            | 1.81               |
| <b>Total Communications</b>                  |   |          | <b>4,132,556</b>   | <b>16.53</b>       |
| <b>Consumer, Cyclical (2012: 22.02%)</b>     |   |          |                    |                    |
| 57,000                                       | Ai  | JPY      | 709,350            | 2.84               |
| 11,000                                       | Denso   | JPY      | 579,360            | 2.32               |
| 45,000                                       | Toa Corp/Hyogo  | JPY      | 440,652            | 1.76               |
| 22,000                                       | Toyota Tsusho   | JPY      | 543,595            | 2.17               |
| <b>Total Consumer, Cyclical</b>              |   |          | <b>2,272,957</b>   | <b>9.09</b>        |
| <b>Consumer, Non-cyclical (2012: 21.29%)</b> |   |          |                    |                    |
| 100,000                                      | Gakujo  | JPY      | 959,262            | 3.84               |
| 75,000                                       | JP-Holdings   | JPY      | 292,342            | 1.17               |
| 28,000                                       | Kanamoto  | JPY      | 709,683            | 2.84               |
| 13,000                                       | Nihon M&A Center                                      | JPY      | 873,794            | 3.50               |
| 2,000  | PeptiDream  | JPY      | 263,536            | 1.05               |
| 69,600                                       | Tokyo Lithmatic                                       | JPY      | 463,846            | 1.86               |
| 28,000                                       | Topcon  | JPY      | 424,585            | 1.70               |
| 11,000                                       | Unicharm  | JPY      | 626,420            | 2.51               |
| <b>Total Consumer, Non-cyclical</b>          |   |          | <b>4,613,468</b>   | <b>18.47</b>       |
| <b>Financial (2012: 20.72%)</b>              |   |          |                    |                    |
| 17,000                                       | AEON Financial Service                                | JPY      | 454,799            | 1.82               |
| 20,000                                       | Hitachi Capital                                       | JPY      | 582,783            | 2.33               |
| 43   | Industrial & Infrastructure Fund Investment Reits     | JPY      | 358,112            | 1.43               |
| 16,000                                       | Mitsubishi Estate                                     | JPY      | 476,874            | 1.91               |
| 85,000                                       | Mitsubishi UFJ Lease & Finance                        | JPY      | 520,416            | 2.08               |
| 35,000                                       | ORIX  | JPY      | 613,918            | 2.46               |
| 11,200                                       | Sumitomo Mitsui Financial                             | JPY      | 576,052            | 2.30               |
| 35,000                                       | Tokai Tokyo Financial                                 | JPY      | 337,406            | 1.35               |
| <b>Total Financial</b>                       |   |          | <b>3,920,360</b>   | <b>15.68</b>       |

# Atlantis International Umbrella Fund

## Atlantis Japan Opportunities Fund Portfolio Statement

*As at 31st December 2013 (continued)*

| Holdings  | Financial assets at fair value through profit or loss | Currency | Fair Value<br>US\$       | % of<br>Net Assets       |
|---|---|----------|--------------------------|--------------------------|
| <b>Equities (2012: 97.94%) (continued)</b>  |   |          |                          |                          |
| <b>Industrial (2012: 17.88%)</b>  |   |          |                          |                          |
| 95,000  | Aichi Electric  | JPY      | 431,716                  | 1.73                     |
| 60,000  | Daifuku   | JPY      | 766,079                  | 3.07                     |
| 1,800   | Fanuc   | JPY      | 328,906                  | 1.32                     |
| 14,000  | Fukushima Industries                                  | JPY      | 211,361                  | 0.85                     |
| 17,700  | Jibannet  | JPY      | 225,993                  | 0.90                     |
| 1,200   | Keyence   | JPY      | 512,240                  | 2.05                     |
| 90,000  | Kyowa Electronics Instruments                         | JPY      | 340,543                  | 1.36                     |
| 40,000  | Maeda Kosen   | JPY      | 469,649                  | 1.88                     |
| 9,000   | Nidec   | JPY      | 880,449                  | 3.52                     |
| 28,000  | Nikkiso   | JPY      | 351,647                  | 1.41                     |
| 27,700  | Nippon Concept  | JPY      | 562,243                  | 2.25                     |
| 14,000  | Obara   | JPY      | 437,230                  | 1.75                     |
| 120,000   | SMK   | JPY      | 792,889                  | 3.17                     |
| 40,000  | Taiheiyo Cement                                       | JPY      | 153,254                  | 0.61                     |
| 100,000   | Yumeshin  | JPY      | 1,080,002                | 4.32                     |
| <b>Total Industrial</b>   |   |          | <b><u>7,544,201</u></b>  | <b><u>30.19</u></b>      |
| <b>Technology (2012: 3.91%)</b>   |   |          |                          |                          |
| 16,700  | BrainPad  | JPY      | 264,507                  | 1.06                     |
| 27,000  | Broadleaf   | JPY      | 497,980                  | 1.99                     |
| 27,400  | Sato  | JPY      | 619,974                  | 2.48                     |
| 60,000  | UT  | JPY      | 326,853                  | 1.31                     |
| <b>Total Technology</b>   |   |          | <b><u>1,709,314</u></b>  | <b><u>6.84</u></b>       |
| <b>Total Equities</b>   |   |          | <b><u>24,192,856</u></b> | <b><u>96.80</u></b>      |
| <b>Total Value of Investments</b>   |   |          | <b>24,192,856</b>        | <b>96.80</b>             |
| <b>Cash</b>   |   |          | <b>930,960</b>           | <b>3.72</b>              |
| <b>Other Net Liabilities</b>  |   |          | <b>(130,298)</b>         | <b>(0.52)</b>            |
| <b>Net Assets Attributable to Holders of Redeemable Participating Shares at bid prices</b>          |   |          | <b><u>24,993,518</u></b> | <b><u>100.00</u></b>     |
| <b>Analysis of portfolio (unaudited)</b>  |   |          |                          | <b>% of Total Assets</b> |
| Transferable securities admitted to official stock exchange listing or traded on a regulated market |   |          |                          | 95.13                    |
| Other Assets  |   |          |                          | 4.87                     |
|   |   |          |                          | <b><u>100.00</u></b>     |



# Atlantis International Umbrella Fund

## Balance Sheet

As at 31st December 2013

|   |       | Atlantis<br>Asian<br>Fund | Atlantis<br>China<br>Fund | Atlantis<br>New China<br>Fortune* | Atlantis<br>China<br>Healthcare | Atlantis<br>Japan<br>Opportunities |
|---|-------|---------------------------|---------------------------|-----------------------------------|---------------------------------|------------------------------------|
|   | Notes | US\$                      | US\$                      | US\$                              | US\$                            | US\$                               |
| <b>Assets</b>   |       |                           |                           |                                   |                                 |                                    |
| Financial assets at fair value through profit or loss:                                      |       |                           |                           |                                   |                                 |                                    |
| -Transferable securities  | 5,7   | 20,349,344                | 177,251,895               | -                                 | 93,854,387                      | 24,192,856                         |
| Amounts receivable on sale of investments   |       | -                         | -                         | -                                 | 747,446                         | 246,215                            |
| Amounts receivable on units issued  |       | -                         | -                         | -                                 | 15,090                          | -                                  |
| Cash  | 10    | 125,300                   | 13,099                    | 8,880                             | 674,705                         | 930,960                            |
| Dividend and bank interest receivable   |       | 12,206                    | 590,674                   | -                                 | 189,583                         | 56,429                             |
| Sundry debtors  |       | 7,296                     | 14,671                    | -                                 | 7,998                           | 4,660                              |
| <b>Total assets</b>   |       | <b>20,494,146</b>         | <b>177,870,339</b>        | <b>8,880</b>                      | <b>95,489,209</b>               | <b>25,431,120</b>                  |
| <b>Liabilities</b>  |       |                           |                           |                                   |                                 |                                    |
| Bank overdraft  | 10    | -                         | 1,599,580                 | -                                 | -                               | -                                  |
| Payable for investments purchased   |       | -                         | -                         | -                                 | -                               | 260,777                            |
| Amounts payable on units redeemed   |       | -                         | -                         | 3,101                             | -                               | 21,510                             |
| Management fees   | 3,4   | 21,578                    | 250,480                   | -                                 | 85,649                          | 70,680                             |
| Administration fees   | 3,4   | 29,632                    | 209,436                   | -                                 | 106,996                         | 31,890                             |
| Trustee fees  | 3,4   | 19,699                    | 82,875                    | -                                 | 51,596                          | 23,106                             |
| Performance fees  | 3,4   | -                         | -                         | -                                 | 3,122,726                       | -                                  |
| Bank interest payable   |       | 3                         | 1,363                     | -                                 | 1,589                           | -                                  |
| Other payables  |       | 32,838                    | 122,973                   | 5,779                             | 876,690                         | 29,639                             |
| <b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b> |       | <b>103,750</b>            | <b>2,266,707</b>          | <b>8,880</b>                      | <b>4,245,246</b>                | <b>437,602</b>                     |
| <b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>                               |       | <b>20,390,396</b>         | <b>175,603,632</b>        | <b>-</b>                          | <b>91,243,963</b>               | <b>24,993,518</b>                  |
| <b>REDEEMABLE UNITS IN ISSUE</b>  |       |                           |                           |                                   |                                 |                                    |
| US Dollar Class \$  | 12    | 2,839,585                 | 26,540,469                | -                                 | 50,622,476                      | 8,658,334                          |
| Euro Class €  | 12    | 1,205                     | -                         | -                                 | -                               | 155,500                            |
| Sterling Class £  | 12    | 513                       | -                         | -                                 | -                               | 31,800                             |
| US Dollar Class D \$  | 12    | 1,000                     | -                         | -                                 | -                               | -                                  |
| <b>NET ASSET VALUE PER REDEEMABLE UNIT</b>  |       |                           |                           |                                   |                                 |                                    |
| US Dollar Class \$  | 13    | 7.17                      | 6.62                      | -                                 | 1.80                            | 2.26                               |
| Euro Class €  | 13    | 9.93                      | -                         | -                                 | -                               | 20.75                              |
| Sterling Class £  | 13    | 9.50                      | -                         | -                                 | -                               | 19.30                              |
| US Dollar Class D \$  | 13    | 11.43                     | -                         | -                                 | -                               | -                                  |

\* Atlantis New China Fortune Fund terminated on 31st January 2013  
The Balance Sheet is continued on page 25.

*The accompanying notes form an integral part of these financial statements*

# Atlantis International Umbrella Fund

## Balance Sheet (continued)

As at 31st December 2012

| Assets  | Notes | Atlantis<br>Asian<br>Fund<br>US\$ | Atlantis<br>China<br>Fund<br>US\$ | Atlantis<br>New China<br>Fortune<br>US\$ | Atlantis<br>China<br>Healthcare Opportunities<br>US\$ | Atlantis<br>Japan<br>US\$ |
|---|-------|-----------------------------------|-----------------------------------|--|---|---------------------------|
| Financial assets at fair value through profit or loss:                                      |       |                                   |                                   |  |   |                           |
| - Transferable securities   | 5,7   | 23,716,913                        | 312,916,499                       | 7,903,613                                | 55,716,293  | 15,902,625                |
| Amounts receivable on sale of investments   |       | -                                 | 19,448                            | 409,682                                  | 122,644   | 387,276                   |
| Amounts receivable on units issued  |       | 10                                | 636,471                           | -  | 226,951   | -                         |
| Cash  |       | 274,706                           | -                                 | 4,324,039                                | 1,402,509   | 468,197                   |
| Dividend and bank interest receivable   | 10    | 43,397                            | -                                 | -  | 32,513  | 36,508                    |
| Sundry debtors  |       | 4,455                             | 8,797                             | 252                                      | 2,288   | 812                       |
| <b>Total assets</b>   |       | <b>24,039,481</b>                 | <b>313,581,215</b>                | <b>12,637,586</b>                        | <b>57,503,198</b>                                     | <b>16,795,418</b>         |
| <b>Liabilities</b>  |       |                                   |                                   |  |   |                           |
| Bank overdraft  | 10    | -                                 | 7,156,546                         | -  | -   | -                         |
| Payable for investments purchased   |       | 119,453                           | -                                 | -  | 108,398   | 507,464                   |
| Amounts payable on units redeemed   |       | -                                 | -                                 | -  | -   | -                         |
| Management fees   | 3,4   | 24,874                            | 429,081                           | 15,711                                   | 46,743  | 18,459                    |
| Administration fees   | 3,4   | 12,999                            | 146,590                           | 9,836                                    | 31,431  | 8,541                     |
| Trustee fees  | 3,4   | 6,943                             | 61,048                            | 4,294                                    | 13,044  | 6,108                     |
| Performance fees  | 3,4   | -                                 | -                                 | -  | -   | -                         |
| Bank interest payable   |       | 6                                 | 5,984                             | -  | -   | -                         |
| Other payables  |       | 26,681                            | 248,609                           | 30,778                                   | 428,191   | 16,997                    |
| <b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b> |       | <b>190,956</b>                    | <b>8,047,858</b>                  | <b>60,619</b>                            | <b>627,807</b>  | <b>557,569</b>            |
| <b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>                               |       | <b>23,848,525</b>                 | <b>305,533,357</b>                | <b>12,576,967</b>                        | <b>56,875,391</b>                                     | <b>16,237,849</b>         |
| <b>REDEEMABLE UNITS IN ISSUE</b>  |       |                                   |                                   |  |   |                           |
| US Dollar Class \$  | 12    | 3,607,506                         | 43,942,105                        | 11,876,180                               | 43,613,137  | 10,735,048                |
| Euro Class €  | 12    | 1,202                             | -                                 | -  | -   | 15,000                    |
| Sterling Class £  | 12    | 504                               | -                                 | -  | -   | 20,000                    |
| US Dollar Class D \$  | 12    | 1,000                             | -                                 | -  | -   | -                         |
| <b>NET ASSET VALUE PER REDEEMABLE UNIT</b>  |       |                                   |                                   |  |   |                           |
| US Dollar Class \$  | 13    | 6.60                              | 6.95                              | 1.06                                     | 1.30  | 1.45                      |
| Euro Class €  | 13    | 9.55                              | -                                 | -  | -   | 13.93                     |
| Sterling Class £  | 13    | 8.97                              | -                                 | -  | -   | 12.74                     |
| US Dollar Class D \$  | 13    | 10.51                             | -                                 | -  | -   | -                         |

