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# JPMorgan Japanese Investment Trust plc Annual General Meeting

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December 2018

Nicholas Weindling, Portfolio Manager

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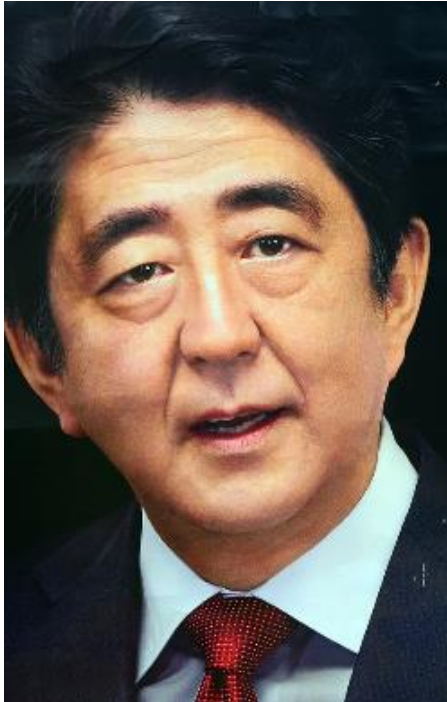
## Summary of our view on Japan

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- Stable government
- Economy has been solid
- Earnings have been mixed
- Reasonable valuations
- Significant improvements in corporate governance

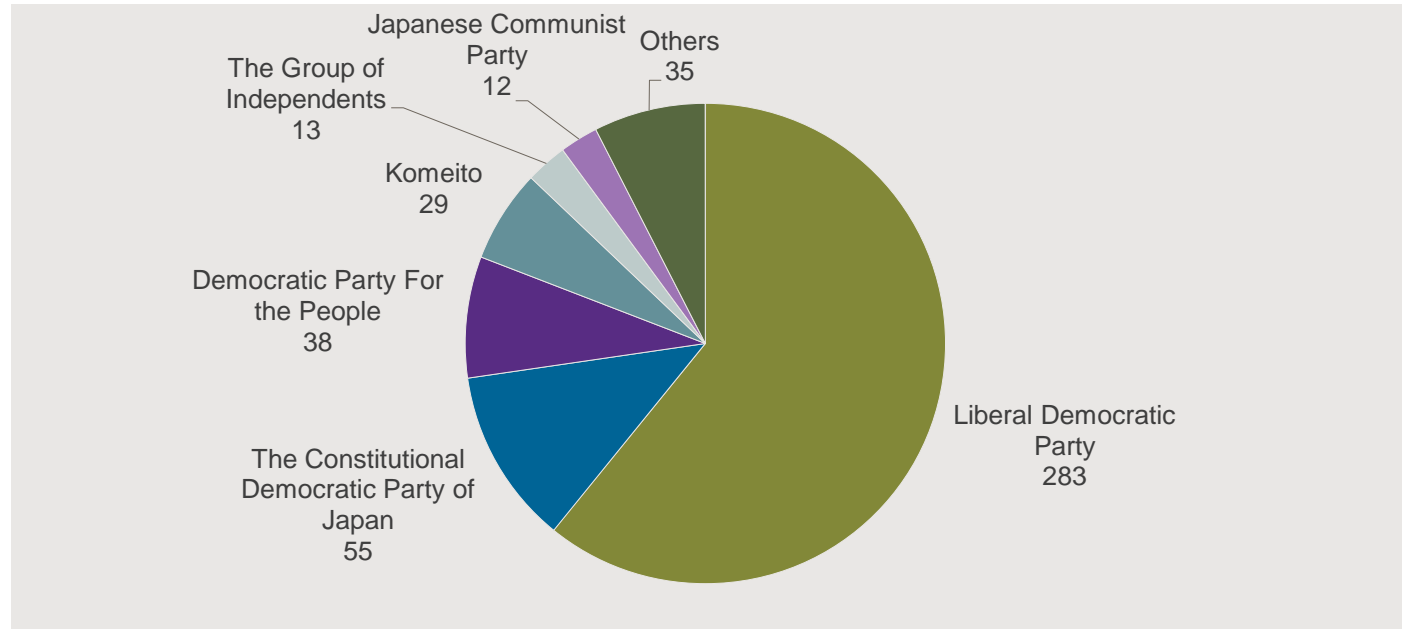
Opinions, estimates, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

