

# ARCUS JAPAN LONG/SHORT FUND

*Luxembourg Mutual Investment Fund  
Annual Report and Audited Financial Statements as at  
May 31, 2021*

RCS Luxembourg K195

*Subscriptions for Units of the Fund can only be accepted on the basis of the full Prospectus and the Key Investor Information Document (KIID) and the most recent annual report or semi-annual report of the Fund (if more recent than such annual report) which are available from the registered office of the Fund in Luxembourg and from the Placement Agent.*

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**DIRECTORS AND ADMINISTRATION**

**MANAGEMENT COMPANY**

FundRock Management Company S.A.  
33, rue de Gasperich,  
L-5826 Hesperange, Luxembourg

**BOARD OF DIRECTORS  
OF THE MANAGEMENT COMPANY**

*Chairman*

Mr Michel Marcel Vareika  
Independent Non-Executive Director, Luxembourg

*Members*

Mr Romain Denis  
Executive Director - Managing Director  
FundRock Management Company S.A., Luxembourg

From 16 February, 2021  
Mr Thibault Grégoire  
Executive Director - Chief Financial Officer  
FundRock Management Company S.A., Luxembourg

Until 12 February, 2021  
Mr Eric May  
Non-Executive Director  
Founding Partner, BlackFin Capital Partners Paris, France

Mrs Tracey McDermott  
Independent Non-Executive Director  
Luxembourg

Until June 26, 2020  
Mr Grégory Nicolas  
Executive Director - Co-managing Director  
FundRock Management Company S.A., Luxembourg

Mr Xavier Parain  
Executive Director - Chief Executive Officer  
FundRock Management Company S.A., Luxembourg

Until 12 February, 2021  
Mr Serge Ragozin  
Executive Director - Deputy Chief Executive Officer  
FundRock Management Company S.A., Luxembourg

*Conducting Officers*

Mr Romain Denis, Executive Director - Managing Director

Until June 26, 2020  
Mr Grégory Nicolas, Executive Director - Co-managing  
Director

Mr Matteo Sbrolla, Director - Investment Management and  
Distribution Oversight

From October 8, 2020  
Mr Emmanuel Nantas, Director – Compliance

From October 8, 2020  
Mr Franck Caramelle, Director – Alternatives Investments

From October 8, 2020  
Mr Alexis Fernandez, Head of Projects and Services –  
Information System Department

**INVESTMENT MANAGER, UK FACILITIES AGENT  
AND DISTRIBUTOR**

Arcus Investment Limited  
7 Stratford Place  
5th floor  
London  
W1C 1AY

**SUB-INVESTMENT MANAGER**

Arcus Investment Asia Limited  
503 Tai Tung Building  
8 Fleming Road  
Wan Chai, Hong Kong

**DEPOSITARY AND PAYING AGENT**

Northern Trust Global Services SE  
10, rue du Château d'Eau,  
L-3364 Leudelange, Luxembourg

**ADMINISTRATIVE AGENT AND REGISTRAR  
AND TRANSFER AGENT**

Northern Trust Global Services SE  
10, rue du Château d'Eau,  
L-3364 Leudelange, Luxembourg

**INDEPENDENT AUDITOR OF THE FUND**

Ernst & Young S.A.  
35E, Avenue John F. Kennedy  
L-1855 Luxembourg, Luxembourg

**LEGAL ADVISERS**

*In Luxembourg*  
Elvinger Hoss Prussen  
2, Place Winston Churchill,  
L-1340 Luxembourg, Luxembourg

*In Japan*  
Mori Hamada & Matsumoto  
Marunouchi Park Building,  
6-1, Marunouchi 2-chome,  
Chiyoda-Ku, Tokyo 100-8222, Japan

*In the United States of America*  
Seward & Kissel LLP  
One Battery Park Plaza,  
New York, NY 10004, United States of America

*In England*  
From January 1, 2021  
Macfarlanes LLP  
20 Cursitor Street,  
London EC4A 1LT, United Kingdom

Until December 31, 2020  
Dechert LLP  
160, Queen Victoria Street,  
London EC4V 4QQ, England

**DIRECTORS AND ADMINISTRATION**

*In Finland*

Dittmar & Indrenius Attorneys Ltd  
Pohjoisesplanadi 25 A,  
00100 Helsinki, Finland

*In Italy*

From January 1, 2021  
Gentili & Partners  
Via Manfredo Camperio 9,  
20123 Milan, Italy

Until December 31, 2020  
Gentili & Partners  
Foro Buonaparte 70,  
20121 Milan, Italy

*In the Isle of Man*

From January 1, 2021  
Cains  
Fort Anne, South Quay  
Douglas IM1 5PD, Isle of Man

Until December 31, 2020  
Appleby (Isle of Man) LLC  
33-37, Athol Street,  
Douglas IM1 1LB, Isle of Man

*In Guernsey*

Ogier (Guernsey) LLP  
Redwood House, St. Julian's Avenue, St. Peter Port,  
Guernsey GY1 1WA, Channel Islands

*In Jersey*

Ogier (Jersey) LLP  
44, Esplanade, St. Helier,  
Jersey JE4 9WG, Channel Islands

**REGISTERED OFFICE**

FundRock Management Company S.A.  
33, rue de Gasperich,  
L-5826 Hesperange, Luxembourg

**INFORMATION TO THE UNITHOLDERS**

ARCUS JAPAN LONG/SHORT FUND (the “Fund”) is a Fund in the form of a Mutual Investment Fund (“Fonds Commun de Placement”). The Fund qualifies as an undertaking for collective investment regulated by the provisions of part I of the law of December 17, 2010 relating to undertakings for collective investment (the “2010 Law”).

The Fund was initially established for a period to end on May 31, 2009. The life of the Fund has been extended by the Board of Directors of the Management Company as at November 13, 2008 for an unlimited duration. The Fund may be dissolved at any time prior to the end of its life by agreement between the Management Company and the Depositary.

The Management Company of the Fund is FundRock Management Company S.A. (the “Management Company”). The Management Company is organised for an unlimited period as a société anonyme under the laws of Luxembourg by notarial deed dated November 10, 2004, published in the Mémorial on December 6, 2004 and is approved as a Management Company regulated by chapter 15 of the 2010 Law. Its registered and principal office is at 33, rue de Gasperich, L-5826 Hespérange. It is registered with the Registre de Commerce et des Sociétés of Luxembourg under number B 104.196.

The Board of Directors has adopted the most recent ALFI Code of Conduct (the “Code”), dated June 2013, which sets out principles of good governance. The Board of Directors considers that the Management Company has been in compliance with the Code in all material aspects throughout the financial year ended May 31, 2021.

The financial year of the Fund begins on June 1st and ends on May 31st.

Unitholders of the Fund may obtain the annual report and all semi-annual reports of the Fund free of charge at the Registered Office of the Management Company.