The financial statements on pages 15 to 55 were approved by the Board of Directors of Atlantis Investment Management (Ireland) Limited on 15 April 2014 and signed on its behalf by:

David Dillon

Paul McNaughton

Directors

The accompanying notes form an integral part of these financial statements

# Atlantis International Umbrella Fund

## Profit and Loss Account

*For the year ended 31st December 2013*

|   |       | Atlantis<br>Asian<br>Fund | Atlantis<br>China<br>Fund | Atlantis<br>New China<br>Fortune* | Atlantis<br>China<br>Healthcare | Atlantis<br>Japan<br>Opportunities |
|---|-------|---------------------------|---------------------------|-----------------------------------|---------------------------------|------------------------------------|
|   | Notes | US\$                      | US\$                      | US\$                              | US\$                            | US\$                               |
| <b>Income</b>   |       |                           |                           |                                   |                                 |                                    |
| Investment income   | 2     | 453,894                   | 4,794,542                 | 28,697                            | 843,445                         | 372,218                            |
| Movement on revaluation of financial assets at fair value through profit or loss        | 2     | 2,936,371                 | 11,152,802                | 4,982,290                         | 19,604,646                      | 3,526,785                          |
| Realised (loss)/gain on financial assets at fair value through profit or loss           | 2     | (711,552)                 | (35,547,943)              | (3,733,024)                       | 7,528,071                       | 6,744,836                          |
| Net loss on foreign currencies  | 2     | (32,422)                  | (3,236)                   | (69)                              | (1,873)                         | (48,084)                           |
| <b>Net investment income/(loss)</b>   |       | <b>2,646,291</b>          | <b>(19,603,835)</b>       | <b>1,277,894</b>                  | <b>27,974,289</b>               | <b>10,595,755</b>                  |
| <b>Expenses</b>   |       |                           |                           |                                   |                                 |                                    |
| Management fees   | 3     | (395,072)                 | (4,332,026)               | (15,665)                          | (793,003)                       | (370,691)                          |
| Performance fee   | 3     | -                         | -                         | -                                 | (3,122,726)                     | -                                  |
| Administration fees   | 3     | (57,407)                  | (516,345)                 | (82)                              | (181,925)                       | (55,604)                           |
| Trustee fees  | 3     | (17,968)                  | (161,272)                 | (1,425)                           | (59,475)                        | (18,535)                           |
| Audit fee   |       | (3,710)                   | (31,592)                  | (170)                             | (16,280)                        | (4,391)                            |
| Transaction costs   |       | (109,909)                 | (570,164)                 | (9,438)                           | (249,833)                       | (115,582)                          |
| General expenses  | 2     | (20,598)                  | (63,776)                  | 12,374                            | (66,559)                        | (28,054)                           |
| <b>Total operating expenses</b>   |       | <b>(604,664)</b>          | <b>(5,675,175)</b>        | <b>(14,406)</b>                   | <b>(4,489,801)</b>              | <b>(592,857)</b>                   |
| <b>OPERATING INCOME/(LOSS) BEFORE FINANCE COSTS</b>                                     |       | <b>2,041,627</b>          | <b>(25,279,010)</b>       | <b>1,263,488</b>                  | <b>23,484,488</b>               | <b>10,002,898</b>                  |
| <b>Finance costs</b>  |       |                           |                           |                                   |                                 |                                    |
| Net Income equalisation   | 2     | (44)                      | (1,443)                   | (16,076)                          | 5,788                           | 1,251                              |
| Bank interest expense   |       | (339)                     | (62,032)                  | (8,503)                           | (749)                           | (439)                              |
| <b>Total finance costs</b>  |       | <b>(383)</b>              | <b>(63,475)</b>           | <b>(24,579)</b>                   | <b>5,039</b>                    | <b>812</b>                         |
| <b>Profit/(loss) before tax</b>   |       | 2,041,244                 | (25,342,485)              | 1,238,909                         | 23,489,527                      | 10,003,710                         |
| Withholding tax   | 2,6   | (29,612)                  | (113,308)                 | 3,979                             | (6,591)                         | (26,661)                           |
| <b>CHANGE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS</b> |       | <b>2,011,632</b>          | <b>(25,455,793)</b>       | <b>1,242,888</b>                  | <b>23,482,936</b>               | <b>9,977,049</b>                   |

\*Atlantis New China Fortune Fund terminated on 31st January 2013.

The Profit and Loss Account is continued on page 27.

There are no recognised gains or losses arising in the period other than those dealt with in the Profit and Loss Account. In arriving at the results for the year ended 31st December 2013 all amounts relate to continuing activities, with the exception of Atlantis New China Fortune Fund which terminated during the year.

*The accompanying notes form an integral part of these financial statements*

# Atlantis International Umbrella Fund

## Profit and Loss Account (continued)

For the year ended 31st December 2012

|  | Notes | Atlantis<br>Asian<br>Fund | Atlantis<br>China<br>Fund | Atlantis<br>New China<br>Fortune | Atlantis<br>China<br>Healthcare | Atlantis<br>Japan<br>Opportunities |
|--|-------|---------------------------|---------------------------|----------------------------------|---------------------------------|------------------------------------|
|  |       | US\$                      | US\$                      | US\$                             | US\$                            | US\$                               |
| <b>Income</b>  |       |                           |                           |                                  |                                 |                                    |
| Investment income  | 2     | 556,251                   | 6,053,142                 | 245,746                          | 617,481                         | 284,279                            |
| Movement on revaluation of financial assets at fair value through profit or loss       | 2     | 6,415,804                 | 19,171,427                | 4,732,729                        | 7,202,815                       | 345,601                            |
| Realised (loss)/gain on financial assets at fair value through profit or loss          | 2     | (1,828,062)               | (12,726,815)              | (4,389,814)                      | 5,770,947                       | 3,175,864                          |
| Net loss on foreign currencies   | 2     | (21,713)                  | (29,158)                  | (1,843)                          | (2,209)                         | (35,422)                           |
| <b>Net investment income</b>   |       | <b>5,122,280</b>          | <b>12,468,596</b>         | <b>586,818</b>                   | <b>13,589,034</b>               | <b>3,770,322</b>                   |
| <b>Expenses</b>  |       |                           |                           |                                  |                                 |                                    |
| Management fees  | 3     | (206,358)                 | (6,188,295)               | (237,948)                        | (588,378)                       | (211,291)                          |
| Administration fees  | 3     | (58,571)                  | (679,383)                 | (45,763)                         | (132,385)                       | (31,694)                           |
| Trustee fees   | 3     | (19,524)                  | (214,411)                 | (11,897)                         | (44,128)                        | (10,564)                           |
| Audit fee  |       | (3,550)                   | (31,650)                  | (1,596)                          | (7,766)                         | (1,220)                            |
| Transaction costs  |       | (149,421)                 | (560,120)                 | (73,304)                         | (129,090)                       | (59,054)                           |
| General expenses   | 2     | (73,136)                  | (367,388)                 | (67,406)                         | (98,800)                        | (43,124)                           |
| <b>Total operating expenses</b>  |       | <b>(510,560)</b>          | <b>(8,041,247)</b>        | <b>(437,914)</b>                 | <b>(1,000,547)</b>              | <b>(356,947)</b>                   |
| <b>OPERATING INCOME BEFORE FINANCE COSTS</b>   |       | <b>4,611,720</b>          | <b>4,427,349</b>          | <b>148,904</b>                   | <b>12,588,487</b>               | <b>3,413,375</b>                   |
| <b>Finance costs</b>   |       |                           |                           |                                  |                                 |                                    |
| Income equalisation  | 2     | (26,925)                  | (8,201)                   | -                                | -                               | (533)                              |
| Bank interest expense  |       | (404)                     | (71,821)                  | (3,549)                          | (876)                           | (33)                               |
| <b>Total finance costs</b>   |       | <b>(27,329)</b>           | <b>(80,022)</b>           | <b>(3,549)</b>                   | <b>(876)</b>                    | <b>(566)</b>                       |
| <b>Profit before tax</b>   |       | <b>4,584,391</b>          | <b>4,347,327</b>          | <b>145,355</b>                   | <b>12,587,611</b>               | <b>3,412,809</b>                   |
| Withholding tax  | 2,6   | (42,817)                  | (209,821)                 | (7,503)                          | (16,424)                        | (19,899)                           |
| <b>CHANGE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEMABLE UNITS FROM OPERATIONS</b> |       | <b>4,541,574</b>          | <b>4,137,506</b>          | <b>137,852</b>                   | <b>12,571,187</b>               | <b>3,392,910</b>                   |

There are no recognised gains or losses arising in the period other than those dealt with in the Profit and Loss Account. In arriving at the results for the year ended 31st December 2012 all amounts relate to continuing activities.

The financial statements on pages 15 to 55 were approved by the Board of Directors of Atlantis Investment Management (Ireland) Limited on 15 April 2014 and signed on its behalf by:

David Dillon  } Paul McNaughton  } Directors

*The accompanying notes form an integral part of these financial statements*

# Atlantis International Umbrella Fund

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units

*For the year ended 31st December 2013*

|   | Atlantis<br>Asian<br>Fund<br>US\$ | Atlantis<br>China<br>Fund<br>US\$ | Atlantis<br>New China<br>Fortune*<br>US\$ | Atlantis<br>China<br>Healthcare<br>US\$ | Atlantis<br>Japan<br>Opportunities<br>US\$ |
|---|-----------------------------------|-----------------------------------|---|---|--|
| Net Assets attributable to holders of redeemable units at 1st January 2013          | 23,848,525                        | 305,533,357                       | 12,576,967                                | 56,875,391                              | 16,237,849                                 |
| Proceeds from units issued during the year  | 24,600                            | 47,124,929                        | -   | 55,330,284                              | 6,729,018                                  |
| Payment on units redeemed during the year   | (5,494,361)                       | (151,598,861)                     | (13,819,855)                              | (44,444,648)                            | (7,950,398)                                |
| Change in net assets attributable to participating unitholders from operations      | 2,011,632                         | (25,455,793)                      | 1,242,888                                 | 23,482,936                              | 9,977,049                                  |
| <b>Net assets attributable to holders of redeemable units at 31st December 2013</b> | <b>20,390,396</b>                 | <b>175,603,632</b>                | <b>-</b>                                  | <b>91,243,963</b>                       | <b>24,993,518</b>                          |

\*Atlantis New China Fortune Fund terminated on 31st January 2013.

The Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units is continued on page 29.

*The accompanying notes form an integral part of these financial statements*

# Atlantis International Umbrella Fund

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units (continued)

*For the year ended 31st December 2012*

|   | Atlantis<br>Asian<br>Fund<br>US\$ | Atlantis<br>China<br>Fund<br>US\$ | Atlantis<br>New China<br>Fortune<br>US\$ | Atlantis<br>China<br>Healthcare<br>US\$ | Atlantis<br>Japan<br>Opportunities<br>US\$ |
|---|-----------------------------------|-----------------------------------|--|---|--|
| Net Assets attributable to holders of redeemable units at 1st January 2012          | 25,575,178                        | 438,289,893                       | 18,969,012                               | 61,699,598                              | 14,053,349                                 |
| Proceeds from units issued during the year  | 500,253                           | 54,926,418                        | 155,285                                  | 913,633                                 | 729,994                                    |
| Payment on units redeemed during the year   | (6,768,480)                       | (191,820,460)                     | (6,685,182)                              | (18,309,027)                            | (1,938,404)                                |
| Change in net assets attributable to participating unitholders from operations      | 4,541,574                         | 4,137,506                         | 137,852                                  | 12,571,187                              | 3,392,910                                  |
| <b>Net assets attributable to holders of redeemable units at 31st December 2012</b> | <b>23,848,525</b>                 | <b>305,533,357</b>                | <b>12,576,967</b>                        | <b>56,875,391</b>                       | <b>16,237,849</b>                          |

*The accompanying notes form an integral part of these financial statements*

# Atlantis International Umbrella Fund

## Notes to the Financial Statements

For the year ended 31st December 2013

### 1. General

Atlantis International Umbrella Fund (the “Trust”) was constituted on 10th October 2003 as an open-ended umbrella unit trust authorised by the Central Bank of Ireland (the “Central Bank”) pursuant to the European Union (Undertakings for Collective Investments in Transferable Securities) amendment Regulations, 2012 (“UCITS Regulations”). The investment objective of the Trust is to achieve long-term capital appreciation through an actively managed portfolio of equity or equity related investments in Asia. The Trust has no employees.