# LDP is likely to be in power for three more years



Prime Minister, Shinzo Abe  
Image Source: Shutterstock

## Composition of the House of Representatives of Japan

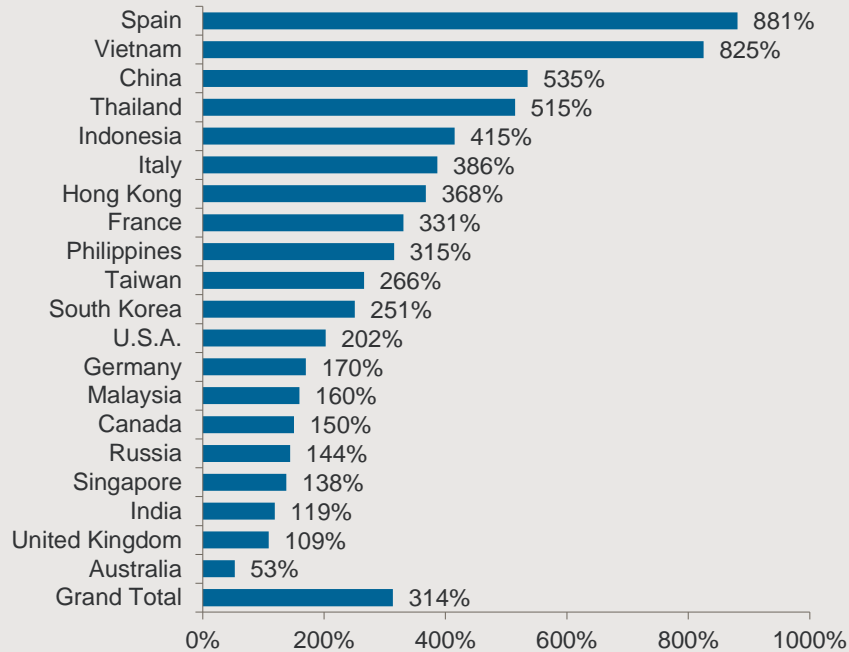


Source: Nikkei, J.P. Morgan Asset Management. As at 30 September 2018.

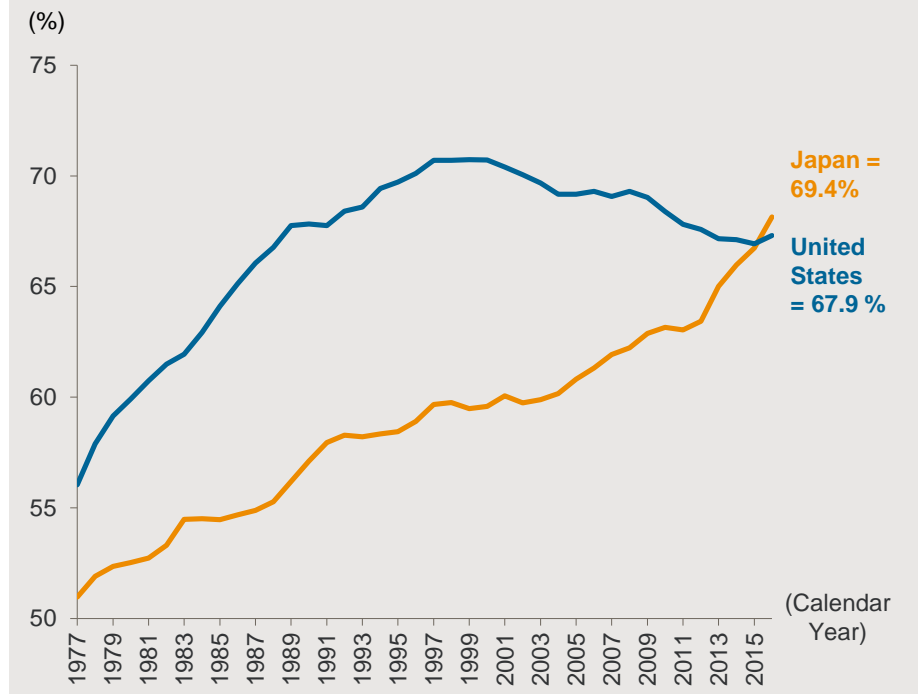
# Progress under Abenomics

## Inbound tourists to Japan

Inbound visitors growth by region (2012 January versus 2018 July)