Notices concerning the Fund will be published in newspapers designated by the Board of Directors of the Management Company and, if prescribed by law, will be published in the Mémorial, the official gazette of Luxembourg, and will be lodged with the Registrar of the Luxembourg District Court.

The current Articles of Incorporation of the Management Company are lodged with the Registrar of the Luxembourg District Court, from whom copies may be obtained.

The issue price and the redemption price are made public at the Registered Office of the Management Company.

The Board of the Management Company has taken all reasonable steps to ensure business continuity post Brexit. In order to continue to distribute the Fund in the United Kingdom post Brexit, the Management Company filed on behalf of the Fund under the UK’s Temporary Permission Regime (TPR). The TPR will allow European Economic Area domiciled investment funds (i.e. funds domiciled in Luxembourg and Ireland) the ability to continue to market their funds for a period of three years should the UK leave the European Union without an implementation period in place.

The European Securities and Markets Authorities (ESMA) and European securities regulators have also agreed a multilateral memorandum of understanding (MMoU) with the Financial Conduct Authority (FCA) in the UK. The MMoU covers supervisory cooperation, enforcement and information exchange between the national competent authorities and the FCA. The MMoU will take effect in the event of a no-deal Brexit scenario. Supervisory cooperation between the national competent authorities is required notably in the context of delegation of portfolio management by Luxembourg management companies to authorised undertakings in the UK.

The list of the investment funds managed by the Management Company may be obtained, on request, at the registered Office of the Management Company.

**RISK MANAGEMENT**

The calculation of the global exposure is monitored via Absolute Value-at-Risk (“VaR”) method.

Limit	Computation Methodology	Confidence Interval	Analysis Time Horizon	Time Series Extension
20%	Historical Simulation	99%	One month (20 days)	1 year

For the year ended May 31, 2021, the VaR amounted to:

Minimum	Maximum	Average
12.30%	21.27%	15.28%

To determine leverage the Management Company is using the sum of notional approach as set out in ESMA Guidelines 10-788. For the year ended May 31, 2021, the leverage amounted to:

Maximum	Average
106.24%	87.22%

**REPORT ON THE ACTIVITIES OF THE FUND\****year ended May 31, 2021*

During the year, the fund's NAV per share rose +19.7%<sup>1</sup>, taking total returns from its April 1999 inception to +243.8%<sup>1</sup>, or +5.7% per annum. TOPIX rose +24.5% during the twelve months and has risen a mere +44.5% since the fund's inception.

The Retail sector was the strongest relative contributor to the fund, followed by Insurance and Materials. Commercial & Professional Services were a drag on performance.

The top individual contributor was Hitachi Ltd (6501), which rose 69.9%. The stock performed particularly well since the start of the pandemic, rising well above pre-COVID levels by the end of the period. The company has been going through a transformation, divesting many of its many legacy businesses and listed subsidiaries such as Hitachi Chemicals, Hitachi Capital and Hitachi Logistics. The company's core business providing digital transformation software and services has thrived with its new "Lumada" platform. With the recent attention on renewable energy, the company's electric grid business (Hitachi ABB Powergrid) is also seen as a source of potential growth.

The energy sector generated positive returns, with Cosmo Energy (5021) among top contributors, rising +43%. Crude oil fell sharply in March and April 2020, during the beginning of the COVID-19 outbreak. However, the price has recovered to pre-COVID levels, pushing up the oil companies' stock prices. This recovery came from a combination of a recovery in general economic conditions, OPEC+ countries holding back on oil production, and other smaller factors such as an energy shortage in the US. INPEX (1605), Japan's leading oil exploration company, was also added to the fund in the second half of 2020 when it was deeply out of favour and at depressed valuations. Its share price increased +23% during the period.

Another positive sector for the fund was auto parts, including Mitsuba Corp (7280) which rose 105%. Shares jumped in February and May with the announcement of strong third-quarter and full-year results, and when the presentation of the company's mid-term plan included optimistic earnings targets to March 2025. The company supplies small motors for cars and motorcycles to Honda and other automakers. After sales halved in the first quarter of the past year, they recovered to positive year-on-year levels in the second half. Aisin Corp (7259) is the another positive contributor in this sector returning +42%. Toyota and its suppliers have led the auto industry in the post-COVID recovery, which was confirmed in strong full year results released at the end of April. Manufacturers of traditional automobile components have regained some lost ground, as the market eases its previous obsession with pure battery EVs and accepts that a wider range of electric vehicles will likely coexist in the future. Amongst other items, Aisin manufactures drive train components which include a range of electrification products.

Another strong performer was Japan Post Insurance (7181), which rose 57%. The company finally announced a long-awaited share buyback of up to 439.8 billion yen from parent company Japan Post Holdings (6178), decreasing the parent's stake to below 50%. This would ease restrictions from a privatisation law that has prevented the company from expanding its range of insurance products, thus enabling the company to better compete with rival insurers. The limited product line-up is also seen to have been a factor that drove its salesforce to deploy sales practices that led to 2019's scandal.

Some of the negative contributions came from the retail/leisure sector. The Japanese government declared a state of emergency three times during the COVID-19 pandemic, each time halting traffic to physical stores. The portfolio includes companies that are undergoing restructuring and optimization of store operations and aim to increase gross profit margins by reducing the proportion of discounted sales. The percentage of vaccinated people in Japan is still lower than in many other developed countries. However Japan is catching up fast, with large scale vaccine programs which started on May 24th 2021. With valuations still depressed, we believe the sector has upside potential.

The opportunity set remains fertile for both long and short positions, given the unusually wide distribution of valuations within the market overall, with long positions generally at the lower end of historical ranges and expensive stocks at high valuations that are not supported by reasonable assessment of business prospects and are unsustainable, in our opinion.

Since the close of the fiscal period, any significant development has been included in the documents presented to the Unitholders.

September 27, 2021  
Arcus Investment Limited

\* Comparisons and indications are drawn from past performance and are not necessarily indicative of future results.

<sup>1</sup> Fund NAV is a composite based on returns for the Absolute Retail class (JPY) to 28th August 2015 and the Absolute Institutional class (JPY) from September 2015.