The Trust comprises of twelve sub-funds, of which four are in operation at the year end.

| Name                                      | Approval by the<br>Central Bank of Ireland | Launch<br>Date | Date listed<br>on Irish<br>Stock<br>Exchange | Date of<br>Termination |
|---|--|----------------|--|------------------------|
| Atlantis Asian Fund <sup>1</sup>          | 12/09/2007                                 | 14/11/2007     | 15/11/2007                                   |                        |
| Atlantis China Fund                       | 12/09/2007                                 | 14/11/2007     | 15/11/2007                                   |                        |
| Atlantis China Fortune Fund               | 10/10/2003                                 | 18/07/2005     | Delisted                                     | 28/02/2011             |
| Atlantis New China Fortune Fund           | 06/03/2009                                 | 03/04/2009     | Delisted                                     | 31/01/2013             |
| Atlantis China Healthcare Fund            | 08/06/2007                                 | 19/06/2007     | 19/06/2007                                   |                        |
| Atlantis India Opportunities Fund         | 10/11/2005                                 | 25/11/2005     | Delisted                                     | 19/05/2010             |
| Atlantis Japan Opportunities Fund         | 10/10/2003                                 | 21/10/2003     | 21/10/2003                                   |                        |
| Atlantis Asian Opportunities Fund         | 10/10/2003                                 | 21/10/2003     | Delisted                                     | 12/02/2009             |
| Atlantis Asian Special Situations Fund    | 10/10/2003                                 | 14/10/2003     | Delisted                                     | 23/10/2008             |
| Atlantis Korea Opportunities Fund         | 10/10/2003                                 | 23/11/2005     | Delisted                                     | 09/03/2009             |
| Atlantis China Opportunities Fund         | 10/10/2003                                 | N/A            | Delisted                                     | 08/08/2008             |
| Atlantis Greater China Opportunities Fund | 10/10/2003                                 | N/A            | Delisted                                     | 08/08/2008             |
| Atlantis ASEAN Fund <sup>2</sup>          | 19/09/2008                                 | N/A            | Delisted                                     |                        |

<sup>1</sup>Atlantis Asian Fund was previously called Atlantis Asian Recovery Fund.

<sup>2</sup>The Atlantis ASEAN Fund was approved by the Central Bank of Ireland on 19th September 2008 but was never launched.

### 2. Principal Accounting Policies

The principal accounting policies adopted by the Trust are as follows:

#### ***Basis of Preparation***

The financial statements have been prepared under the historical cost convention, adjusted to take account of the revaluation of investments and have been prepared in accordance with accounting standards generally accepted in Ireland (“Irish GAAP”) and Irish Statute, including the UCITS Regulations. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by Chartered Accountants Ireland and issued by the Accounting Standards Board.

#### ***Reporting Financial Performance***

The information required by FRS 3 “Reporting Financial Performance” to be included in a Statement of Total Recognised Gains and Losses and a Reconciliation of Movements in Unitholders’ Funds is, in the opinion of the Directors of Atlantis Investment Management (Ireland) Limited (the “Manager”), contained in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units.

# **Atlantis International Umbrella Fund**

## **Notes to the Financial Statements (continued)**

*For the year ended 31st December 2013*

### **2. Principal Accounting Policies (continued)**

#### ***Income***

Income arising from investments is accounted for on an ex-dividend basis and is shown gross of any irrecoverable withholding taxes, where deducted. Deposit interest is accounted for on an accruals basis.

#### ***Valuation of investments***

Quoted investments held at the balance sheet date are valued in accordance with the published NAV at last traded price or, if no last traded price is available, at mid-market prices, in accordance with the prospectus. Warrants are valued at last traded price. Covered warrants are valued at last trade price based on the underlying asset. FRS26 requires long investments to be valued at bid price and short investments to be valued at offer price and accordingly investments have been valued at bid price for the purposes of these financial statements (see note 13). Unquoted investments are valued at their probable realisation value determined with care and in good faith by the Manager or by a competent person approved for such purpose by the Trustee in consultation with the Investment Manager (such person may include the Investment Manager, the Joint Sub-Investment Managers, the Investment Adviser or their affiliates).

The published NAV was based on 31st December 2013, which was the last valuation date of the year for all sub-funds except for Atlantis Japan Opportunities, which is based on 30th December 2013, as 31st December 2013 was a public holiday in Japan.

At 31st December 2013, the following funds held investments which were suspended:

The Atlantis Asian Fund - Berlian Laju Tanker US\$nil (2012: US\$152,208) and Boshiwa International US\$171,332 (2012: US\$342,803).

The Atlantis China Fund - Qunxing Paper US\$1,523,563 (2012: US\$2,495,234) and China Metal Recycling US\$nil (2012: US\$16,535,487).

#### ***Financial Assets and Financial Liabilities at Fair Value through Profit or Loss***

The policy of the Manager is to designate all of the equity investments of each sub-fund into the category of financial assets and financial liabilities at fair value through profit or loss.

Purchases and sales of investments are recognised on trade date – the date on which a sub-fund commits to purchase or sell the asset/liability. Investments are initially recognised at fair value and are subsequently re-measured at fair value at the year end without any deduction for transaction costs that may be incurred on sale. Investments are derecognised when the rights to receive cash flows from the investments have expired or the sub-fund has transferred substantially all risks and rewards of ownership. Gains and losses arising from changes in the fair value of these financial assets and financial liabilities are included in the audited Profit and Loss Account in the period in which they arise.

Realised gains and losses on investment disposals are calculated using the average cost method, and are included in the Profit and Loss Account.

Warrants are securities providing a return generated by a specified underlying equity or basket of equities. Investments in warrants are valued at the last reported trade price of the underlying security as of close of business at the reporting date. The resulting realised and unrealised gains and losses for the year are included in the Profit and Loss Account.



# **Atlantis International Umbrella Fund**

## **Notes to the Financial Statements (continued)**

*For the year ended 31st December 2013*

### **2. Principal Accounting Policies (continued)**

#### ***Foreign currencies***

##### **(a) Functional currency**

Items included in each sub-fund's financial statements are measured using the currency in which the majority of its financing activities are transacted (the 'functional currency'). The functional currency for all sub-funds is the US Dollar as units are issued in that currency.

##### **(b) Presentation currency**

The financial statements are presented for financial reporting purposes in US Dollar which is denoted by the symbol US\$.

Transactions which occurred during the year are translated into the currency at the rate prevailing on the transaction date. Assets and liabilities in foreign currencies are translated into the reporting currency at the rates prevailing at the year end date (see note 9). The exchange differences on translation are reflected in the Profit and Loss Account.

#### ***Receivables***

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition.

#### ***Offsetting Financial Instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Balance Sheet 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.

#### ***Redeemable Participating Units***

Redeemable participating units are redeemable at the Unitholder's option and are classified as financial liabilities. The participating units can be put back to a sub-fund at any time for cash equal to a proportionate share of the relevant sub-fund's Net Asset Value. The participating unit is carried at the redemption amount that is payable at the balance sheet date if the Unitholder exercised its right to put the unit back to the sub-fund.

#### ***Distributions***

The Trust and each of its sub-funds are expected to conform to the requirements of United Kingdom legislation for the Trust to be certified as a "reporting fund" (or such other type of fund that may replace "reporting fund" for UK tax purposes).

#### ***Cash Flow Statement***

The Trust has availed of the exemption available to open ended investment funds, under FRS 1, not to prepare a cash flow statement.

#### ***Income Equalisation***

Income equalisation is accrued income included in the price of units purchased and sold during the accounting period. Income equalisation is accounted for in the Profit and Loss Account.

The Trust employs the full income equalisation method. This means that income attributable to subscribing and redeeming Unitholder's is taken into account when calculating the reportable income. Also, the subscribing Unitholder is made aware of their equalisation upon subscription so that they can fully account for this as a return of capital and not income.

#### ***Operating Expenses***

Each sub-fund is responsible for all of its normal operating expenses including audit fees, stamp and other duties and charges incurred on the acquisition and realisation of investments.

#### ***Cash and Cash Equivalents***

The Manager considers short-term highly liquid investments with maturities of three months or less to be cash equivalents.

# **Atlantis International Umbrella Fund**

## **Notes to the Financial Statements (continued)**

*For the year ended 31st December 2013*

### **3. Fees and Expenses**

#### ***Manager's Fee***

The Manager receives an annual management fee out of the assets of the sub-funds at a rate of 1.5% of the Net Asset Value of the sub-funds, plus VAT (if any), payable monthly in arrears with the exception of the following:

- Atlantis China Fund pays 1.75% of the Net Asset Value of the sub-fund, plus VAT (if any), payable monthly in arrears.
- Atlantis China Healthcare Fund pays at a rate of 1% of the Net Asset Value of the sub-fund, plus VAT (if any), payable monthly in arrears.
- Atlantis Asian Fund US Dollar Class, Euro Class and Sterling Class pays the Manager an annual management fee of 1.25% per annum of the Net Asset Value of the sub-fund, plus VAT (if any), if the Net Asset Value is in line with the MSCI AC Far East Ex Japan Index. This fee is reduced or increased depending on the underperformance or overperformance of the sub-fund to a maximum of 1.75% of the Net Asset Value of the sub-fund, plus VAT (if any). The minimum fee is 0.75% of Net Asset Value on any day. The Atlantis Asian Fund US Dollar Class D pays the Manager an annual management fee of 1.5% of the Net Asset Value of the sub-funds, plus VAT (if any).

The Manager is also entitled to be repaid all of its Administration Expenses out of the assets of the sub-funds which shall include legal fees, courier fees and telecommunication costs and expenses.

#### ***Investment Manager, Joint Sub-Investment Managers, Sub-Investment Manager and the Investment Advisers' fee***

The Manager pays out of its own fee, the fee payable to the Investment Manager. The Investment Manager pays out of its own fee, the fee payable to the Joint Sub-Investment Managers and the Sub-Investment Managers who will in turn reimburse the Investment Adviser.

All reasonable out-of-pocket expenses incurred by the Investment Manager, Joint Sub-Investment Manager, Sub-Investment Manager or the Investment Adviser in connection with the ongoing administration and operation of the sub-funds are paid out of the assets of the sub-funds.

#### ***Performance Fee – Atlantis New China Fortune Fund***

In addition to the annual management fee, the Manager was entitled to receive a performance fee in aggregate equal to 15% of the amount by which the performance of each unit in the sub-fund exceeded the benchmark (as described below). The performance fee was payable on the last Dealing Day in each financial year (each a "Payment Date"). The first calculation period for the purposes of the performance fee was the period from the Business Day immediately following the closing date of the initial offer period and ending on the last Valuation Day in each full year. Each subsequent calculation period commenced on the first Business Day in each financial year and end on the last Dealing Day in that financial year. The performance fee was equal to 15% of x where x equals the Net Asset Value per unit on the Payment Date less the benchmark value per unit on such date multiplied by the weighted average number of units of the sub-fund in issue on Dealing Days in the period since the preceding Payment Date. Such calculation of the performance fee was verified by the Trustee.

The benchmark value per unit for the purposes of the performance fee calculation was the higher of: (a) the benchmark value per unit on the previous Payment Date increased by 5% and (b) the Net Asset Value per unit on the previous Payment Date increased by 5%. For the purposes of the first calculation of the fee, the starting point for the value per unit was US\$1.00.

There was no performance fee paid or accrued to the termination date 31st January 2013 (2012: \$nil).

# **Atlantis International Umbrella Fund**

## **Notes to the Financial Statements (continued)**

*For the year ended 31st December 2013*

### **3. Fees and Expenses (continued)**

#### ***Performance Fee – Atlantis China Healthcare Fund***

In addition to the annual management fee, the Manager is entitled to receive a performance fee in aggregate equal to 20% of the amount by which the performance of each unit in the above sub-fund exceeds the benchmark (as described below). The performance fee is payable on the last Valuation Day in each financial year (each a "Payment Date"). The first calculation period for the purposes of the performance fee is the period from the Business Day immediately following the closing date of the initial offer period and ending on the last Valuation Day in each full year. Each subsequent calculation period commences on the first Business Day in each financial year and ends on the last Valuation Day in that financial year. The performance fee is equal to 20% of x where x equals the Net Asset Value per unit on the Payment Date less the benchmark value per unit on such date multiplied by the weighted average number of units of the sub-fund in issue on Subscription Days in the period since the preceding Payment Date. Such calculation of the performance fee is verified by the Trustee.

The benchmark value per unit for the purposes of the performance fee calculation is the higher of: (a) the benchmark value per unit on the previous Payment Date increased by 5% and (b) the Net Asset Value per unit on the previous Payment Date increased by 5%. For the purposes of the first calculation of the fee, the starting point for the value per unit was US\$1.00. The benchmark is as discussed above, namely 5% per annum.

Performance fees amounting to \$3,122,726 (2012: \$nil) were charged to the sub-fund and payable at the year end.

There is no performance fee entitlement on the other sub-funds.

#### ***Administrator's Fee***

Northern Trust International Fund Administration Services (Ireland) Limited (the "Administrator") receives out of the assets of the sub-funds, an annual fee of 0.225% on the first US\$150 million of the sub-fund's Net Asset Value, 0.175% on the next US\$150 million of the sub-fund's Net Asset Value and 0.15% of the Net Asset Value of the sub-fund thereafter, subject to a monthly minimum of GBP£2,500 (plus VAT, if any thereon) accrued on each day which the Net Asset Value of the sub-fund is calculated and paid monthly in arrears.

The Administrator is also entitled to receive an annual fee of €5,000 in respect of the Administrator providing Money Laundering Reporting Officer services to the sub-funds of the Trust in existence as of the date of this Agreement. An additional annual fee of €500 shall be paid to the Administrator in respect of each additional sub-fund.

An additional annual fee of GBP£6,500 in respect of attribution services shall be payable to the Administrator from the Atlantis China Fund and Atlantis New China Fortune Fund. The Administrator also provided attribution services for Atlantis China Healthcare and Atlantis Asian Fund from September 2013.

The Atlantis New China Fortune Fund terminated on 31st January 2013 and the last Administrator's fee payment was processed on 19th March 2013.