## Female employment rates, ages 15-64, 1977 - 2017

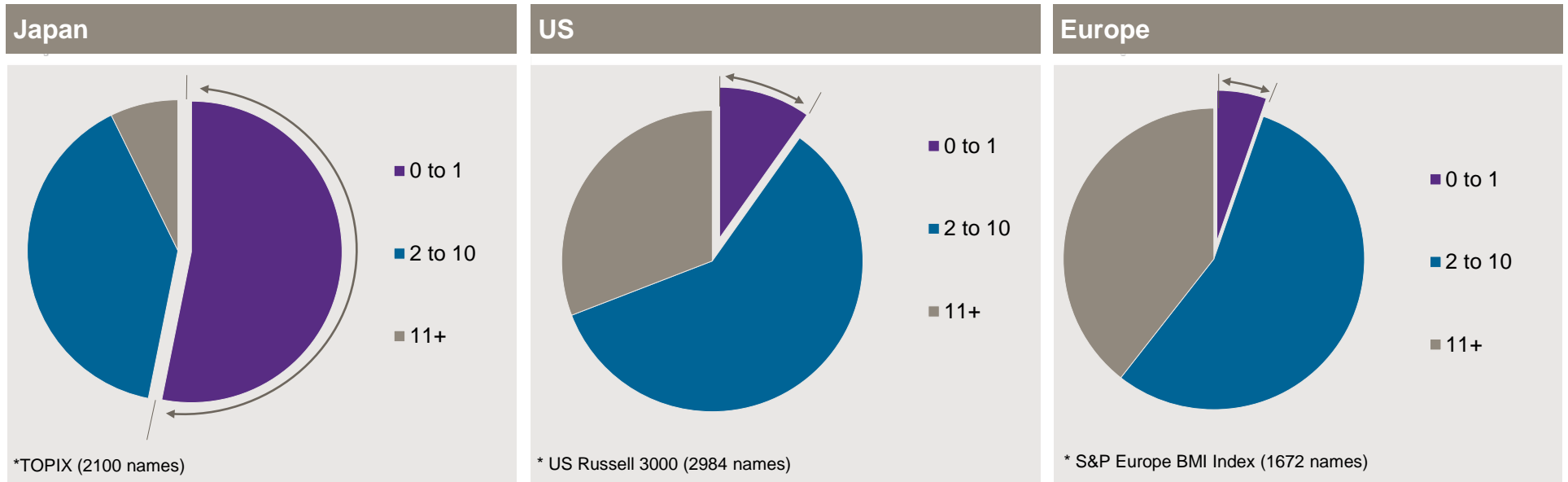


Sources: CLSA, JNTO, the latest available data as at 31 August 2018

Source: Goldman Sachs, Quick, J.P. Morgan Asset Management, chart as at 31 August 2018 based on data from 1977 to 2017.