**INDEPENDENT AUDITOR'S REPORT**

To the Unitholders of  
ARCUS JAPAN LONG/SHORT FUND  
33, rue de Gasperich,  
L-5826 Hesperange, Luxembourg

**Opinion**

We have audited the accompanying financial statements of ARCUS JAPAN LONG/SHORT FUND (the "Fund"), which comprise the statement of net assets and the statement of investments in securities and other net assets as at May 31, 2021, and the statement of operations and changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at May 31, 2021, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

**Basis for Opinion**

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (the "Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standard Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The Board of Directors of the Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors of the Management Company**

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

**Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



**INDEPENDENT AUDITOR'S REPORT**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Management Company.
- Conclude on the appropriateness of the Board of Directors of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ERNST & YOUNG  
Société Anonyme  
Cabinet de révision agréé



Isabelle Nicks

Luxembourg, September 27, 2021

## STATEMENT OF NET ASSETS

May 31, 2021

	Notes	JPY
<b>ASSETS</b>		
Portfolio:	2. a)	
- Cost		1,813,562,647
- Net unrealised result		129,030,253
		<b>1,942,592,900</b>
Cash:		
- Margin accounts and pledged account	9	328,929,894
Other assets:		
- Dividends receivable, net of withholding tax		22,905,410
- Other receivables and prepaid expenses		179,562
- Unrealised gain on forward foreign exchange contracts	12	2,802,556
<b>TOTAL ASSETS</b>		<b>2,297,410,322</b>
<b>LIABILITIES</b>		
Bank overdraft		
- Cash at sight		55,671,407
Other liabilities		
- Taxes and expenses payable	2. g) & 7	13,515,735
- Unrealised loss on swap contracts	11	3,703,249
<b>TOTAL LIABILITIES</b>		<b>72,890,391</b>
<b>NET ASSETS</b>		<b>2,224,519,931</b>

Number of Units Outstanding	Unit Class	Ccy	Net Asset Value per Unit (in local currency)
8,274	Institutional Units Class EUR	EUR	113.25
19,342	Institutional Units Class USD	USD	114.28
620	Institutional Units Class JPY	JPY	9,400
500	International Units Class EUR	EUR	82.14
680	International Units Class USD	USD	92.17
650	International Units Class JPY	JPY	8,684
211,102	Restricted Units Class JPY	JPY	8,680

The accompanying notes are an integral part of these financial statements

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**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

year ended May 31, 2021

	Notes	JPY
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>		<b>1,736,015,715</b>
<b>INCOME</b>		
Income from investments:		
- Dividends, net of withholding tax	2. g)	32,661,323
Other income		475,807
		<u>33,137,130</u>
<b>EXPENSES</b>		
Bank interest, net	2. g)	18,583,926
Fees:		
- Investment Management fee	4	3,765,454
- Central administration and depositary fee		8,897,546
Other expenses:		
- Annual tax	7	772,703
- Audit fees		4,197,546
- Legal fees		2,289,171
- Transaction fees	6	3,909,445
- Administration and other expenses		8,633,201
		<u>51,048,992</u>
<b>NET OPERATING RESULT</b>		<b>(17,911,862)</b>
<b>Net realised result on</b>		
- Sale of investments	2. c)	242,673,456
- Foreign exchange	2. e)	527,243
- Forward foreign exchange contracts	2. h)	11,357,638
- Swap contracts	2. d)	(197,116,851)
<b>NET REALISED RESULT</b>		<b>39,529,624</b>
<b>Change in net unrealised appreciation/(depreciation) on</b>		
- Investments		308,251,311
- Foreign exchange		(3,044,255)
- Forward foreign exchange contracts		3,598,867
- Swap contracts		29,514,048
<b>NET INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>377,849,595</b>
<b>Movement in capital</b>		
Subscription of units		127,201,471
Redemption of units		(16,546,850)
		<u>110,654,621</u>
<b>NET ASSETS AT THE END OF THE YEAR</b>		<b>2,224,519,931</b>

The accompanying notes are an integral part of these financial statements

## STATISTICAL INFORMATION

*year ended May 31, 2021*

	<b>Institutional Units Class EUR</b>	<b>Institutional Units Class USD</b>	<b>Institutional Units Class JPY</b>	<b>International Units Class EUR</b>	<b>International Units Class USD</b>
<b>CHANGE IN UNITS</b>					
Units outstanding at the beginning of the year	375	18,392	620	500	2,760
Subscription of units	7,899	950	–	–	–
Redemption of units	–	–	–	–	(2,080)
<b>Units outstanding at the end of the year</b>	<b>8,274</b>	<b>19,342</b>	<b>620</b>	<b>500</b>	<b>680</b>
<b>NET ASSET VALUE PER UNIT</b>					
Highest	118.07 03.22.21	118.93 03.22.21	9,790 03.22.21	85.66 03.22.21	95.92 03.22.21
Lowest	86.01 11.09.20	86.47 11.09.20	7,119 11.09.20	62.41 11.09.20	69.71 11.09.20
<b>At the end of the year</b>	<b>113.25</b>	<b>114.28</b>	<b>9,400</b>	<b>82.14</b>	<b>92.17</b>
	<b>International Units Class JPY</b>	<b>Restricted Units Class JPY</b>			
<b>CHANGE IN UNITS</b>					
Units outstanding at the beginning of the year	650	210,952			
Subscription of units	–	150			
Redemption of units	–	–			
<b>Units outstanding at the end of the year</b>	<b>650</b>	<b>211,102</b>			
<b>NET ASSET VALUE PER UNIT</b>					
Highest	9,044 03.22.21	9,015 03.22.21			
Lowest	6,578 11.09.20	6,522 11.09.20			
<b>At the end of the year</b>	<b>8,684</b>	<b>8,680</b>			

**CHANGES IN THE NUMBER OF UNITS, IN NET ASSETS  
AND IN NET ASSET VALUE PER UNIT**

Date	Unit Class	Number of Units Outstanding	Net Assets	Ccy	Net Asset Value per Unit
<b>05.31.19</b>	Institutional Units Class EUR	375	43,560	EUR	116.16
	Institutional Units Class USD	18,392	2,081,958	USD	113.20
	Institutional Units Class JPY	620	5,906,142	JPY	9,526
	International Units Class EUR	500	42,168	EUR	84.34
	International Units Class USD	3,472	316,661	USD	91.20
	International Units Class JPY	650	5,724,589	JPY	8,807
	Restricted Units Class JPY	238,036	2,033,971,246	JPY	8,545
	<b>05.31.20</b>	Institutional Units Class EUR	375	35,620	EUR
Institutional Units Class USD		18,392	1,752,851	USD	95.31
Institutional Units Class JPY		620	4,868,517	JPY	7,852
International Units Class EUR		500	34,468	EUR	68.94
International Units Class USD		2,760	211,750	USD	76.72
International Units Class JPY		650	4,717,015	JPY	7,257
Restricted Units Class JPY		210,952	1,507,627,559	JPY	7,147
<b>05.31.21</b>		Institutional Units Class EUR	8,274	937,135	EUR
	Institutional Units Class USD	19,342	2,210,386	USD	114.28
	Institutional Units Class JPY	620	5,827,806	JPY	9,400
	International Units Class EUR	500	41,069	EUR	82.14
	International Units Class USD	680	62,678	USD	92.17
	International Units Class JPY	650	5,644,352	JPY	8,684
	Restricted Units Class JPY	211,102	1,832,264,039	JPY	8,680

## STATEMENT OF INVESTMENTS IN SECURITIES AND OTHER NET ASSETS

May 31, 2021

(in JPY)