The Administrator is entitled to be repaid out of the assets of the sub-funds all of its reasonable out-of-pocket expenses incurred on behalf of the sub-funds which shall include legal fees, couriers' fees and telecommunication costs and expenses.

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

For the year ended 31st December 2013

### 3. Fees and Expenses (continued)

#### *Trustee Fee*

The Manager pays to Northern Trust Fiduciary Services (Ireland) Ltd (the “Trustee”), out of the assets of the sub-funds, an annual fee of 0.075% of the Net Asset Value on the first US\$150 million of the sub-fund’s net assets, 0.05% of the Net Asset Value of the sub-fund’s net assets thereafter. The fee is accrued and paid monthly in arrears.

The Atlantis New China Fortune Fund terminated on 31st January 2013 and last Trustee fee payment was processed on 5th April 2013.

The Trustee is further entitled to be repaid all of its disbursements out of the assets of the sub-funds, including the fees and transaction charges of any sub-custodian appointed by it. The fees and transaction charges of any such sub-custodian shall be at normal commercial rates. There is also a charge of Stg£25 per investment transaction processed.

Bridge Consulting Limited provides a governance and monitoring service to the Trust. Bridge Consulting Limited receives fees amounting to €28,000 (plus VAT) per annum.

### 4. Related Party Disclosures

The Trust operates under an investment management agreement with the Investment Manager.

Gerard Morrison has served as a Director of AFMG Limited (the “Investment Manager”) and Atlantis Investment Management (Hong Kong) Limited (the “Investment Manager” and the “Joint Sub Investment Manager”) and Atlantis Investment Management Limited (the “Joint Sub Investment Manager” and the “Sub Investment Manager”).

Gerard Morrison is also a Director of Atlantis Investment Management (Singapore) Pte Limited.

David Dillon is a Director of Bridge Consulting Limited which provides the governance and monitoring service and is a Partner of Dillon Eustace which is the Legal Adviser to the Trust in Ireland. Fees amounting to US\$20,456 (2012: US\$47,060) have been accrued to Bridge Consulting Limited during the year. Fees amounting to US\$45,622 (2012: US\$20,930) have been accrued to Dillon Eustace during the year.

All fees in relation to the Investment Managers’ (including Performance), Administrator and Trustee are disclosed separately in the Profit and Loss Account. The outstanding amounts payable as at the year end were management fee US\$428,387 (2012: US\$534,868), administration fee US\$377,954 (2012: US\$209,397), trustee fee US\$177,276 (2012: US\$91,437), and performance fee US\$3,122,726 (2012: US\$Nil).

For details of units held by Directors of the Manager in the sub-funds please refer to note 16.

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

*For the year ended 31st December 2013*

5. **Financial Assets and Liabilities at Fair Value through Profit or Loss**

| <b>At 31st December 2013</b>   | <b>Atlantis<br/>Asian<br/>Fund<br/>US\$</b>          | <b>Atlantis<br/>China<br/>Fund<br/>US\$</b>          | <b>Atlantis<br/>China<br/>Healthcare<br/>US\$</b>  |
|--|--|--|--|
| Financial assets and liabilities at fair value through profit or loss at initial recognition | 20,465,242   | 178,635,226  | 94,370,324   |
| Net deficit on FRS 26 revaluation  | (115,898)  | (1,383,331)  | (515,937)  |
| Financial assets and liabilities at fair value through profit or loss                        | <b>20,349,344</b>                                    | <b>177,251,895</b>                                   | <b>93,854,387</b>                                  |
|  | <b>Atlantis<br/>Japan<br/>Opportunities<br/>US\$</b> |  |  |
| Financial assets and liabilities at fair value through profit or loss at initial recognition | 24,242,359   |  |  |
| Net deficit on FRS 26 revaluation  | (49,503)   |  |  |
| Financial assets and liabilities at fair value through profit or loss                        | <b>24,192,856</b>                                    |  |  |
|  | <b>Atlantis<br/>Asian<br/>Fund<br/>US\$</b>          | <b>Atlantis<br/>China<br/>Fund<br/>US\$</b>          | <b>Atlantis<br/>New China<br/>Fortune<br/>US\$</b> |
| <b>At 31st December 2012</b>   |  |  |  |
| Financial assets and liabilities at fair value through profit or loss at initial recognition | 23,829,242   | 315,218,211  | 7,970,137  |
| Net deficit on FRS 26 revaluation  | (112,329)  | (2,301,712)  | (66,524)   |
| Financial assets and liabilities at fair value through profit or loss                        | <b>23,716,913</b>                                    | <b>312,916,499</b>                                   | <b>7,903,613</b>                                   |
|  | <b>Atlantis<br/>China<br/>Healthcare<br/>US\$</b>    | <b>Atlantis<br/>Japan<br/>Opportunities<br/>US\$</b> |  |
| Financial assets and liabilities at fair value through profit or loss at initial recognition | 56,016,116   | 15,940,051   |  |
| Net deficit on FRS 26 revaluation  | (299,823)  | (37,426)   |  |
| Financial assets and liabilities at fair value through profit or loss                        | <b>55,716,293</b>                                    | <b>15,902,625</b>                                    |  |

# **Atlantis International Umbrella Fund**

## **Notes to the Financial Statements (continued)**

*For the year ended 31st December 2013*

### **6. Taxation**

Under current law and practice, the Trust qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997 (as amended). It is not chargeable to Irish tax on its income or capital gains.

However, Irish tax can arise on the happening of a chargeable event in the Trust. A chargeable event includes any distribution payments to unitholders or any encashment, redemption or transfer of units.

No tax will arise in respect of chargeable events in respect of:

- (i) a unitholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided, in each case, that an appropriate valid declaration in accordance with Schedule 2B of the Taxes Consolidation Act, 1997 (as amended) is held by the Trust and;
- (ii) certain Exempted Irish Investors (as defined in Section 739D of the Taxes Consolidation Act, 1997, as amended) who have provided the Trust with the necessary signed statutory declarations.

Dividends, interest and capital gains (if any) received on investments made by the Trust may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Trust or its unitholders.

### **7. Financial Risk Management**

#### **Strategy in Using Financial Instruments**

Each sub-fund is exposed to a variety of financial risks in pursuing its stated investment objective and policy. These risks are defined in FRS 29 as including credit risk, liquidity risk and market risk (which in turn includes currency risk, interest rate risk, price risk and unit dealing risk). Each sub-fund takes exposure to certain of these risks to generate investment returns on its portfolio, although these risks can also potentially result in a reduction in the sub-fund's net assets. The Investment Manager and Sub-Investment Manager for their part, or where relevant the Sub-Investment Managers for their part, will use their best endeavours to minimise the potentially adverse effects of these risks on each sub-fund's performance where they can do so while still managing the investments of the sub-fund in a way that is consistent with the sub-fund's investment objective and policy.

In accordance with its investment objectives and policies, each sub-fund holds financial instruments, which at any one time may comprise the following:

- securities and derivatives held in accordance with the investment objectives and policies; and
- cash and short-term debtors and creditors arising directly from operations.

The risks, and the measures adopted by the Manager for managing these risks on behalf of the sub-funds, are detailed below.

#### **Market Price Risk**

Market price risk is defined in FRS 29 as the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices.

Each sub-fund's assets consist principally of equities. The values of these instruments are determined by market forces and there is accordingly a risk that market prices can change in a way that is adverse to the sub-fund's performance. The Manager has adopted a number of investment restrictions which are set out in the Trust's prospectus which limit the exposure of the sub-funds to adverse changes in the price of any individual financial asset. In accordance with the Manager's policy, the Joint Sub-Investment Managers for their part, or where relevant the Sub-Investment Managers for their part, will monitor the sub-funds' positions on a daily basis and report regularly to the Board of Directors of the Manager, which reviews the information on each sub-fund's overall market exposures provided by the Joint Sub-Investment Managers and/or the Sub-Investment Managers at its periodic meetings.

The maximum risk arising from an investment in a financial instrument is determined by the fair value of the financial instruments. The overall market exposures as at 31st December 2013 and as at 31st December 2012 can be seen broken out on the portfolio statements.

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

For the year ended 31st December 2013

### 7. Financial Risk Management (continued)

#### *Market Price Risk (continued)*

At 31st December 2013, each sub-fund's market price risk is affected by three main components: changes in market prices, interest rates and currency exchange rates. FRS 29 requires a sensitivity analysis showing how the Net Asset Value of each sub-fund would be affected by changes in each of these factors.

Some limitations of sensitivity analysis are:

- the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive, and
- future market conditions could vary significantly from those experienced in the past.

Interest rate and currency exchange rate movements, which are dealt with under the relevant headings below, primarily affect the fair values of a sub-fund's exposures to debt securities, related derivatives and other instruments. Changes in market prices primarily affect the fair value of a sub-fund's exposures to equity securities and related instruments.

If the price of each of the equity securities to which each sub-fund had exposure at 31st December 2013 had increased by the amount shown below with all other variables held constant, this would have increased Net Assets Attributable to Holders of Redeemable Participating Units of the relevant sub-fund by the approximate amount shown below. Conversely, if the price of each of the equity securities to which each sub-fund had exposure had decreased by the amount shown below, this would have decreased Net Assets attributable to holders of redeemable units of the sub-fund by the approximate amount shown below.

| <b>As at 31st December 2013</b>   | <b>Financial assets<br/>31/12/2013<br/>US\$</b> | <b>% Increase/<br/>(Decrease)</b> | <b>Effect of<br/>Increase<br/>US\$</b> | <b>Effect of<br/>Decrease<br/>US\$</b> |
|-----------------------------------|---|-----------------------------------|--|--|
| Atlantis Asian Fund               | 20,349,344                                      | 10%                               | 2,034,934                              | (2,034,934)                            |
| Atlantis China Fund               | 177,251,895                                     | 10%                               | 17,725,190                             | (17,725,190)                           |
| Atlantis China Healthcare Fund    | 93,854,387                                      | 10%                               | 9,385,439                              | (9,385,439)                            |
| Atlantis Japan Opportunities Fund | 24,192,856                                      | 10%                               | 2,419,286                              | (2,419,286)                            |
| <b>Total</b>                      | <b><u>315,648,482</u></b>                       |                                   | <b><u>31,564,849</u></b>               | <b><u>(31,564,849)</u></b>             |

| <b>As at 31st December 2012</b>   | <b>Financial assets<br/>31/12/2012<br/>US\$</b> | <b>% Increase/<br/>(Decrease)</b> | <b>Effect of<br/>Increase<br/>US\$</b> | <b>Effect of<br/>Decrease<br/>US\$</b> |
|-----------------------------------|---|-----------------------------------|--|--|
| Atlantis Asian Fund               | 23,716,913                                      | 10%                               | 2,371,691                              | (2,371,691)                            |
| Atlantis China Fund               | 312,916,499                                     | 10%                               | 31,291,650                             | (31,291,650)                           |
| Atlantis New China Fortune Fund   | 7,903,613                                       | 10%                               | 790,361                                | (790,361)                              |
| Atlantis China Healthcare Fund    | 55,716,293                                      | 10%                               | 5,571,629                              | (5,571,629)                            |
| Atlantis Japan Opportunities Fund | 15,902,625                                      | 10%                               | 1,590,263                              | (1,590,263)                            |
| <b>Total</b>                      | <b><u>416,155,943</u></b>                       |                                   | <b><u>41,615,594</u></b>               | <b><u>(41,615,594)</u></b>             |

The 2013 10% (2012: 10%) estimate is based on the nature of the markets that the sub-funds invest in. The sub-funds of the Trust invest in emerging markets.

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

*For the year ended 31st December 2013*

### 7. Financial Risk Management (continued)

#### *Currency Risk*

Currency risk is defined in FRS 29 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Each sub-fund is exposed to currency risk as assets and liabilities of the sub-fund may be denominated in a currency other than the functional currency of the sub-fund, which is its base currency, the US\$.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset.

In accordance with the Manager's policy, the Joint Sub-Investment Managers monitors each sub-fund's currency exposures on a daily basis and reports regularly to the Board of Directors of the Manager, which reviews the information provided by the Joint Sub-Investment Managers for their part, or where relevant the Sub-Investment Manager for their part, on any significant exposures at its periodic meetings. The sub-fund's currency risk is monitored on a daily basis by the Investment Managers whom reports to the Board of the Directors on a periodic basis.

The following tables set out each sub-fund's foreign currency exposure as at 31st December 2013:

| <b>As at 31st December 2013</b>              | <b>Foreign Currency<br/>Monetary Assets<br/>US\$</b> | <b>Foreign Currency<br/>Monetary Liabilities<br/>US\$</b> | <b>Net Foreign Currency<br/>Monetary Assets<br/>US\$</b> |
|--|--|---|--|
| <b><u>Atlantis Asian Fund</u></b>            |  |   |  |
| EUR  | 4  | (3,275)   | (3,271)  |
| HKD  | 10,340,945   | -   | 10,340,945   |
| IDR  | 1,727,439  | -   | 1,727,439  |
| INR  | 328,991  | -   | 328,991  |
| GBP  | 12   | -   | 12   |
| KRW  | 1,773,454  | -   | 1,773,454  |
| MYR  | 725,819  | -   | 725,819  |
| SGD  | 3,020,615  | -   | 3,020,615  |
| THB  | 1,067,547  | -   | 1,067,547  |
| TWD  | 1,024,158  | -   | 1,024,158  |
| VND  | 356,687  | -   | 356,687  |
|  | <u>20,365,671</u>                                    | <u>(3,275)</u>  | <u>20,362,396</u>  |
| <b><u>Atlantis China Fund</u></b>            |  |   |  |
| EUR  | -  | (26,104)  | (26,104)   |
| HKD  | 177,855,668  | (12,822)  | 177,842,846  |
|  | <u>177,855,668</u>                                   | <u>(38,926)</u>   | <u>177,816,742</u>                                       |
| <b><u>Atlantis China Healthcare Fund</u></b> |  |   |  |
| EUR  | -  | (14,281)  | (14,281)   |
| HKD  | 65,565,246   | (29,070)  | 65,536,176   |
| SGD  | 3,965,804  | -   | 3,965,804  |
|  | <u>69,531,050</u>                                    | <u>(43,351)</u>   | <u>69,487,699</u>  |



# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

For the year ended 31st December 2013

### 7. Financial Risk Management (continued)

#### *Currency Risk (continued)*

| As at 31st December 2013<br>(continued)         | Foreign Currency<br>Monetary Assets<br>US\$ | Foreign Currency<br>Monetary Liabilities<br>US\$ | Net Foreign Currency<br>Monetary Assets<br>US\$ |
|---|---|--|---|
| <b><u>Atlantis Japan Opportunities Fund</u></b> |   |  |   |
| EUR   | 1   | (3,756)  | (3,755)   |
| JPY   | 24,596,605                                  | (260,777)  | 24,335,828                                      |
|   | 24,596,606                                  | (264,533)  | 24,332,073                                      |
|   | 24,596,606                                  | (264,533)  | 24,332,073                                      |

The Atlantis New China Fortune Fund has no foreign currency exposure at 31st December 2013.