# Japan is an under-researched market

Breakdown of number of analyst recommendations



Poor sell-side coverage in Japan creates opportunities for active managers

Sources: Bloomberg, J.P. Morgan Asset Management, data as of 31 August 2018

# Japanese equity investment professionals

## Portfolio Managers



**Shoichi Mizusawa**  
Head of Japanese Equities Team  
Experience: 25/21

### DDM



**Hideki Kajitani**  
Experience: 31/21

### Strategic Value



**Geoff Hoare**  
Experience: 10/17

### Fundamental Growth



**Daisuke Nakayama**  
Experience: 25/13



**Nicholas Weindling**  
Experience: 15/11



**Eiji Saito**  
Experience: 21/13



**Naohiro Ozawa**  
Experience: 11/<1

### Asia Pacific including Japan



**Aisa Ogoshi**  
Experience: 20/20



**Robert Lloyd**  
Experience: 17/12



**Masaki Uchida**  
Experience: 15/15



**Koji Namiki**  
Experience: 20/13



**Miyako Urabe**  
Experience: 9/4



**Michiko Sakai**  
Experience: 8/4



**Oliver Cox**  
Experience: 13/10



**Mark Davids**  
Experience: 21/21

## Sector Analysts



**Christian Pecher**  
Director of Developed Asia Pacific Market Research  
Experience: 20/20

### Sector Analysts



**Hiroyuki Hanaoka**  
Major Banks/ Regional Banks/ Financials excluding Banks  
Experience: 26/19



**Polina Diyachkina**  
Other Basic Industries  
Experience: 12/<1



**Hiromi Takehisa**  
Retail  
Experience: 31/31



**Koichi Hirokawa**  
Automobiles & Auto Parts/Multi Industries  
Experience: 30/30



**Nobuaki Sawada**  
Pharmaceuticals  
Experience: 29/22



**David Gleeson**  
Real Estate/Construction  
Experience: 11/<1



**Shunsuke Tsuchiya**  
Technology  
Experience: 15/7



**Jun Yamaguchi**  
Chemical  
Experience: 12/2



**Keizo Osada**  
Consumers Staples/ Consumer Cyclicals Services  
Experience: 15/7



**Yoshitsugu Yamamoto**  
Transportation/Utility  
Experience: 12/12



**Shotaro Kominami**  
IT Services  
Experience: 6/6



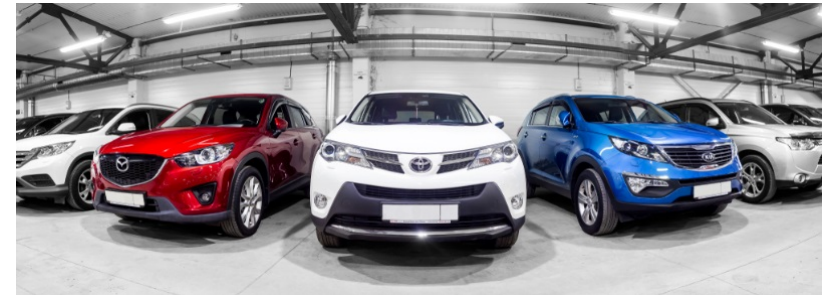
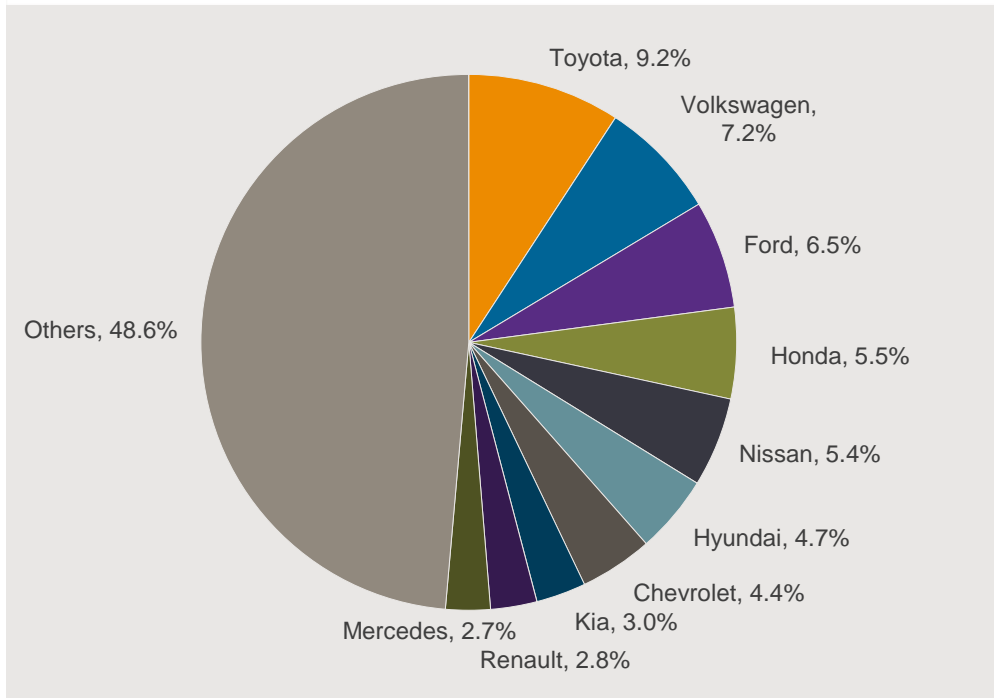
**Rajesh Panjwani**  
Media & Telecommunication  
Experience: 18/ 1