Quantity	Description	Ccy	Cost	Value per security	Market Value	% of Net Assets
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>						
<b>EQUITIES</b>						
<b>JAPAN</b>						
37,000	Ahresty Corp	JPY	22,437,731	431	15,947,000	0.72
3,000	Aichi Bank	JPY	9,543,770	2,843	8,529,000	0.38
14,000	Air Water Inc	JPY	21,338,554	1,871	26,194,000	1.18
13,500	Aisin Seiki Co Ltd	JPY	44,860,549	4,815	65,002,500	2.92
10,500	AOI Electronics	JPY	24,123,805	2,330	24,465,000	1.10
20,000	Asahi Kasei Corp	JPY	16,547,895	1,241	24,820,000	1.12
3,500	Central Japan Railway	JPY	52,689,582	16,495	57,732,500	2.60
35,000	Citizen Watch Co Ltd	JPY	13,718,368	442	15,470,000	0.70
17,000	COOKPAD Inc	JPY	5,407,863	256	4,352,000	0.20
22,000	Cosmo Energy Holdings Co Ltd	JPY	53,205,394	2,330	51,260,000	2.30
13,300	Daisue Construction Co Ltd	JPY	13,559,566	990	13,167,000	0.59
6,500	Daiwa House Industry Co Ltd	JPY	16,477,184	3,217	20,910,500	0.94
28,000	Electric Power Development Co Ltd	JPY	44,637,999	1,555	43,540,000	1.96
10,000	Foster Electric	JPY	12,861,748	1,050	10,500,000	0.47
37,800	Fuji Media Holdings Inc	JPY	40,454,602	1,256	47,476,800	2.13
39,000	Fujishoji	JPY	40,584,247	891	34,749,000	1.56
67,900	H2O Retailing Corp	JPY	54,750,595	894	60,702,600	2.73
7,000	Healios KK	JPY	11,901,398	1,592	11,144,000	0.50
12,000	Heiwa	JPY	21,843,116	1,844	22,128,000	0.99
8,000	Hitachi Ltd	JPY	25,203,403	5,816	46,528,000	2.09
9,000	Honda Motor Co Ltd	JPY	25,242,915	3,468	31,212,000	1.40
92,000	Inpex Corp	JPY	62,579,304	753	69,276,000	3.11
26,000	Ishihara Sangyo Kaisha Ltd	JPY	16,857,091	983	25,558,000	1.15
12,500	Japan Airlines Co Ltd	JPY	26,452,448	2,506	31,325,000	1.41
21,000	Japan Tobacco Inc	JPY	45,563,716	2,188	45,948,000	2.07
22,000	JGC Holdings Corp	JPY	25,086,437	1,062	23,364,000	1.05
20,300	Kamigumi Co Ltd	JPY	38,676,086	2,195	44,558,500	2.00
27,000	Kirin Holdings Co Ltd	JPY	58,741,256	2,218	59,886,000	2.69
15,500	Koa Corp	JPY	17,209,080	1,582	24,521,000	1.10
5,000	Kumagai Gumi Co Ltd	JPY	13,477,535	3,015	15,075,000	0.68
16,000	KYB Corp	JPY	56,836,857	3,845	61,520,000	2.77
28,000	Kyushu Railway Co	JPY	73,614,529	2,532	70,896,000	3.19
20,000	Locondo	JPY	43,383,649	1,677	33,540,000	1.51
15,000	Maruha Nichiro Corp	JPY	41,212,857	2,415	36,225,000	1.63
7,000	Medipal Holdings Corp	JPY	14,472,177	2,100	14,700,000	0.66
16,000	Mitsuba Corp	JPY	12,083,520	919	14,704,000	0.66
20,000	Mitsubishi Chemical Holdings Corp	JPY	16,025,231	893	17,852,000	0.80
16,000	Mitsubishi Materials Corp	JPY	33,250,617	2,360	37,760,000	1.70
68,000	Mitsubishi UFJ Financial Group Inc	JPY	41,473,919	631	42,928,400	1.93
87,000	Mitsui Engineering & Shipbuilding Co Ltd	JPY	41,505,113	501	43,587,000	1.96

The accompanying notes are an integral part of these financial statements

## STATEMENT OF INVESTMENTS IN SECURITIES AND OTHER NET ASSETS

May 31, 2021 (continued)

(in JPY)

Quantity	Description	Ccy	Cost	Value per security	Market Value	% of Net Assets
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET (continued)</b>						
<b>EQUITIES (continued)</b>						
<b>JAPAN (continued)</b>						
29,800	Nakano Corp	JPY	22,262,133	396	11,800,800	0.53
43,000	Nakayama Steel Works Ltd	JPY	23,118,510	421	18,103,000	0.81
15,000	Nippon Ski Resort Development	JPY	10,654,668	675	10,125,000	0.46
16,000	Nippon Steel Corp	JPY	17,892,902	2,103	33,640,000	1.51
6,000	Nippon Yakin Kogyo Co Ltd	JPY	13,416,729	2,298	13,788,000	0.62
3,500	Okamoto Machine Tool Works Ltd	JPY	9,618,736	4,405	15,417,500	0.69
59,000	Oki Electric Industry Co Ltd	JPY	64,067,118	994	58,646,000	2.64
15,000	Rakuten Inc	JPY	20,150,753	1,278	19,170,000	0.86
12,000	Shikoku Electric Power Co Inc	JPY	10,246,451	747	8,964,000	0.40
155,000	Sojitz Corp	JPY	39,019,341	342	53,010,000	2.38
121,000	Sumitomo Mitsui Construction Co Ltd	JPY	62,325,999	476	57,596,000	2.59
5,500	Sumitomo Mitsui Financial Group Inc	JPY	17,027,710	4,027	22,148,500	1.00
5,000	Sumitomo Mitsui Trust Holdings Inc	JPY	19,641,122	3,850	19,250,000	0.87
19,000	T&D Holdings Inc	JPY	14,882,617	1,501	28,519,000	1.28
23,000	Tanseisha	JPY	19,312,182	841	19,343,000	0.87
22,000	The San-In Godo Bank Ltd	JPY	11,550,173	541	11,902,000	0.54
17,000	Tokyo Kiraboshi Financial Group Inc	JPY	23,652,469	1,355	23,035,000	1.04
5,100	Tokyo Radiator Manufacturing	JPY	4,398,294	629	3,207,900	0.14
57,000	TSI HLDGS.	JPY	18,710,962	305	17,385,000	0.78
17,200	Ube Industries Ltd	JPY	32,643,933	2,342	40,282,400	1.81
14,000	Unipres Corp	JPY	22,849,312	967	13,538,000	0.61
21,000	Wacoal Holdings Corp	JPY	43,436,132	2,503	52,563,000	2.36
21,000	Yokogawa Bridge Holdings Corp	JPY	42,792,695	2,005	42,105,000	1.89
	<b>TOTAL JAPAN</b>		<b>1,813,562,647</b>		<b>1,942,592,900</b>	<b>87.33</b>
	<b>TOTAL EQUITIES</b>		<b>1,813,562,647</b>		<b>1,942,592,900</b>	<b>87.33</b>
<b>TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>						
			<b>1,813,562,647</b>		<b>1,942,592,900</b>	<b>87.33</b>
<b>TOTAL INVESTMENTS IN SECURITIES</b>						
			<b>1,813,562,647</b>		<b>1,942,592,900</b>	<b>87.33</b>
	Cash				328,929,894	14.79
	Other assets/(liabilities)				(47,002,863)	(2.12)
<b>TOTAL NET ASSETS</b>						
					<b>2,224,519,931</b>	<b>100.00</b>