The comparative information as at 31st December 2012 is as follows:

| As at 31st December 2012                      | Foreign Currency<br>Monetary Assets<br>US\$ | Foreign Currency<br>Monetary Liabilities<br>US\$ | Net Foreign Currency<br>Monetary Assets<br>US\$ |
|---|---|--|---|
| <b><u>Atlantis Asian Fund</u></b>             |   |  |   |
| EUR   | -   | (2,378)  | (2,378)   |
| HKD   | 9,484,936                                   | (119,453)  | 9,365,483                                       |
| IDR   | 2,202,718                                   | -  | 2,202,718                                       |
| INR   | 840,600                                     | -  | 840,600   |
| KRW   | 3,240,195                                   | -  | 3,240,195                                       |
| MYR   | 727,259                                     | -  | 727,259   |
| SGD   | 3,997,181                                   | -  | 3,997,181                                       |
| THB   | 1,259,324                                   | -  | 1,259,324                                       |
| TWD   | 1,962,313                                   | -  | 1,962,313                                       |
|   | 23,714,526                                  | (121,831)  | 23,592,695                                      |
|   | 23,714,526                                  | (121,831)  | 23,592,695                                      |
| <b><u>Atlantis China Fund</u></b>             |   |  |   |
| EUR   | -   | (29,116)   | (29,116)  |
| HKD   | 296,267,324                                 | (19,448)   | 296,247,876                                     |
| SGD   | 9,862,094                                   | -  | 9,862,094                                       |
|   | 306,129,418                                 | (48,564)   | 306,080,854                                     |
|   | 306,129,418                                 | (48,564)   | 306,080,854                                     |
| <b><u>Atlantis New China Fortune Fund</u></b> |   |  |   |
| EUR   | -   | (1,118)  | (1,118)   |
| HKD   | 8,313,763                                   | (409,682)  | 7,904,081                                       |
|   | 8,313,763                                   | (410,800)  | 7,902,963                                       |
|   | 8,313,763                                   | (410,800)  | 7,902,963                                       |

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

For the year ended 31st December 2013

### 7. Financial Risk Management (continued)

#### *Currency Risk (continued)*

| As at 31st December 2012<br>(continued)         | Foreign Currency<br>Monetary Assets<br>US\$ | Foreign Currency<br>Monetary Liabilities<br>US\$ | Net Foreign Currency<br>Monetary Assets<br>US\$ |
|---|---|--|---|
| <b><u>Atlantis China Healthcare Fund</u></b>    |   |  |   |
| EUR   | -   | (5,592)  | (5,592)   |
| HKD   | 31,770,100                                  | (122,644)  | 31,647,456                                      |
| SGD   | 4,931,047                                   | -  | 4,931,047                                       |
|   | <u>36,701,147</u>                           | <u>(128,236)</u>                                 | <u>36,572,911</u>                               |
| <b><u>Atlantis Japan Opportunities Fund</u></b> |   |  |   |
| EUR   | -   | (1,536)  | (1,536)   |
| JPY   | 16,779,891                                  | (507,464)  | 16,272,427                                      |
|   | <u>16,779,891</u>                           | <u>(509,000)</u>                                 | <u>16,270,891</u>                               |

None of the sub-funds have a direct exposure to the Chinese Renminbi but may hold assets that have an underlying exposure to the currency.

In determining the appropriate percentage change to apply for the sensitivity analysis, the percentage change in the relevant exchange rate has been calculated based on the difference between the opening and the closing exchange rates for each of the currencies in which the sub-funds hold assets and liabilities. This was representative of the risk profile of the sub-funds during the year.

The calculated appreciation/depreciation of the currency against the reporting currency of each sub-fund has been applied to each of the foreign currency balances at 31st December 2013 and at 31st December 2012, and with all other variables held constant, the results of this sensitivity analysis is shown in the tables below. A movement in the opposite direction would have had an equal but opposite effect.

| As at 31st December 2013          | Net Foreign Currency<br>Monetary Assets<br>US\$ | Change in Foreign<br>Exchange Rate v US\$<br>% | Effect on<br>Net Assets<br>US\$ |
|-----------------------------------|---|--|---------------------------------|
| <b><u>Atlantis Asian Fund</u></b> |   |  |                                 |
| EUR                               | (3,271)   | 4.51%  | (148)                           |
| HKD                               | 10,340,945                                      | -0.04%   | (4,136)                         |
| IDR                               | 1,727,439                                       | -20.81%  | (359,480)                       |
| INR                               | 328,991   | -11.42%  | (37,571)                        |
| GBP                               | 12  | 1.89%  | -                               |
| KRW                               | 1,773,454                                       | 1.44%  | 25,538                          |
| MYR                               | 725,819   | -6.64%   | (48,194)                        |
| SGD                               | 3,020,615                                       | -3.23%   | (97,566)                        |
| THB                               | 1,067,547                                       | -6.91%   | (73,767)                        |
| TWD                               | 1,024,158                                       | -2.57%   | (26,321)                        |
| VND                               | 356,687   | -1.21%   | (4,316)                         |
|                                   | <u>20,362,396</u>                               |  | <u>(625,961)</u>                |
| <b><u>Atlantis China Fund</u></b> |   |  |                                 |
| EUR                               | (26,104)  | 4.51%  | (1,177)                         |
| HKD                               | 177,842,846                                     | -0.04%   | (71,137)                        |
|                                   | <u>177,816,742</u>                              |  | <u>(72,314)</u>                 |

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

For the year ended 31st December 2013

### 7. Financial Risk Management (continued)

#### *Currency Risk (continued)*

| As at 31st December 2013                        | Net Foreign Currency<br>Monetary Assets<br>US\$ | Change in Foreign<br>Exchange Rate v US\$<br>% | Effect on<br>Net Assets<br>US\$ |
|---|---|--|---------------------------------|
| <b><u>Atlantis China Healthcare Fund</u></b>    |   |  |                                 |
| EUR   | (14,281)  | 4.51%  | (644)                           |
| HKD   | 65,536,176                                      | -0.04%   | (26,214)                        |
| SGD   | 3,965,804                                       | -3.23%   | (128,095)                       |
|   | 69,487,699                                      |  | (154,953)                       |
| <b><u>Atlantis Japan Opportunities Fund</u></b> |   |  |                                 |
| EUR   | (3,755)   | 4.51%  | (169)                           |
| JPY   | 24,335,828                                      | -17.73%  | (4,314,742)                     |
|   | 24,332,073                                      |  | (4,314,911)                     |
| <br>  |   |  |                                 |
| As at 31st December 2012                        | Net Foreign Currency<br>Monetary Assets<br>US\$ | Change in Foreign<br>Exchange Rate v US\$<br>% | Effect on<br>Net Assets<br>US\$ |
| <b><u>Atlantis Asian Fund</u></b>               |   |  |                                 |
| EUR   | (2,378)   | 1.57%  | (37)                            |
| HKD   | 9,365,483                                       | 0.20%  | 18,731                          |
| IDR   | 2,202,718                                       | -5.91%   | (130,181)                       |
| INR   | 840,600   | -3.08%   | (25,890)                        |
| KRW   | 3,240,195                                       | 7.61%  | 246,579                         |
| MYR   | 727,259   | 3.66%  | 26,618                          |
| SGD   | 3,997,181                                       | 6.12%  | 244,627                         |
| THB   | 1,259,324                                       | 3.14%  | 39,543                          |
| TWD   | 1,962,313                                       | 4.27%  | 83,791                          |
|   | 23,592,695                                      |  | 503,781                         |
| <br>  |   |  |                                 |
| <b><u>Atlantis China Fund</u></b>               |   |  |                                 |
| EUR   | (29,116)  | 1.57%  | (457)                           |
| HKD   | 296,247,876                                     | 0.20%  | 592,496                         |
| SGD   | 9,862,094                                       | 6.12%  | 603,560                         |
|   | 306,080,854                                     |  | 1,195,599                       |
| <br>  |   |  |                                 |
| <b><u>Atlantis New China Fortune Fund</u></b>   |   |  |                                 |
| EUR   | (1,118)   | 1.57%  | (18)                            |
| HKD   | 7,904,081                                       | 0.20%  | 15,808                          |
|   | 7,902,963                                       |  | 15,790                          |

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

For the year ended 31st December 2013

### 7. Financial Risk Management (continued)

#### *Currency Risk (continued)*

| As at 31st December 2012<br>(continued)         | Net Foreign Currency<br>Monetary Assets<br>US\$ | Change in Foreign<br>Exchange Rate v US\$<br>% | Effect on<br>Net Assets<br>US\$ |
|---|---|--|---------------------------------|
| <b><u>Atlantis China Healthcare Fund</u></b>    |   |  |                                 |
| EUR   | (5,592)   | 1.57%  | (88)                            |
| HKD   | 31,647,456                                      | 0.20%  | 63,295                          |
| SGD   | 4,931,047                                       | 6.12%  | 301,780                         |
|   | <u>36,572,911</u>                               |  | <u>364,987</u>                  |
| <b><u>Atlantis Japan Opportunities Fund</u></b> |   |  |                                 |
| EUR   | (1,536)   | 1.57%  | (24)                            |
| JPY   | 16,272,427                                      | -11.02%  | (1,793,221)                     |
|   | <u>16,270,891</u>                               |  | <u>(1,793,245)</u>              |

#### ***Interest Rate Risk***

The majority of the sub-fund's financial assets and financial liabilities are non-interest bearing and any excess cash and cash equivalents (as shown in the Balance Sheet) are invested at short-term market interest rates. As a result, none of the sub-funds are subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates, therefore no sensitivity analysis is presented. In accordance with the Trust's policy, the Joint Sub-Investment Managers for their part, or where relevant the Sub-Investment Manager for their part, monitors the sub-funds cash balances on a daily basis and reports regularly to the Board of Directors to the Trust.

#### ***Credit Risk***

Credit risk is defined in FRS 29 as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Whilst the Trust is exposed to credit, this risk is limited as the Trustee holds all assets on behalf of the Trust in a segregated account. The majority of each sub-fund's financial assets are equity securities. All transactions are settled and paid for upon delivery of stock and by using approved brokers. The risk of default is considered minimal as securities are only delivered to the broker once the broker has made the payment. The sub-funds only pay a broker for a purchase once the securities have been received by the custodian.

Substantially all of the cash assets are held with the Northern Trust Company, London Branch (NTC). Cash deposited with NTC is deposited as banker and is held on its Balance Sheet. Accordingly, in accordance with usual banking practice, NTC liability to the Fund in respect of such cash deposits shall be that of debtor and the Fund will rank as a general creditor of NTC. The financial assets are held with the Trustee, Northern Trust Fiduciary Services (Ireland) Limited. These assets are held distinct and separately from the proprietary assets of the Trustee. Securities are clearly recorded to ensure they are held on behalf of the Fund. Bankruptcy or insolvency of the Trustee and or one of its agents or affiliates may cause the Fund's rights with respect to the securities held by the Trustee to be delayed.

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

For the year ended 31st December 2013

### 7. Financial Risk Management (continued)

#### *Credit Risk (continued)*

Both Northern Trust Fiduciary Services (Ireland) Limited and the Northern Trust Company, London Branch are wholly owned subsidiaries of Northern Trust Corporation. As at 31 December 2013 Northern Trust Corporation had a long term rating from Standard & Poor's of A+.

Risk is managed by monitoring the credit quality and financial positions of the Trustee used by the Trust. Northern Trust acts as its own sub-custodian in the U.S., the U.K., Ireland and Canada. In all other markets Northern Trust appoints a local sub-custodian. Northern Trust continually reviews its sub-custodian network.

Atlantis China Healthcare Fund holds covered warrants, the table below states the Issuer, cash value of the warrants on a per issuer basis, Credit Rating and Rating date.

| <b>Issuer</b>                         | <b>Cash Value<br/>of Warrants</b> | <b>Credit<br/>Rating</b> | <b>Rating Date</b> |
|---------------------------------------|-----------------------------------|--------------------------|--------------------|
| <b>Atlantis China Healthcare Fund</b> |                                   |                          |                    |
| BNP Paribas Arbitrage Issuance        | 3,150,198                         | A-1                      | 08/11/2013         |
| BOCI Financial Products               | 4,469,505                         | A+                       | 01/01/2013         |
| CLSA Financial Products               | 3,060,839                         | A-1                      | 20/05/2011         |
| Credit Suisse AG - Switzerland        | 1,175,670                         | A-1                      | 02/07/2013         |
| Credit Suisse AG (Nassau) Branch      | 2,044,386                         | NR                       | 02/07/2013         |
| Goldman Sachs                         | 4,968,786                         | A                        | 29/11/2011         |
| Standard Chartered Bank (Singapore)   | 611,008                           | AA-                      | 01/12/2011         |
| UBS AG - UK                           | 4,105,177                         | A                        | 16/01/2013         |

The Joint Sub-Investment Managers for their part, or where relevant the Sub-Investment Manager for their part, monitor credit risk on a daily basis and reports regularly to the Board of Directors of the Manager to the Trust.