Number of years experience: Industry/Firm

Source: J.P. Morgan Asset Management. As of 31 October 2018

# Auto industry faces structural challenges

Today: Global automobile manufacturer market share, 2017



Source: Shutterstock

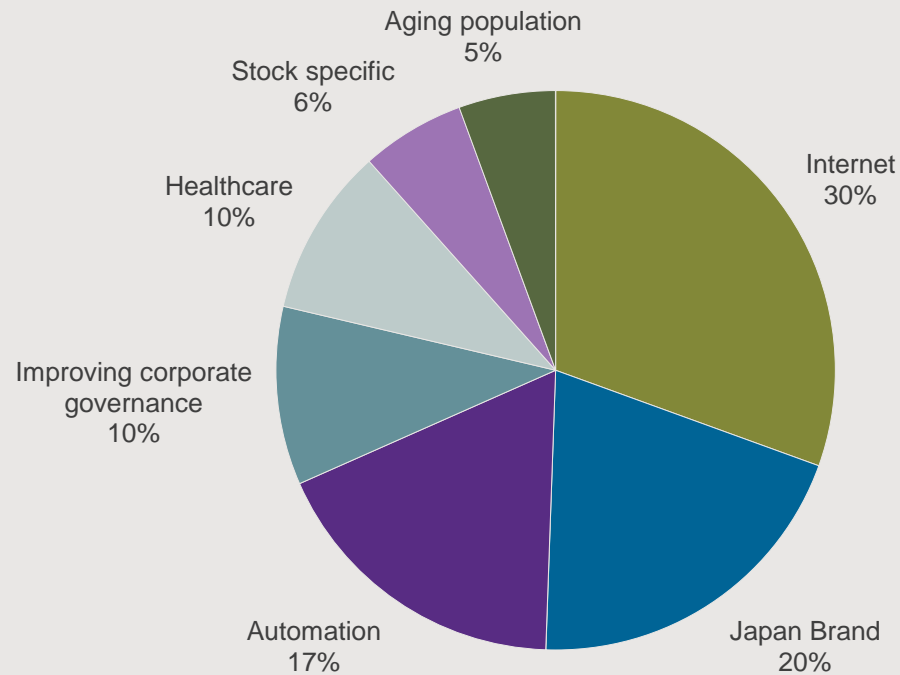
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Source: Statista 2018 J.P. Morgan Asset Management. The latest data available as at 31 August 2018.