The accompanying notes are an integral part of these financial statements

**GEOGRAPHICAL CLASSIFICATION OF THE INVESTMENTS IN SECURITIES**

May 31, 2021

(in %)

	<b>% of Net Assets</b>
<b>COUNTRY</b>	
Japan	87.33
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>87.33</b>
Other assets/(liabilities) and liquid assets	12.67
<b>NET ASSETS</b>	<b>100.00</b>



**ECONOMIC CLASSIFICATION OF THE INVESTMENTS IN SECURITIES**

May 31, 2021

(in %)

	<b>% of Net Assets</b>
<b>ECONOMIC SECTORS</b>	
Transportation	7.79
Automobile Parts & Equipment	7.10
Engineering & Construction	6.74
Chemicals	6.06
Banks	5.76
Oil & Gas	5.41
Retail	3.43
Apparel	3.14
Iron/Steel	2.94
Beverages	2.69
Telecommunications	2.64
Internet	2.57
Distribution / Wholesale	2.38
Electric	2.36
Electronics	2.20
Media	2.13
Machinery-Construction & Mining	2.09
Agriculture	2.07
Shipbuilding	1.96
Mining	1.70
Food	1.63
Miscellaneous Manufacturers	1.56
Home Builders	1.53
Leisure Time	1.45
Airlines	1.41
Automobile Manufacturers	1.40
Insurance	1.28
Pharmaceuticals	1.16
Commercial Services	0.87
Metal Fabricate / Hardware	0.72
Machinery-Diversified	0.69
Home Furnishings	0.47
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>87.33</b>
Other assets/(liabilities) and liquid assets	12.67
<b>NET ASSETS</b>	<b>100.00</b>

## NOTES TO THE FINANCIAL STATEMENTS

May 31, 2021

**1. DESCRIPTION OF THE FUND**

ARCUS JAPAN LONG/SHORT FUND (the "Fund"), organised under the promotorship of Arcus Investment Limited, in and under the laws of the Grand-Duchy of Luxembourg as a mutual investment fund (fonds commun de placement), is an unincorporated coproprietorship of its securities and other permitted assets (hereinafter referred to as "securities"), managed in the interest of its co-owners (hereinafter referred to as "Unitholders") by FundRock Management Company S.A. (hereinafter referred to as the "Management Company"), a company incorporated under the laws of Luxembourg and having its registered office in Luxembourg. The assets of the Fund are segregated from those of the Management Company and from the assets of other investment funds which may be managed by the Management Company.

The Fund qualifies as an undertaking for collective investment regulated by the provisions of Part I of the law of December 17, 2010 relating to undertakings for collective investment, (the "2010 Law").

The Management Company is organised for an unlimited period as a société anonyme under the laws of Luxembourg by notarial deed dated November 10, 2004, published in the Mémorial on December 6, 2004 and is approved as Management Company regulated by chapter 15 of the 2010 Law. Its registered and principal office is at 33, rue de Gasperich, L-5826 Hesperange. The Fund is registered with the Registre de Commerce et des Sociétés of Luxembourg under number K195.

The Fund is managed by the Management Company in accordance with the Management Regulations. The initial Management Regulations, dated April 19, 1999, were filed and any amendments thereto have been and shall be filed with the *Registre de Commerce et des Sociétés of Luxembourg*, where they may be inspected and copies may be obtained. A notice advising of the publication and deposit of the initial Management Regulations with the *Registre de Commerce et des Sociétés of Luxembourg* was published in the Mémorial of May 11, 1999. The Management Regulations were last amended with effect as of August 10, 2018 and a notice advising of the deposit of the amended Management Regulations with the *Registre de Commerce et des Sociétés of Luxembourg*, was published in the *Recueil Electronique des Sociétés et Associations* of August 8, 2018.

The investment objective of the Fund is to achieve stable and long-term capital appreciation by investing either long or short (or both) in Japanese companies focusing on their fair value.

The Fund may enter into swap contracts that provide exposure to Japanese stocks. The life of the agreements does not exceed one month.

When the Fund enters a long swap position in a given stock, the underlying position size and the strike price are determined. The Fund becomes liable to pay an amount equal to an agreed interest rate on the underlying position size, and to receive or pay an amount equal to the total return (which may be positive or negative) which would have been achieved had the Fund held an amount of stock equal to the underlying position size.

When the Fund enters a short swap position in a given stock, the underlying position size and the strike price are determined. The Fund receives or pays an amount equal to the total return (which may be positive or negative) which would have been achieved if the Fund would have held a short position for the amount of stock equal to the underlying position size, and receives an amount equal to an agreed interest rate on the underlying position size (although, in case of low interest rates, broker charges may exceed the amount of the interest due to the Fund).

As at May 31, 2021, the following classes of units have been subscribed:

- Institutional Units Class (EUR)
- Institutional Units Class (USD)
- Institutional Units Class (JPY)
- International Units Class (EUR)
- International Units Class (USD)
- International Units Class (JPY)
- Restricted Units Class (JPY)

**2. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Luxembourg legal and regulatory obligations relating to investment funds.

**a) Valuation of the investments**

Securities quoted on an official stock exchange or traded on other regulated markets which operate regularly and are recognised and open to the public, are valued on the basis of the last available closing price. If there are quotations on several stock exchanges or regulated markets, the last available closing price of the stock exchange or regulated market which is the principal market for the securities in question is applied unless this price is not representative. If such prices are not representative of the market value of the securities in the view of the Management Company, then those securities are valued by the Management Company on the basis of their probable realisation value determined prudently and in good faith.

Securities not quoted on an official stock exchange or on other regulated markets which operate regularly and are recognised and open to the public are valued by the Management Company at their probable realisation value determined prudently and in good faith.

**b) Valuation of swaps**

Swaps are valued at fair value based on the last available closing price of the underlying security.

**c) Net realised gain or loss on sales of investments**

Net realised gains or losses on sales of investments are calculated on the basis of average cost of the investments sold. The transactions on investments in securities are accounted for on a trade date +1 day basis.

**d) Net realised gain or loss on swap transactions**

Net realised gains or losses on swap transactions are calculated on the first in first out basis.