There were no changes to the Trust's policies and processes for monitoring credit risk during the year.

#### *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

The Atlantis Asian Fund and the Atlantis Japan Opportunities Fund operate daily cash redemptions of redeemable units. The Atlantis China Fund and the Atlantis China Healthcare Fund operate twice-monthly cash redemptions of redeemable units. The Atlantis New China Fortune Fund operated twice-monthly cash redemptions of redeemable units. Each sub-fund invests the majority of its assets in securities and other instruments that are traded regularly and which are considered to be realisable under normal market conditions. The Joint Sub-Investment Managers for their part, or where relevant the Sub-Investment Manager for its part, monitor liquidity risk and report regularly on that matter to the Board of Directors of the Manager to the Trust.

At 31st December 2013 and 31st December 2012, each sub-fund's financial liabilities (shown in the Balance Sheet on pages 24 to 25) were classified as being of less than one month's maturity.

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

For the year ended 31st December 2013

### 7. Financial Risk Management (continued)

#### *Other Price Risk*

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As each Sub-Fund's financial instruments are carried at fair value with fair value changes recognised in the Profit and Loss Account, all changes in market conditions will directly affect net investment income. Price risk is managed by the Trust's Investment Manager by constructing a diversified portfolio of instruments traded on various markets.

#### *Unit Dealing Risks*

Pursuant to the procedures set forth in the prospectus issued by the Trust, the Manager will issue units in the sub-fund on each Dealing Day (T) on the basis that investors will not be obliged to settle such subscriptions until 3 business days following that Dealing Day (T+3). The Administrator will provide the Investment Manager with details of the net aggregate value of subscriptions into the sub-fund on each Dealing Day. Using this information, the Investment Manager may place investment trades in the market on the assumption that the sub-fund will have received the subscription monies by the time the sub-fund is obliged to settle these trades. This practice is consistent with the Investment Manager's policy that the Trust should remain fully invested at all times.

However, in the event that a unitholder fails to settle his subscription by T+3, the sub-fund may be forced to borrow funds in order to settle any outstanding investment transactions. The costs of such borrowing will be borne by the sub-fund notwithstanding that these costs will have been incurred by virtue of an investor's failure to settle its subscription in accordance with the timetable set forth in the prospectus.

#### *Fair Value Hierarchy*

The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value. The fair value of financial assets and liabilities traded in an active market (such as traded securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Sub-Funds is the current bid 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 financial assets and financial liabilities that are not traded in an active market are determined by using valuation techniques.

For instruments for which there is no active market, the Trust may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are 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.

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.

**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.

The valuation techniques used by the Trust are explained in the accounting policies note on page 31. There has been no change to the valuation techniques used during the year.

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

*For the year ended 31st December 2013*

### 7. Financial Risk Management (continued)

#### *Fair Value Hierarchy (continued)*

The table below sets out fair value measurements using the FRS 29 fair value hierarchies:

|                                     | <b>Total</b>       | <b>Level 1</b>     | <b>Level 2</b> | <b>Level 3</b>   |
|-------------------------------------|--------------------|--------------------|----------------|------------------|
|                                     | <b>US\$</b>        | <b>US\$</b>        | <b>US\$</b>    | <b>US\$</b>      |
| <b>Atlantis Asian Fund</b>          |                    |                    |                |                  |
| Equity investments                  | 20,349,344         | 20,178,012         | -              | 171,332          |
|                                     | <u>20,349,344</u>  | <u>20,178,012</u>  | <u>-</u>       | <u>171,332</u>   |
| <b>Atlantis China Fund</b>          |                    |                    |                |                  |
| Equity investments                  | 177,251,895        | 175,728,332        | -              | 1,523,563        |
|                                     | <u>177,251,895</u> | <u>175,728,332</u> | <u>-</u>       | <u>1,523,563</u> |
| <b>Atlantis China Healthcare</b>    |                    |                    |                |                  |
| Equity investments                  | 70,268,818         | 70,268,818         | -              | -                |
| Warrants                            | 23,585,569         | 23,585,569         | -              | -                |
|                                     | <u>93,854,387</u>  | <u>93,854,387</u>  | <u>-</u>       | <u>-</u>         |
| <b>Atlantis Japan Opportunities</b> |                    |                    |                |                  |
| Equity investments                  | 24,192,856         | 24,192,856         | -              | -                |
|                                     | <u>24,192,856</u>  | <u>24,192,856</u>  | <u>-</u>       | <u>-</u>         |

The comparative information as at 31st December 2012 is as follows:

|  | <b>Total</b>       | <b>Level 1</b>     | <b>Level 2</b> | <b>Level 3</b>   |
|--|--------------------|--------------------|----------------|------------------|
|  | <b>US\$</b>        | <b>US\$</b>        | <b>US\$</b>    | <b>US\$</b>      |
| <b>Atlantis Asian Fund</b>             |                    |                    |                |                  |
| Equity investments                     | 23,366,469         | 22,871,458         | -              | 495,011          |
| Warrants                               | 350,444            | 350,444            | -              | -                |
|  | <u>23,716,913</u>  | <u>23,221,902</u>  | <u>-</u>       | <u>495,011</u>   |
| <b>Atlantis China Fund</b>             |                    |                    |                |                  |
| Equity investments                     | 306,109,970        | 302,472,904        | -              | 3,637,066        |
| Warrants                               | 6,806,529          | 6,806,529          | -              | -                |
|  | <u>312,916,499</u> | <u>309,279,433</u> | <u>-</u>       | <u>3,637,066</u> |
| <b>Atlantis New China Fortune Fund</b> |                    |                    |                |                  |
| Equity investments                     | 7,903,613          | 7,903,613          | -              | -                |
|  | <u>7,903,613</u>   | <u>7,903,613</u>   | <u>-</u>       | <u>-</u>         |
| <b>Atlantis China Healthcare</b>       |                    |                    |                |                  |
| Equity investments                     | 42,364,789         | 41,102,001         | -              | 1,262,788        |
| Warrants                               | 13,351,504         | 13,351,504         | -              | -                |
|  | <u>55,716,293</u>  | <u>54,453,505</u>  | <u>-</u>       | <u>1,262,788</u> |
| <b>Atlantis Japan Opportunities</b>    |                    |                    |                |                  |
| Equity investments                     | 15,902,625         | 15,902,625         | -              | -                |
|  | <u>15,902,625</u>  | <u>15,902,625</u>  | <u>-</u>       | <u>-</u>         |

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

*For the year ended 31st December 2013*

### 7. Financial Risk Management (continued)

#### *Fair Value Hierarchy (continued)*

The following table presents the transfers between levels during the year. Three investments which were previously in Level 3 were transferred to Level 1 as trading recommenced on these investments.

| <b>2013 Atlantis China Fund</b>            | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|--|----------------|----------------|----------------|
|  | <b>US\$</b>    | <b>US\$</b>    | <b>US\$</b>    |
| Transfer between level 1 and 3             |                |                |                |
| Equities                                   | (15,393,655)   | -              | 15,393,655     |
| <br>                                       |                |                |                |
| <b>2013 Atlantis China Healthcare Fund</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|  | <b>US\$</b>    | <b>US\$</b>    | <b>US\$</b>    |
| Transfer between level 1 and 3             |                |                |                |
| Equities                                   | 1,262,788      | -              | (1,262,788)    |

The following tables present the transfers between levels for the year ended 31 December 2012:

| <b>2012 Atlantis Asian Fund</b>             | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|---|----------------|----------------|----------------|
|   | <b>US\$</b>    | <b>US\$</b>    | <b>US\$</b>    |
| Transfer between level 1 and 3              |                |                |                |
| Equities                                    | (779,411)      | -              | 779,411        |
| <br>  |                |                |                |
| <b>2012 Atlantis China Fund</b>             | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|   | <b>US\$</b>    | <b>US\$</b>    | <b>US\$</b>    |
| Transfer between level 1 and 3              |                |                |                |
| Equities                                    | 823,490        | -              | (823,490)      |
| <br>  |                |                |                |
| <b>2012 Atlantis New China Fortune Fund</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|   | <b>US\$</b>    | <b>US\$</b>    | <b>US\$</b>    |
| Transfer between level 1 and 3              |                |                |                |
| Equities                                    | 720,911        | -              | (720,911)      |

A reconciliation of fair value measurements in level 3 for the Atlantis Asian Fund is set out below:

| <b>Level 3 financial assets at fair value through profit or loss</b> | <b>Equity</b>      | <b>Equity</b>      |
|--|--------------------|--------------------|
|  | <b>Investments</b> | <b>Investments</b> |
|  | <b>2013</b>        | <b>2012</b>        |
|  | <b>US\$</b>        | <b>US\$</b>        |
| <b>Atlantis Asian Fund</b>   |                    |                    |
| Opening Balance  | 495,011            | -                  |
| Transfers into level 3   | -                  | 779,411            |
| Sale of Investments  | -                  | -                  |
| Total gains or losses included in the Profit and Loss Account:       |                    |                    |
| -on assets held at the end of the year                               | (323,679)          | (284,400)          |
| Closing Balance  | <u>171,332</u>     | <u>495,011</u>     |

As at 31st December 2013 Atlantis Asian Fund held two investments which were suspended: Boshiwa International and Berlian Laju Tanker. As a result the Directors of the Manager (the Board) has written down Boshiwa International by 75% and Belian Laju Tanker has been written down to zero.



# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

*For the year ended 31st December 2013*

### 7. Financial Risk Management (continued)

#### *Fair Value Hierarchy (continued)*

A reconciliation of fair value measurements in level 3 for the Atlantis China Fund is set out below:

| <b>Level 3 financial assets at fair value through profit or loss</b>  | <b>Equity<br/>Investments<br/>2013<br/>US\$</b> | <b>Equity<br/>Investments<br/>2012<br/>US\$</b> |
|---|---|---|
| <b>Atlantis China Fund</b>  |   |   |
| Opening Balance   | 3,637,066                                       | 14,390,377                                      |
| Transfers into level 3  | 16,535,487                                      | 11,035,495                                      |
| Transfers out of level 3  | (1,141,832)                                     | (11,858,985)                                    |
| Purchases   | 1,213,824                                       | -   |
| Sales   | (113,433)                                       | -   |
| Total gains or losses included in<br>the Profit and Loss Account:<br>-on assets held at the end of the year | (18,607,549)                                    | (9,929,821)                                     |
| Closing Balance   | <u>1,523,563</u>                                | <u>3,637,066</u>                                |

As at 31st December 2013 Atlantis China Fund held two investments which were suspended: Qunxing Paper and China Metal Recycling. As a result the Board has written down Qunxing Paper by 23.6% and China Metal Recycling was written down to zero.

A reconciliation of fair value measurements in level 3 for the Atlantis New China Fortune Fund is set out below:

| <b>Level 3 financial assets at fair value through profit or loss</b> | <b>Equity<br/>Investments<br/>2013<br/>US\$</b> | <b>Equity<br/>Investments<br/>2012<br/>US\$</b> |
|--|---|---|
| <b>Atlantis New China Fortune Fund</b>                               |   |   |
| Opening Balance  | -   | 720,911   |
| Transfers out of level 3   | -   | (720,911)                                       |
| Closing Balance  | <u>-</u>  | <u>-</u>  |

A reconciliation of fair value measurements in level 3 for the Atlantis China Healthcare Fund is set out below:

| <b>Level 3 financial assets at fair value through profit or loss</b>  | <b>Equity<br/>Investments<br/>2013<br/>US\$</b> | <b>Equity<br/>Investments<br/>2012<br/>US\$</b> |
|---|---|---|
| <b>Atlantis China Healthcare Fund</b>   |   |   |
| Opening Balance   | 1,262,788                                       | 5,458,969                                       |
| Transfers out of level 3  | (1,262,788)                                     | (594,752)                                       |
| Purchases   | -   | 447,504   |
| Sales   | -   | (5,822,780)                                     |
| Total gains or losses included in<br>the Profit and Loss Account:<br>-on assets held at the end of the year | -   | 1,773,847                                       |
| Closing Balance   | <u>-</u>  | <u>1,262,788</u>                                |

China Renji Medical and Uni-Bio Science were suspended as at 31st December 2012 and were in level 3. Both of these securities resumed trading on the exchange in April 2013 and so were transferred from level 3 to level 1.

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

*For the year ended 31st December 2013*

### 8. Soft Commissions

During the year under review, Atlantis Investment Management Ltd entered into soft commission agreements whereby goods and services were received which support the investment decision process. Atlantis Investment Management Ltd does not make direct payment for these goods and services but transacts an agreed amount of business. Commission is paid on these transactions at customary institutional rates and the execution of these transactions is consistent with the principles of best execution. The goods and services supplied include portfolio performance measurement, portfolio administration, electronic information delivery services, publications, market sector and specific training, research and analysis.