# Key Investment Themes and Positioning

JPMorgan Japanese Investment Trust plc as at 31 October 2018

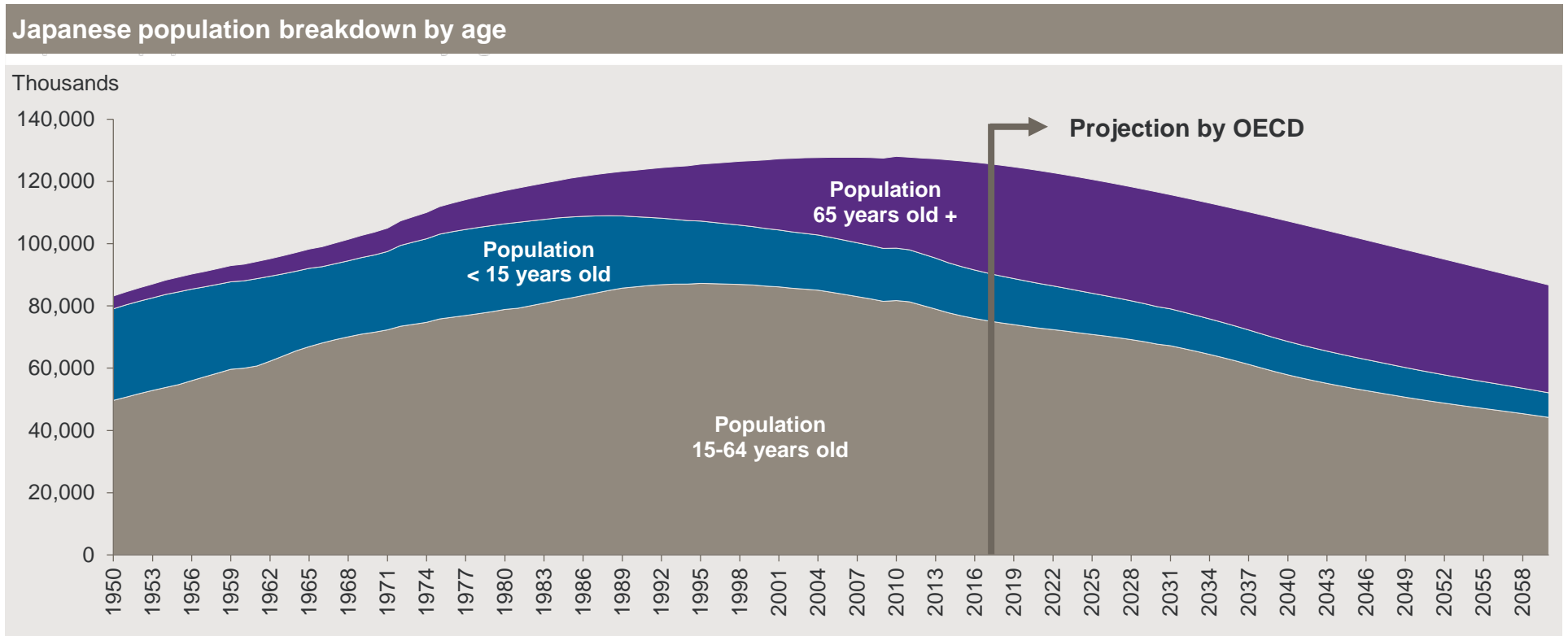
## Key investment themes breakdown



Source: J.P. Morgan Asset Management. \*Portfolio weight numbers are only indicative and illustrative purpose only. The fund is an actively managed portfolio. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the investment manager without notice.



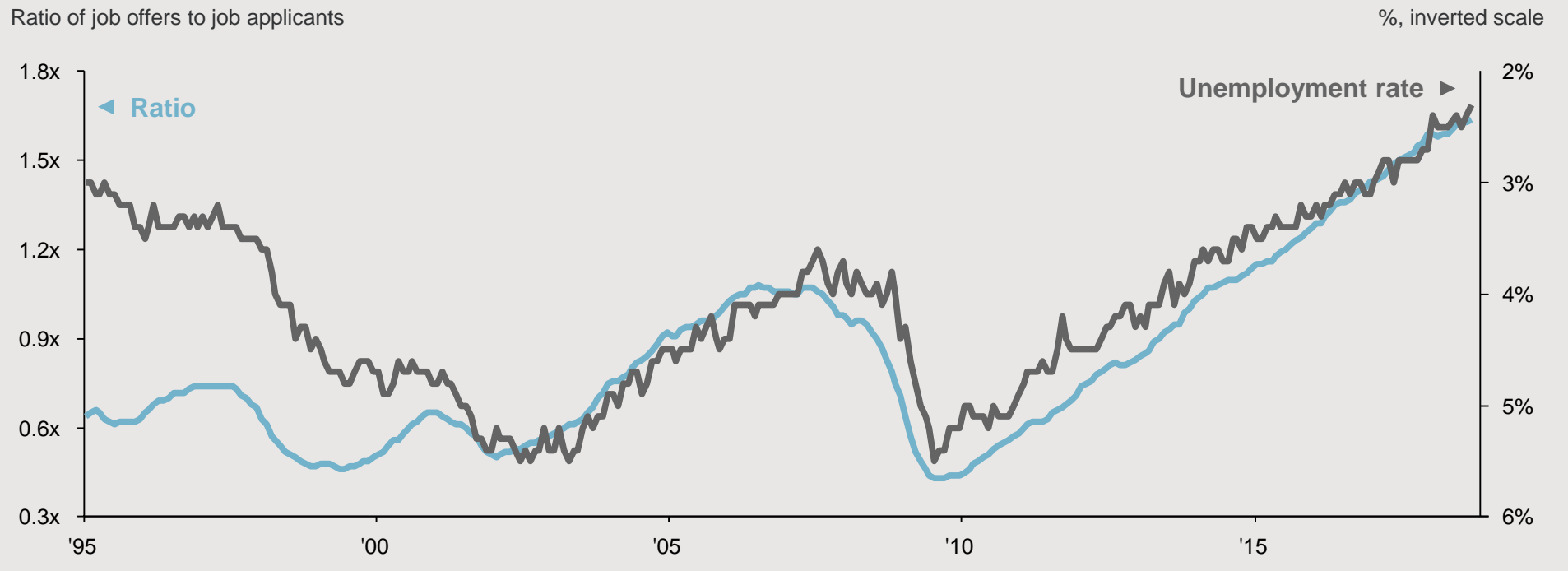
# Aging population – we’ve been talking about this for years!