## NOTES TO THE FINANCIAL STATEMENTS

May 31, 2021 (continued)

**2. PRINCIPAL ACCOUNTING POLICIES (continued)****e) Translation of foreign currencies**

The accounting and financial statements of the Fund are maintained in JPY. Bank accounts, other net assets as well as the market value of the investments in securities expressed in currencies other than JPY are converted into JPY at the exchange rate prevailing at the valuation date.

Income and expenses expressed in currencies other than JPY are converted into JPY at the prevailing exchange rate at payment date. Profit or loss on foreign exchange is included in the financial statements.

**f) Acquisition costs of the securities held in the portfolio**

The cost of securities denominated in currencies other than JPY is converted at the exchange rate prevailing at the date of acquisition.

**g) Income and expense recognition**

Dividends are taken into account on the date upon which the relevant investments are first listed as ex-dividend.

Interest income is accrued on a daily basis. Income is recorded net of withholding tax, if any.

Expenses are accounted for on an accrual basis. Expenses are charged to the Statement of Operations and Changes in Net Assets except for expenses incurred on the acquisition of an investment which are included within the cost of that investment and are deducted from the disposal proceeds.

**h) Forward foreign exchange contracts**

Forward foreign exchange contracts are valued at the forward rate applicable at the Statement of Net Assets date for the remaining period until maturity.

Realised and unrealised gains or losses resulting from forward foreign exchange contracts are recognised in the Statement of Operations and Changes in Net Assets under the captions net realised result on forward foreign exchange contracts and change in net unrealised appreciation/(depreciation) on forward foreign exchange contracts on currencies respectively.

Forward foreign exchange contracts have been entered either to hedge exchange risks on investments held by the Fund or to hedge a unit class against adverse currency movements in the value of the investments that are denominated in another currency of such classes. Any costs associated with these classes specific hedging contracts are borne by the relevant unit class.

**3. EXCHANGE RATES AS AT MAY 31, 2021**

1 JPY = 0.009111 USD

1 JPY = 0.007474 EUR

**4. MANAGEMENT FEE**

The Management Company on behalf of the Fund has entered into an Investment Management Agreement with Arcus Investment Limited (the "Investment Manager").

For the Institutional and International classes of units, the Management Company and the Investment Manager are entitled to receive an aggregate management fee payable monthly, out of the assets of the Fund, at an annual rate of 1.5% of the average daily Net Asset Value attributable to this class during the relevant month.

Out of the abovementioned aggregate management fee, the Management Company will receive a monthly fee up to 0.06% of the Net Asset Value of the Fund per annum. The fee payable is subject to a minimum monthly fee of EUR 2,500.

The Management Company shall pay, out of the aforesaid aggregate management fee, the fees and expenses of the Investment Manager or any other third parties, with the exception of the Depositary and Administrative Agent, Registrar and Transfer Agent and Paying Agent, to which the Management Company may have delegated functions or from which the Management Company otherwise seeks assistance or advice in relation to the management of the Fund.

The Management Fee is the total aggregate fee minus the Management Company fee calculated on the last NAV of the month with a minimum of EUR 2,500 per month.

No management fee will be due in respect of the Restricted class of units.

**5. PERFORMANCE FEE**

For Institutional and International units, the Investment Manager is also entitled to a Performance Fee equal to 20% of the Excess Return (as defined in the Prospectus), if any, achieved by the Fund, which shall be calculated annually. A high watermark provision will apply.

**6. TRANSACTION FEE**

The total amount of transaction fees included in the Statement of Operations and Changes in Net Assets is JPY 3,909,445 and reflects commissions on purchases and sales of investments.

**7. ANNUAL TAX**

Under the prevailing laws and regulations, the Fund is subject in Luxembourg to a "taxe d'abonnement" at the annual rate of 0.05% for Restricted classes of units and International classes of units and 0.01% for Institutional classes of units, payable quarterly and calculated on the basis of the Net Asset Value of the Fund at the end of each quarter.

**8. COMMISSIONS ON ISSUES AND REDEMPTIONS OF THE FUND'S UNITS**

After the initial subscription period, units are issued at the Net Asset Value per Unit. The sales charge, if any, shall in no case exceed the maximum permitted by the laws, regulations and practice of any country where the units are sold.

No redemption fees were charged for the year ended May 31, 2021.

## NOTES TO THE FINANCIAL STATEMENTS

May 31, 2021 (continued)

## 9. MARGIN ACCOUNTS AND PLEDGE ACCOUNT

Margin accounts amounting to JPY 71,287,330 serve as collateral for the commitments resulting from the total return swap transactions with Goldman Sachs.

The pledge account amounts to JPY 257,642,564.

## 10. CHANGES IN THE INVESTMENT PORTFOLIO

A copy of the changes in the investment portfolio for the year ended May 31, 2021 is available free of charge at the registered office of the Fund.

## 11. SWAP TRANSACTIONS

As of May 31, 2021, the Fund had entered into the following contracts with Goldman Sachs International (London):

**Long swap contracts**

Quantity	Description	Maturity	Notional	Market Price	Strike Price	Unrealised gain/loss in JPY
35,700	Ahresty Corp	05.17.22	15,386,700	431	431	-
50,000	COOKPAD Inc	05.17.22	12,800,000	256	256	-
8,500	Daisue Construction Co Ltd	05.17.22	8,415,000	990	990	-
1,600	Daiwa House Industry Co Ltd	05.17.22	5,147,200	3,217	3,217	-
9,000	Ishihara Sangyo Kaisha Ltd	05.17.22	8,847,000	983	983	-
11,900	Mitsuba Corp	05.17.22	10,936,100	919	919	-
20,000	Sky Perfect JSAT Holdings Inc	05.17.22	8,720,000	436	436	-
35,000	Sumitomo Mitsui Construction Co Ltd	05.17.22	16,660,000	476	476	-
6,000	Sumitomo Mitsui Financial Group Inc	05.17.22	24,162,000	4,027	4,027	-
8,000	United Arrows Ltd	05.17.22	14,944,000	1,868	1,868	-
32,000	Yamada Holdings Co Ltd	05.17.22	17,184,000	537	537	-
<b>Unrealised gain/loss on long swap contracts</b>						-