The total amounts of soft commission relating to the Sub-Funds were:

|                                 | <b>Dec 2013</b> | <b>Dec 2012</b> |
|---------------------------------|-----------------|-----------------|
|                                 | <b>US\$</b>     | <b>US\$</b>     |
| Atlantis China Fund             | 26,977          | 52,818          |
| Atlantis New China Fortune Fund | -               | 10,410          |
| Atlantis China Healthcare Fund  | 10,587          | 17,545          |

### 9. Exchange Rates

The applicable year end exchange rates were as follows:

#### 31st December 2013

|                   | <b>Exchange Rate</b> |                   | <b>Exchange Rate</b> |
|-------------------|----------------------|-------------------|----------------------|
|                   | <b>to US\$</b>       |                   | <b>to US\$</b>       |
| Euro              | 0.7257               | New Taiwan dollar | 29.8035              |
| Hong Kong dollar  | 7.7538               | Pound sterling    | 0.6038               |
| Indian rupee      | 61.8550              | Singapore dollar  | 1.2626               |
| Indonesian rupiah | 12,170.0000          | South Korean won  | 1,055.3500           |
| Japanese yen      | 105.1050             | Thai baht         | 32.8600              |
| Malaysian ringgit | 3.2755               | Vietnamese Dong   | 21,095.0000          |

#### Comparative 31st December 2012

|                     | <b>Exchange Rate</b> |                   | <b>Exchange Rate</b> |
|---------------------|----------------------|-------------------|----------------------|
|                     | <b>to US\$</b>       |                   | <b>to US\$</b>       |
| China Yuan Renminbi | 6.2303               | New Taiwan dollar | 29.0390              |
| Euro                | 0.7584               | Philippines peso  | 41.0625              |
| Hong Kong dollar    | 7.7509               | Pound sterling    | 0.6152               |
| Indian rupee        | 54.7900              | Singapore dollar  | 1.2219               |
| Indonesian rupiah   | 9,637.5000           | South Korean won  | 1,070.5750           |
| Japanese yen        | 86.4650              | Thai baht         | 30.5900              |
| Malaysian ringgit   | 3.0580               |                   |                      |

### 10. Cash

The Atlantis China Fund has a committed borrowing facility of the lower of US\$40m or 10% of the Sub-Fund's Net Asset Value repayable on demand and subject to periodic review. At 31st December 2013 the Atlantis China Fund had an overdraft of US\$1,599,580 (31 December 2012, US\$7,156,546).

The Atlantis China Healthcare Fund had an uncommitted borrowing facility of the lower of US\$8m or 10% of the Sub-Fund's Net Asset Value repayable on demand and subject to periodic review.

All cash balances are held with Northern Trust (London) Limited, which is a 100% indirect wholly owned subsidiary of the Northern Trust Corporation which has an S&P credit rating of A+.

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

*For the year ended 31st December 2013*

**11. Distributions**

There were no distributions declared in 2013 (2012: nil).

**12. Units Issued and Redeemed during the year ended 31st December 2013**

|   | <b>Atlantis<br/>Asian<br/>Fund<br/>USD Class \$</b>                  | <b>Atlantis<br/>Asian<br/>Fund<br/>EUR Class €</b>                    | <b>Atlantis<br/>Asian<br/>Fund<br/>GBP Class £</b>                   |
|---|--|---|--|
| Units in issue as at 1st January 2013   | 3,607,506  | 1,202   | 504  |
| Units issued during the year            | 3,564  | 3   | 9  |
| Units redeemed during the year          | (771,485)  | -   | -  |
| Units in issue as at 31st December 2013 | 2,839,585  | 1,205   | 513  |
|   | <b>Atlantis<br/>Asian<br/>Fund<br/>USD Class D \$</b>                | <b>Atlantis<br/>China<br/>Fund<br/>US Class \$</b>                    | <b>Atlantis<br/>New China<br/>Fortune<br/>Fund<br/>US Class \$</b>   |
| Units in issue as at 1st January 2013   | 1,000  | 43,942,105  | 11,876,180   |
| Units issued during the year            | -  | 6,740,069   | -  |
| Units redeemed during the year          | -  | (24,141,705)  | (11,876,180)   |
| Units in issue as at 31st December 2013 | 1,000  | 26,540,469  | -  |
|   | <b>Atlantis<br/>China<br/>Healthcare<br/>Fund<br/>US Class \$</b>    | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>USD Class \$</b> | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>EUR Class €</b> |
| Units in issue as at 1st January 2013   | 43,613,137   | 10,735,048  | 15,000   |
| Units issued during the year            | 33,737,411   | 1,584,320   | 145,500  |
| Units redeemed during the year          | (26,728,072)   | (3,661,034)   | (5,000)  |
| Units in issue as at 31st December 2013 | 50,622,476   | 8,658,334   | 155,500  |
|   | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>GBP Class £</b> |   |  |
| Units in issue as at 1st January 2013   | 20,000   |   |  |
| Units issued during the year            | 11,800   |   |  |
| Units redeemed during the year          | -  |   |  |
| Units in issue as at 31st December 2013 | 31,800   |   |  |

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

*For the year ended 31st December 2013*

### 12. Units Issued and Redeemed during the year ended 31st December 2013 (continued)

Comparatives for the year ended 31st December 2012:

|   | <b>Atlantis<br/>Asian<br/>Fund<br/>USD Class \$</b> | <b>Atlantis<br/>Asian<br/>Fund<br/>EUR Class €</b> | <b>Atlantis<br/>Asian<br/>Fund<br/>GBP Class £</b> |
|---|---|--|--|
| Units in issue as at 1st January 2012   | 4,680,419   | 1,200  | 501  |
| Units issued during the year            | 76,921  | 2  | 3  |
| Units redeemed during the year          | (1,149,834)   | -  | -  |
| Units in issue as at 31st December 2012 | <u>3,607,506</u>                                    | <u>1,202</u>                                       | <u>504</u>   |

|   | <b>Atlantis<br/>Asian<br/>Fund<br/>USD Class D \$</b> | <b>Atlantis<br/>China<br/>Fund<br/>US Class \$</b> | <b>Atlantis<br/>New China<br/>Fortune<br/>Fund<br/>US Class \$</b> |
|---|---|--|--|
| Units in issue as at 1st January 2012   | -   | 67,454,222   | 18,860,959   |
| Units issued during the year            | 1,000   | 8,550,649  | 30,824   |
| Units redeemed during the year          | -   | (32,062,766)                                       | (7,015,603)  |
| Units in issue as at 31st December 2012 | <u>1,000</u>  | <u>43,942,105</u>                                  | <u>11,876,180</u>  |

|   | <b>Atlantis<br/>China<br/>Healthcare<br/>Fund<br/>US Class \$</b> | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>USD Class \$</b> | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>EUR Class €</b> |
|---|---|---|--|
| Units in issue as at 1st January 2012   | 59,021,189  | 11,838,530  | 10,000   |
| Units issued during the year            | 471,939   | 501,600   | 5,000  |
| Units redeemed during the year          | (15,879,991)  | (1,605,082)   | -  |
| Units in issue as at 31st December 2012 | <u>43,613,137</u>   | <u>10,735,048</u>   | <u>15,000</u>  |

|   | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>GBP Class £</b> |
|---|--|
| Units in issue as at 1st January 2012   | 20,000   |
| Units issued during the year            | -  |
| Units redeemed during the year          | -  |
| Units in issue as at 31st December 2012 | <u>20,000</u>  |

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

*For the year ended 31st December 2013*

### 13. Net Asset Value per unit

As stated in note 2 there is a difference between the valuation of quoted investment positions as prescribed by Irish GAAP and the valuation method used in calculating the prices at which units are issued and redeemed and which is described in the Trust's prospectus. The application of FRS26 in these financial statements results in an overall decrease of US\$2,064,669 (2012: US\$2,817,814) in the value of investments.

The Net Asset Value per unit at 31st December 2013 after the above adjustment was as follows:

|   | <b>Atlantis<br/>Asian<br/>Fund<br/>USD Class \$</b> | <b>Atlantis<br/>Asian<br/>Fund<br/>EUR Class €</b> | <b>Atlantis<br/>Asian<br/>Fund<br/>GBP Class £</b> | <b>Atlantis<br/>Asian<br/>Fund<br/>USD Class D \$</b> | <b>Atlantis<br/>China<br/>Fund<br/>US Class \$</b> |
|---|---|--|--|---|--|
| Net Asset Value per unit for unitholder dealing           | 7.21  | 9.96   | 9.53   | 11.47   | 6.67   |
| Difference in Net Asset Value per unit due to FRS26       | (0.04)  | (0.03)   | (0.03)   | (0.04)  | (0.05)   |
| Net Asset Value per unit for financial reporting purposes | <b>7.17</b>   | <b>9.93</b>  | <b>9.50</b>  | <b>11.43</b>  | <b>6.62</b>  |

|   | <b>Atlantis<br/>China<br/>Healthcare<br/>Fund<br/>USD Class \$</b> | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>USD Class \$</b> | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>EUR Class €</b> | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>GBP Class £</b> |
|---|--|---|--|--|
| Net Asset Value per unit for unitholder dealing           | 1.81   | 2.26  | 20.75  | 19.30  |
| Difference in Net Asset Value per unit due to FRS26       | (0.01)   | (0.00)  | (0.00)   | (0.00)   |
| Net Asset Value per unit for financial reporting purposes | <b>1.80</b>  | <b>2.26</b>   | <b>20.75</b>   | <b>19.30</b>   |

The Net Asset Value per unit at 31st December 2012 after the above adjustment was as follows:

|   | <b>Atlantis<br/>Asian<br/>Fund<br/>USD Class \$</b> | <b>Atlantis<br/>Asian<br/>Fund<br/>EUR Class €</b> | <b>Atlantis<br/>Asian<br/>Fund<br/>GBP Class £</b> | <b>Atlantis<br/>Asian<br/>Fund<br/>USD Class D \$</b> | <b>Atlantis<br/>China<br/>Fund<br/>US Class \$</b> |
|---|---|--|--|---|--|
| Net Asset Value per unit for unitholder dealing           | 6.63  | 9.58   | 9.00   | 10.54   | 7.01   |
| Difference in Net Asset Value per unit due to FRS26       | (0.03)  | (0.03)   | (0.03)   | (0.03)  | (0.06)   |
| Net Asset Value per unit for financial reporting purposes | <b>6.60</b>   | <b>9.55</b>  | <b>8.97</b>  | <b>10.51</b>  | <b>6.95</b>  |

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

*For the year ended 31st December 2013*

### 13. Net Asset Value per unit (continued)

The Net Asset Value per unit at 31st December 2012 after the above adjustment was as follows: (continued)

|   | <b>Atlantis<br/>New China<br/>Fortune<br/>Fund<br/>USD Class \$</b> | <b>Atlantis<br/>China<br/>Healthcare<br/>Fund<br/>USD Class \$</b> | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>USD Class \$</b> | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>EUR Class €</b> | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund<br/>GBP Class £</b> |
|---|---|--|---|--|--|
| Net Asset Value per unit for unitholder dealing           | 1.06  | 1.31   | 1.45  | 13.93  | 12.74  |
| Difference in Net Asset Value per unit due to FRS26       | (0.00)  | (0.01)   | (0.00)  | (0.00)   | (0.00)   |
| Net Asset Value per unit for financial reporting purposes | <b>1.06</b>   | <b>1.30</b>  | <b>1.45</b>   | <b>13.93</b>   | <b>12.74</b>   |

This adjustment does not impact on the ongoing net asset valuation, capital transactions or the calculation of fees based on the net assets.

### 14. Comparative Statistics

| <b>Net Asset Value per unit</b>                  | <b>Dec 2013</b> | <b>Dec 2012</b> | <b>Dec 2011</b> |
|--|-----------------|-----------------|-----------------|
| Atlantis Asian Fund - USD Class \$               | 7.168           | 6.602           | 5.465           |
| Atlantis Asian Fund - EUR Class €                | 9.932           | 9.552           | 8.090           |
| Atlantis Asian Fund - GBP Class £                | 9.495           | 8.971           | 7.790           |
| Atlantis Asian Fund - USD Class D \$             | 11.426          | 10.506          | -               |
| Atlantis China Fund - USD Class \$               | 6.617           | 6.953           | 6.497           |
| Atlantis New China Fortune Fund USD Class \$     | -               | 1.059           | 1.006           |
| Atlantis China Healthcare Fund USD Class \$      | 1.803           | 1.304           | 1.046           |
| Atlantis Japan Opportunities Fund - USD Class \$ | 2.260           | 1.449           | 1.187           |
| Atlantis Japan Opportunities Fund - EUR Class €  | 20.753          | 13.931          | 11.279          |
| Atlantis Japan Opportunities Fund - GBP Class £  | 19.303          | 12.737          | 10.552          |
| <b>Net Asset Value</b>                           | <b>Dec 2013</b> | <b>Dec 2012</b> | <b>Dec 2011</b> |
|  | <b>US\$</b>     | <b>US\$</b>     | <b>US\$</b>     |
| Atlantis Asian Fund                              | 20,390,396      | 23,848,525      | 25,575,178      |
| Atlantis China Fund                              | 175,603,632     | 305,533,357     | 438,289,893     |
| Atlantis New China Fortune Fund                  | -               | 12,576,967      | 18,969,012      |
| Atlantis China Healthcare Fund                   | 91,243,963      | 56,875,391      | 61,699,598      |
| Atlantis Japan Opportunities Fund                | 24,993,518      | 16,237,849      | 14,053,349      |

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

For the year ended 31st December 2013

### 15. Financial Derivative Instruments

The Atlantis China Healthcare Fund held warrants at the year ended 31st December 2013 (2012, Atlantis China and Atlantis China Healthcare Funds held warrants).

The Trust uses the commitment approach to measure global exposure.