Source: OECD (Organisation for Economic Co-operation and Development), J.P. Morgan Asset Management, latest data available as at 30 June 2018

# Labour shortage is a structural trend in Japan

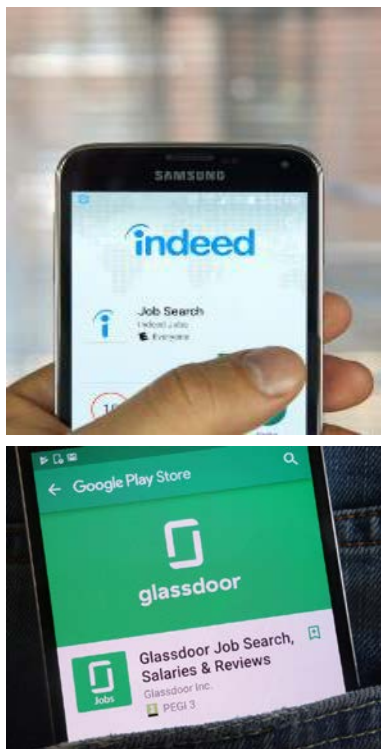
## Japan's Labour Market



Source: FactSet, Japanese Statistics Bureau and Statistics Center, Ministry of Health, Labour and Welfare, J.P. Morgan Asset Management.

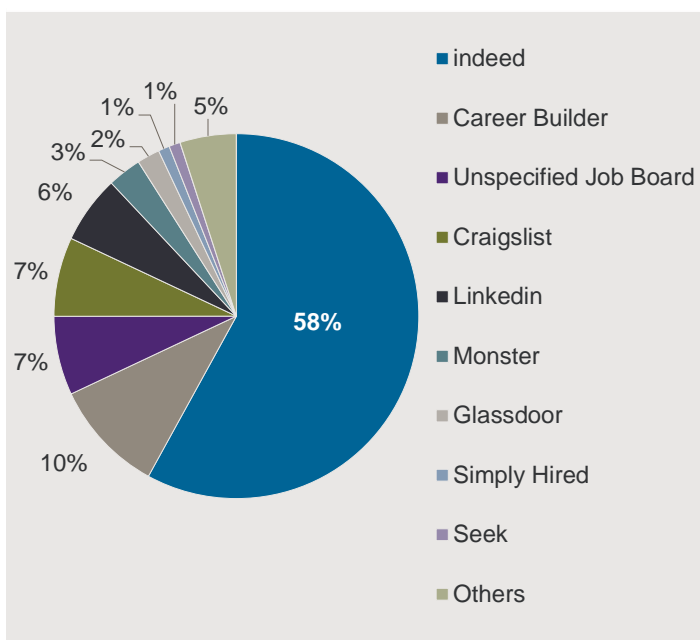
As of 31 October 2018

# Recruit



Source: Shutterstock

## Job search sites – market share by user numbers



Source: J.P. Morgan Asset Management, Mitsubishi UFJ Morgan Stanley, 31 August 2018