**Net unrealised result on long swap contracts**

-

**Short swap contracts**

Quantity	Description	Maturity	Notional	Market Price	Strike Price	Unrealised gain/loss in JPY
(2,000)	Advantest Corp	05.17.22	(19,380,000)	9,690	9,690	-
(5,000)	Asahi Intecc Co Ltd	05.17.22	(13,700,000)	2,740	2,740	-
(1,000)	BayCurrent Consulting Inc	05.18.22	(33,200,000)	33,200	33,200	-
(11,000)	Benefit One Inc	05.17.22	(34,210,000)	3,110	3,110	-
(4,300)	Bengo4.com	05.17.22	(37,969,000)	8,830	8,830	-
(1,600)	Canon Inc	05.17.22	(35,336,000)	22,085	22,085	-
(9,000)	Capcom Co Ltd	05.17.22	(31,770,000)	3,530	3,530	-
(1,500)	Cosmos Pharmaceutical Corp	05.17.22	(23,115,000)	15,410	15,410	-
(10,800)	CyberAgent Inc	05.17.22	(23,662,800)	2,191	2,191	-
(2,400)	Daifuku Co Ltd	05.17.22	(22,848,000)	9,520	9,520	-
(6,000)	FANCL Corp	05.17.22	(20,580,000)	3,430	3,430	-
(1,000)	FANUC Corp	05.17.22	(26,510,000)	26,510	26,510	-
(400)	Fast Retailing Co Ltd	05.17.22	(35,932,000)	89,830	89,830	-
(2,200)	Freee K.K.	05.17.22	(18,018,000)	8,190	8,190	-
(4,000)	Giken Ltd	05.17.22	(18,000,000)	4,500	4,500	-
(2,500)	GMO Payment Gateway Inc	05.17.22	(33,000,000)	13,200	13,200	-
(3,000)	Harmonic Drive Systems Inc	05.17.22	(18,090,000)	6,030	6,030	-
(1,000)	Hirose Electric Co Ltd	05.17.22	(15,770,000)	15,770	15,770	-
(4,500)	Hisamitsu Pharmaceutical Co Inc	05.17.22	(27,495,000)	6,110	6,110	-

## NOTES TO THE FINANCIAL STATEMENTS

May 31, 2021 (continued)

## 11. SWAP TRANSACTIONS (continued)

## Short swap contracts (continued)

Quantity	Description	Maturity	Notional	Market Price	Strike Price	Unrealised gain/loss in JPY
(29,000)	Infomart Corp	05.17.22	(26,767,000)	923	923	-
	Japan Elevator Service Holdings Co Ltd					
(16,000)	JIG-SAW Inc	05.17.22	(37,296,000)	2,331	2,331	-
(1,700)	JMDC Inc	05.17.22	(14,824,000)	8,720	8,720	-
(1,700)	J-Stream Inc	05.17.22	(8,270,500)	4,865	4,865	-
(4,200)	Kansai Paint Co Ltd	05.17.22	(18,081,000)	4,305	4,305	-
(8,000)	Katitas Co Ltd	05.17.22	(23,864,000)	2,983	2,983	-
(8,000)	Keyence Corp	05.17.22	(24,400,000)	3,050	3,050	-
(400)	Kikkoman Corp	05.17.22	(21,832,000)	54,580	54,580	-
(5,000)	Kobayashi Pharmaceutical Co Ltd	05.17.22	(36,450,000)	7,290	7,290	-
(1,400)	Kobe Bussan Co Ltd	05.17.22	(13,650,000)	9,750	9,750	-
(4,500)	Koei Tecmo Holdings	05.17.22	(12,591,000)	2,798	2,798	-
(3,300)	Lasertec Corp	05.20.22	(17,061,000)	5,170	5,170	-
(400)	M3 Inc	05.17.22	(7,784,000)	19,460	19,460	-
(5,200)	Mani Inc	05.17.22	(38,537,200)	7,411	7,411	-
(8,000)	Maruwa Unyu Kikan Co Ltd	05.17.22	(19,936,000)	2,492	2,492	-
(18,000)	Mercari Inc	05.17.22	(27,972,000)	1,554	1,554	-
(4,800)	Milbon Co Ltd	05.17.22	(25,152,000)	5,240	5,240	-
(5,600)	MISUMI Group Inc	05.17.22	(34,328,000)	6,130	6,130	-
(9,000)	Money Forward Inc	05.17.22	(32,085,000)	3,565	3,565	-
(6,500)	Monotaro Co Ltd	05.17.22	(34,775,000)	5,350	5,350	-
(5,400)	MOS Food Services Inc	05.17.22	(13,878,000)	2,570	2,570	-
(3,500)	Nihon M&A Center Inc	05.17.22	(10,902,500)	3,115	3,115	-
(9,000)	Nintendo Co Ltd	05.17.22	(24,084,000)	2,676	2,676	-
(200)	Nitori Holdings Co Ltd	05.17.22	(13,594,000)	67,970	67,970	-
(1,200)	OBIC Business Consultants Co Ltd	05.17.22	(22,854,000)	19,045	19,045	-
(1,300)	OBIC Co Ltd	05.17.22	(7,852,000)	6,040	6,040	-
(700)	Odakyu Electric Railway Co Ltd	05.17.22	(14,455,000)	20,650	20,650	-
(4,000)	Omron Corp	05.17.22	(11,592,000)	2,898	2,898	-
(2,600)	Otsuka Corp	05.17.22	(22,724,000)	8,740	8,740	-
(4,200)	Raksul Inc	05.17.22	(24,990,000)	5,950	5,950	-
(2,000)	Recruit Holdings Co Ltd	05.17.22	(9,110,000)	4,555	4,555	-
(5,000)	Renova Inc	05.17.22	(28,285,000)	5,657	5,657	-
(10,000)	Sansan Inc	05.17.22	(35,950,000)	3,595	3,595	-
(3,000)	SHIFT Inc	05.17.22	(24,210,000)	8,070	8,070	-
(2,000)	Shiseido Co Ltd	05.17.22	(30,620,000)	15,310	15,310	-
(2,200)	SoftBank Group Corp	05.17.22	(17,514,200)	7,961	7,961	-
(3,400)	Sysmex Corp	05.17.22	(28,519,200)	8,388	8,388	-
(2,000)	Terumo Corp	05.17.22	(22,880,000)	11,440	11,440	-
(6,000)	Tokyo Electron Ltd	05.17.22	(25,566,000)	4,261	4,261	-
(600)	Unicharm Corp	05.17.22	(28,974,000)	48,290	48,290	-
(3,900)	V-cube Inc	05.17.22	(17,054,700)	4,373	4,373	-
(8,000)	Workman Co Ltd	05.17.22	(19,728,000)	2,466	2,466	-
(4,000)	Yamaha Corp	05.17.22	(30,120,000)	7,530	7,530	-
(2,000)	Yaskawa Electric Corp	05.17.22	(13,300,000)	6,650	6,650	-
(6,000)	Zensho Holdings Co Ltd	05.17.22	(31,440,000)	5,240	5,240	-
(12,000)		05.17.22	(33,000,000)	2,750	2,750	-



## NOTES TO THE FINANCIAL STATEMENTS

May 31, 2021 (continued)

## 11. SWAP TRANSACTIONS (continued)

## Short swap contracts (continued)

Quantity	Description	Maturity	Notional	Market Price	Strike Price	Unrealised gain/loss in JPY
(7,000)	Zozo Inc	05.17.22	(26,320,000)	3,760	3,760	-
<b>Unrealised gain/loss on short swap contracts</b>						<b>-</b>

Quantity	Description	Maturity	Notional	Market Price	Strike Price	Unrealised loss in JPY
(500)	Tesla Inc	10.21.21	(30,763,507)	69,334	61,527	(3,703,249)
<b>Unrealised loss on short swap contracts</b>						<b>(3,703,249)</b>

**Net unrealised result on short swap contracts** (3,703,249)

**NET UNREALISED RESULT ON SWAP TRANSACTIONS** (3,703,249)

The unrealised gain and loss on long and short positions is reflected under "Unrealised gain/loss on swaps contracts" in the Statement of Net Assets.