### 16. Directors of the Manager – related party investments in the Trust’s sub-funds

Paul Selway-Swift had an interest in the following sub-funds as at year end:

|                                 | <b>Dec 2013</b>   | <b>Dec 2012</b>   |
|---------------------------------|-------------------|-------------------|
| Atlantis China Fund             | 10,811.501 Units  | 6,759.736 Units   |
| Atlantis New China Fortune Fund | -                 | 25,481.951 Units  |
| Atlantis China Healthcare Fund  | 100,000.000 Units | 200,000.000 Units |

Mr Selway-Swift’s spouse had an interest in the following sub-funds as at year end:

|                                 | <b>Dec 2013</b>  | <b>Dec 2012</b>  |
|---------------------------------|------------------|------------------|
| Atlantis New China Fortune Fund | -                | 54,555.534 Units |
| Atlantis China Healthcare Fund  | 98,802.395 Units | 98,802.395 Units |

Gerard Morrison held investments in the following sub-funds as at year end:

|                                   | <b>Dec 2013</b>  | <b>Dec 2012</b>  |
|-----------------------------------|------------------|------------------|
| Atlantis China Healthcare Fund    | 36,470.897 Units | 36,470.897 Units |
| Atlantis Japan Opportunities Fund | 53,384.317 Units | 53,384.317 Units |

Joseph Wat held investments in the following sub-fund as at year end:

|                     | <b>Dec 2013</b> | <b>Dec 2012</b> |
|---------------------|-----------------|-----------------|
| Atlantis Asian Fund | 3,776.382 Units | 3,731.842 Units |

No other Director held a related party investment in the Trust for the years ended 31st December 2013 or 2012.

### 17. Significant changes during the year

Gerry Brady resigned on 28th January 2013 as a Director of the Managers and Paul McNaughton was appointed effective from the same date.

The Atlantis New China Fortune Fund terminated on 31st January 2013.

# Atlantis International Umbrella Fund

## Notes to the Financial Statements (continued)

*For the year ended 31st December 2013*

### 18. Subsequent events post year end

Paul Selway-Swift will be resigning as a Director and Chairman of the Directors with effect from the close of the Board meeting to be held on 15th April 2014.

### 19. Auditors' Remuneration

The remuneration for all work carried out by the statutory audit firm in respect of the financial year is as follows:

#### 31 December 2013

|                             | <b>Atlantis<br/>Asian<br/>Fund</b> | <b>Atlantis<br/>China<br/>Fund</b> | <b>Atlantis<br/>New China<br/>Fortune<br/>Fund</b> | <b>Atlantis<br/>China<br/>Healthcare<br/>Fund</b> | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund</b> |
|-----------------------------|------------------------------------|------------------------------------|--|---|--|
|                             | US\$                               | US\$                               | US\$   | US\$  | US\$   |
| Statutory audit of accounts | 3,275                              | 26,102                             | 1,287  | 14,280  | 3,755  |
| Other assurance services    | -                                  | -                                  | -  | -   | -  |
| Tax advisory services       | -                                  | 6,930                              | 6,930  | 6,930   | -  |
| Other non-audit services    | -                                  | -                                  | -  | -   | -  |

#### 31 December 2012

|                             | <b>Atlantis<br/>Asian<br/>Fund</b> | <b>Atlantis<br/>China<br/>Fund</b> | <b>Atlantis<br/>New China<br/>Fortune<br/>Fund</b> | <b>Atlantis<br/>China<br/>Healthcare<br/>Fund</b> | <b>Atlantis<br/>Japan<br/>Opportunities<br/>Fund</b> |
|-----------------------------|------------------------------------|------------------------------------|--|---|--|
|                             | US\$                               | US\$                               | US\$   | US\$  | US\$   |
| Statutory audit of accounts | 2,378                              | 29,116                             | 1,118  | 5,592   | 1,536  |
| Other assurance services    | -                                  | -                                  | -  | -   | -  |
| Tax advisory services       | -                                  | 6,930                              | 6,930  | 6,930   | -  |
| Other non-audit services    | -                                  | -                                  | -  | -   | -  |

### 20. Approval of Financial Statements

The Financial Statements were approved by the Board of Directors of Atlantis Investment Management (Ireland) Limited on 15 April 2014.



# Atlantis International Umbrella Fund

## Atlantis Asian Fund Significant Portfolio Movements Unaudited

| <b>Purchases</b>                      | <b>Cost<br/>US \$'000</b> | <b>Sales</b>                             | <b>Proceeds<br/>US \$'000</b> |
|---------------------------------------|---------------------------|--|-------------------------------|
| OCI                                   | 645                       | Adhi Karya Persero                       | 902                           |
| Compal Electronics                    | 514                       | Mirae Asset Securities                   | 857                           |
| Comtec Solar Systems                  | 458                       | Huaneng Renewables                       | 807                           |
| China Shanshui Cement                 | 429                       | ZTE                                      | 798                           |
| Taiwan Fertilizer                     | 418                       | Hyundai Development                      | 752                           |
| China Galaxy Securities               | 386                       | Evergreen Marine                         | 674                           |
| Indosat                               | 381                       | Tipco Asphalt                            | 639                           |
| Esso Thailand                         | 370                       | Tiga Pilar Sejahtera Food Tbk            | 581                           |
| Termbray Petro-King Oilfield Services | 336                       | Religare Health Trust                    | 538                           |
| Malee Sampran                         | 334                       | Samsung Techwin                          | 530                           |
| SP Setia                              | 334                       | CH Karnchang                             | 521                           |
| International Housewares Retail       | 293                       | Doosan Heavy Industries and Construction | 481                           |
| NBB Investment                        | 289                       | Hon Hai Precision Industry               | 445                           |
| Pembangunan Jaya Ancol                | 282                       | Tianjin Port Development                 | 427                           |
| Ananda Development                    | 251                       | Taiwan Fertilizer                        | 410                           |
| Parkson Retail                        | 249                       | Perennial China Retail Trust             | 382                           |
| Bekasi Fajar Industrial Estate        | 239                       | Zhong An Real Estate                     | 380                           |
| Agung Podomoro Land                   | 232                       | SP Setia                                 | 377                           |
| Ramayana Lestari Sentosa              | 230                       | Innovalues                               | 328                           |
| KNM Group                             | 227                       | Ramayana Lestari Sentosa                 | 313                           |

# Atlantis International Umbrella Fund

## Atlantis China Fund Significant Portfolio Movements Unaudited

| <b>Purchases</b>                                | <b>Cost<br/>US \$'000</b> | <b>Sales</b>  | <b>Proceeds<br/>US \$'000</b> |
|---|---------------------------|---|-------------------------------|
| People's Insurance Group of China               | 5,611                     | Sinopharm   | 17,996                        |
| China Foods                                     | 5,169                     | Hua Han Bio-Pharmaceutical  | 12,708                        |
| Viva China                                      | 5,160                     | Shandong Weigao Medical Polymer                                   | 11,669                        |
| Shanghai Fudan-Zhangjiang<br>Bio-Pharmaceutical | 2,215                     | China Medical System  | 10,510                        |
| Goldpoly New Energy                             | 1,774                     | Biosensors International  | 9,619                         |
| Burwill   | 1,685                     | Nanjing Sample Technology   | 9,605                         |
| Goldpac   | 1,659                     | Beijing Tiantan Biological Products<br>(Goldman Sachs) 06/09/2013 | 7,635                         |
| Sinopec Engineering                             | 1,639                     | Chinavision Media   | 7,551                         |
| Silver Base                                     | 1,611                     | Zhong An Real Estate  | 6,944                         |
| China Cinda Asset Management                    | 1,599                     | China Gold International Resources                                | 6,929                         |
| CIMC ENRIC                                      | 1,530                     | Shanghai Fudan-Zhangjiang<br>Bio-Pharmaceutical                   | 5,725                         |
| China Resources Power Holdings                  | 1,466                     | CSR   | 5,431                         |
| Time Watch Investments                          | 1,406                     | People's Insurance Company Group of China                         | 4,912                         |
| Huadian Power International                     | 1,304                     | China Water Affairs   | 3,596                         |
| China Yurun Food                                | 1,247                     | Hao Tian Development  | 3,194                         |
| PAX Global Technology Limited                   | 1,234                     | China Foods   | 3,104                         |
| China Metal Recycling                           | 1,214                     | China Yurun Food  | 2,593                         |
| UBS   | 939                       | Yantai North Andre Juice  | 2,501                         |
| Renhe Commercial                                | 746                       | Cinda International   | 2,145                         |
| CSR   | 732                       | Brilliant Circle International                                    | 1,957                         |

# Atlantis International Umbrella Fund

## Atlantis New China Fortune Fund Significant Portfolio Movements Unaudited

There were no purchases during the period

### All Sales

**Proceeds  
US \$'000**

|  |       |
|--|-------|
| China Metal Recycling                  | 1,237 |
| Hua Han Bio-Pharmaceutical             | 860   |
| Xinjiang Goldwind Science & Technology | 664   |
| China Communications Construction      | 634   |
| China Gold International Resources     | 600   |
| iShares FTSE A50 China Index ETF       | 593   |
| Zhong An Real Estate                   | 291   |
| Brilliant Circle International         | 268   |
| Strong Petrochemical                   | 54    |

## Atlantis China Healthcare Fund Significant Portfolio Movements Unaudited

| Purchases   | Cost<br>US \$'000 | Sales  | Proceeds<br>US \$'000 |
|---|-------------------|--|-----------------------|
| Beijing Tong Ren Tang Chinese Medicine                                    | 5,111             | China Cord Blood   | 6,163                 |
| Shandong Weigao Medical Polymer   | 4,031             | WuXi Pharmatech Cayman   | 3,448                 |
| Biosime International   | 3,955             | Lijun International Pharmaceutical                                     | 3,201                 |
| Guangzhou Baiyunshan Pharmaceutical                                       | 3,700             | Sihuan Pharmaceutical  | 3,090                 |
| CSPC Pharmaceutical   | 3,296             | Bloomage Biotechnology   | 2,935                 |
| Sino Biopharmaceutical  | 2,771             | Sinopharm  | 2,744                 |
| Golden Meditech   | 2,440             | Sino Biopharmaceutical   | 2,152                 |
| Tibet Rhodiola Pharmaceuticals -A<br>(BOCI Financial Products) 29/08/2014 | 1,899             | China Life Insurance ( UBS AG - UK) 13/08/2013                         | 2,076                 |
| Biosensors International  | 1,668             | Shanghai Fudan-Zhangjiang Bio-Pharmaceutical                           | 1,542                 |
| Lifetech Scientific   | 1,651             | Beijing Tiantan Biological Products<br>(Goldman Sachs - UK) 06/09/2013 | 1,408                 |
| China Life Insurance (UBS AG - UK) 13/02/2014                             | 1,498             | Biosensors International   | 1,308                 |
| China Medical System  | 1,425             | Shanghai Fosun Pharmaceutical  | 1,080                 |
| Beijing Tiantan (Goldman Sachs) 24/05/2012                                | 1,408             | Yunnan Baiyao Group<br>(Goldman Sachs - UK) 11/03/2013                 | 986                   |
| Shinva Medical ( UBS AG - UK) 03/03/2014                                  | 1,394             | China NT Pharma  | 972                   |
| Shanghai Fudan-Zhangjiang Bio-Pharmaceutical                              | 1,359             | Beijing Tong Ren Tang Chinese Medicine                                 | 820                   |
| Lijun International Pharmaceutical  | 1,271             | Phoenix Healthcare Class C   | 774                   |
| Hua Han Bio-Pharmaceutical  | 1,193             | Yunnan Baiyao Group<br>(CLSA Financial Products) 24/05/2017            | 758                   |
| Bloomage Biotechnology  | 1,130             | China Traditional  | 748                   |
| China Cord Blood  | 1,057             | Hua Han Bio-Pharmaceutical   | 709                   |
| Shanghai Fosun Pharmaceutical -A<br>(BOCI Financial Products) 30/10/2014  | 1,014             | China Medical System   | 679                   |

# Atlantis International Umbrella Fund

## Atlantis Japan Opportunities Fund Significant Portfolio Movements Unaudited

| <b>Purchases</b>          | <b>Cost<br/>US \$'000</b> | <b>Sales</b>             | <b>Proceeds<br/>US \$'000</b> |
|---------------------------|---------------------------|--------------------------|-------------------------------|
| Aucfan                    | 824                       | Chiome Bioscience        | 1,669                         |
| Internet Initiative Japan | 811                       | Colopl                   | 1,594                         |
| Unicharm                  | 753                       | Macromill                | 842                           |
| Broadleaf                 | 720                       | Jin                      | 799                           |
| Gakujo                    | 703                       | K's Holdings             | 783                           |
| Financial Products        | 699                       | Financial Products       | 768                           |
| Obara                     | 695                       | SMS                      | 729                           |
| Yumeshin                  | 627                       | Star Mica                | 668                           |
| Oriental Land             | 621                       | Nippon Sharyo            | 638                           |
| Topcon                    | 613                       | Japan Securities Finance | 623                           |
| Toyota Tsusho             | 608                       | Aucfan                   | 586                           |
| Enigmo                    | 584                       | Oriental Land            | 581                           |
| JP-Holdings               | 578                       | WirelessGate             | 564                           |
| ZIGEXN                    | 572                       | Sanix                    | 554                           |
| Hitachi Capital           | 564                       | Obara                    | 548                           |
| Tokyo Lithmatic           | 561                       | 3-D Matrix Class D       | 544                           |
| SMK                       | 558                       | Sekisui House            | 525                           |
| A&D                       | 549                       | Sato                     | 520                           |
| Komehyo                   | 548                       | Ai                       | 513                           |
| SMS                       | 540                       | Komehyo                  | 507                           |