## 12. FORWARD FOREIGN EXCHANGE CONTRACTS ON CURRENCIES

All contracts are specifically related to Share Class Hedging. As at May 31, 2021, the following forward foreign exchange contracts on currencies were outstanding:

	Sale		Purchase	Maturity	Unrealised gain in JPY
JPY	240,333,098	USD	2,208,704	08.31.21	2,244,396
JPY	127,552,855	EUR	955,248	08.31.21	472,810
JPY	6,962,221	USD	63,984	08.31.21	65,018
JPY	5,484,918	EUR	41,077	08.31.21	20,332
<b>Unrealised gain on forward foreign exchange contracts</b>					<b>2,802,556</b>
<b>Unrealised result on forward foreign exchange contracts</b>					<b>2,802,556</b>

As at May 31, 2021, all outstanding forward foreign exchange contracts were entered with Northern Trust Global Services SE without collateral. The unrealised result on the outstanding forward foreign exchange contracts on currencies as at May 31, 2021 is included in the Statement of Net Assets.

## 13. SIGNIFICANT EVENTS DURING THE YEAR

On February 12, 2021, following regulatory approval by the Commission de Surveillance du Secteur Financier (the "CSSF") in Luxembourg, Apex Group Ltd. became the ultimate controlling shareholder of FundRock Management Company S.A and FundRock Management Company S.A is as of this date a subsidiary of Apex Group Ltd.

## 14. SUBSEQUENT EVENTS

Beginning January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of coronavirus also known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Fund's performance. The Board of Directors of the Management Company continues to watch the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the investments in our portfolio.

There were no other material events subsequent to the year-end that requires adjustment or disclosure in the notes to the financial statements.

**INFORMATION FOR INVESTORS IN SWITZERLAND**

The fund is not approved by the Swiss Financial Market Supervisory Authority ("FINMA") for distribution to non-qualified investors. The fund may only be offered and this Prospectus may only be distributed in Switzerland to qualified investors.

Home country of the fund: Luxembourg

**Representative for Switzerland:**

1741 Fund Solutions AG

Burggraben 16

CH-9000 St. Gallen

Switzerland

**Paying agent for Switzerland:**

Tellco Ltd

Bahnhofstrasse 4

6430 Schwyz

Switzerland

The Prospectus and Key Investor Information Document as well as the annual and semi-annual reports may be obtained free of charge from the representative.

In respect of the Shares distributed in Switzerland to Qualified Investors, place of performance and jurisdiction is at the registered office of the Representative.

**APPENDIX I - ADDITIONAL INFORMATION (UNAUDITED)****REMUNERATION POLICY**

FundRock Management Company S.A. (“FundRock”) has established and applies a remuneration policy in accordance with the ESMA Guidelines on sound remuneration policies under the UCITS V Directive (ESMA 2016/575) and AIFMD (ESMA 2016/579) and any related legal & regulatory provisions applicable in Luxembourg. The remuneration policy is aligned with the business strategy, objectives, values and interests of the Management Company and the Funds that it manages and of the investors in such Funds, and which includes, inter alia, measures to avoid conflicts of interest; and it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Funds that the Management Company manages.

As an independent management company relying on a full-delegation model (i.e. delegation of the collective portfolio management function), FundRock ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that FundRock’s employees who are identified as risk-takers under UCITS V are not remunerated based on the performance of the funds under management.

A paper version of the remuneration policy is made available free of charge to investors at FundRock’s registered office.

The amount of remuneration for the financial year ending 31 December 2020 paid by FundRock to its staff: EUR 12,070,862

Fixed remuneration: EUR 11,288,396

Variable remuneration: EUR 782,466

Number of beneficiaries: 133

The aggregated amount of remuneration for the financial year ending 31 December 2020 paid by FundRock to identified staff/ risk-takers is EUR 1,948,900

The total amount of remuneration is based on a combination of the assessment of the performance of the individual, the overall results of FundRock, and when assessing individual performance, financial as well as non-financial criteria are taken into account.

The Policy is subject to annual review by the Compliance Officer and the update is performed by HR department of FundRock and is presented for review to the Remuneration Committee and approval by the Board of FundRock.

**SECURITIES FINANCING TRANSACTION REGULATION**

(“SFTR”) Regulation (EU) 2015/2365 on Transparency of Securities Financing and of Re-use (the “SFT Regulation”), which aims to improve the transparency of the securities financing markets, introduces additional financing reporting requirements for any financial statements. During the year under review, the Fund entered into the below securities financing transactions.

**Transaction Data****Total Return Swaps**

Counterparty	Counterparty's country of incorporation	Unrealised Gain/ (Loss) JPY	% of Net Assets
Goldman Sachs International (GSI)	United Kingdom	(3,703,249)	-0.17

Maturity:	<1 day	1 day - 1 week	1 week - 1 month	1-3 months	3 months - 1 year	> 1 year	Open maturity
- Pledged Collateral held with Northern Trust	-	-	-	-	-	-	257,642,564
- Variation Margin at GSI	-	-	-	-	-	-	71,287,330
- Unrealised Gain/(Loss) on Total Return Swaps	-	-	-	-	(3,703,249)	-	-

The settlement and clearing mechanisms for Total Return Swaps is bilateral.

**Reuse of Collateral**

There is no re-use of collateral on Total Return Swaps held with Northern Trust.

Collateral and Variation Margin with GSI are held under title transfer.

**Safekeeping – Collateral Received**

There was no collateral received for Total Return Swaps as at May 31, 2021.



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**APPENDIX I - ADDITIONAL INFORMATION (UNAUDITED)**
**SECURITIES FINANCING TRANSACTION REGULATION (continued)****Safekeeping – Collateral Granted**

<b>Cash Collateral (JPY) held in:</b>	<b>Arcus Long/Short Fund</b>	<b>% of Net Assets</b>
Segregated accounts	257,642,564	11.58
Under title transfer	71,287,330	3.20

**Return & Cost**

<b>Total Return Swaps</b>	<b>JPY</b>
Return	(167,987,968)
Cost	16,158,904

The Return includes dividends received, less dividends paid, realised and change in net unrealised appreciation/(depreciation) on swap contracts.

The Cost includes financing costs and commission paid on swap contracts.