## Recruit's job search sites - ranking by user numbers

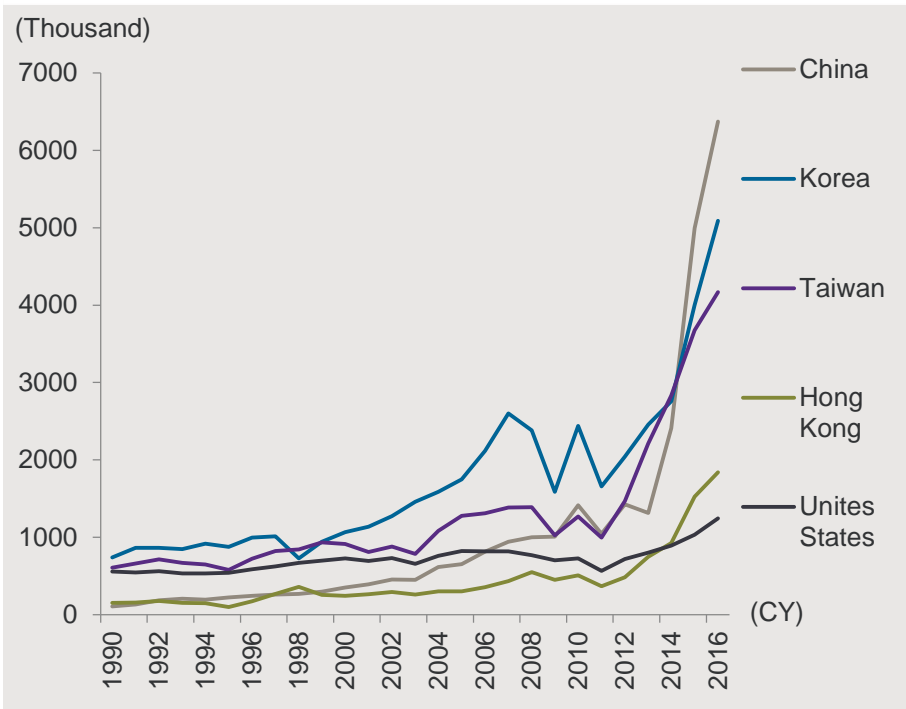
US	Rank 1
Canada	Rank 1
Mexico	Rank 2
UK	Rank 1
France	Rank 1
Germany	Rank 1
Italy	Rank 1
Switzerland	Rank 1
Belgium	Rank 1
Netherlands	Rank 1
South Africa	Rank 1
Australia	Rank 2
India	Rank 2
Japan	Rank 1

Source: J.P. Morgan Asset Management, Mitsubishi UFJ Morgan Stanley, 31 August 2018

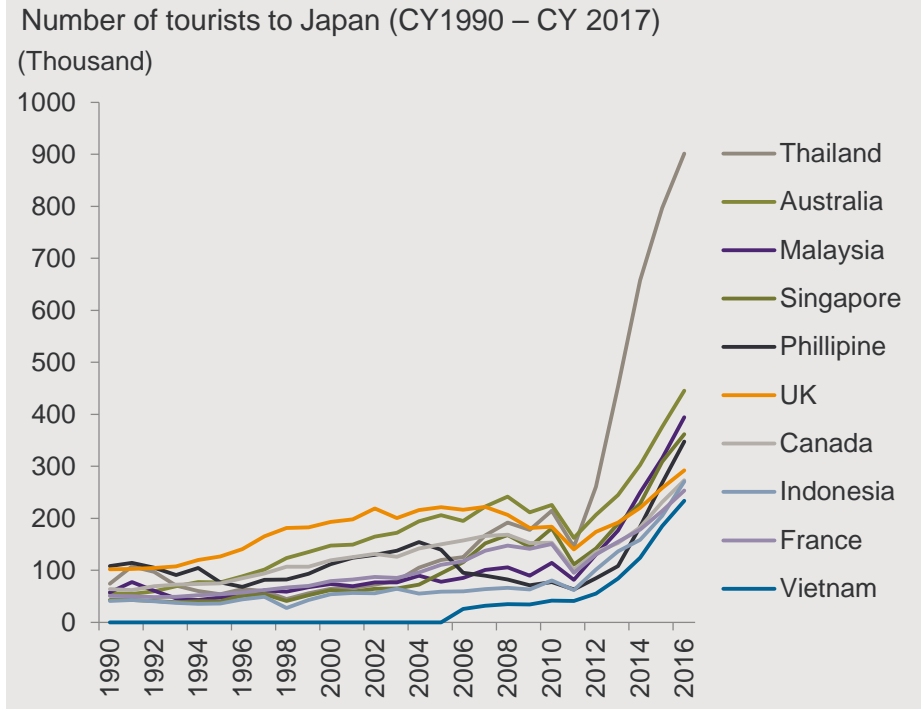
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# Japan Brand / Tourism - Japan benefits from the emerging middle class in Asia

Top 5 countries by number of visitors as at 2017



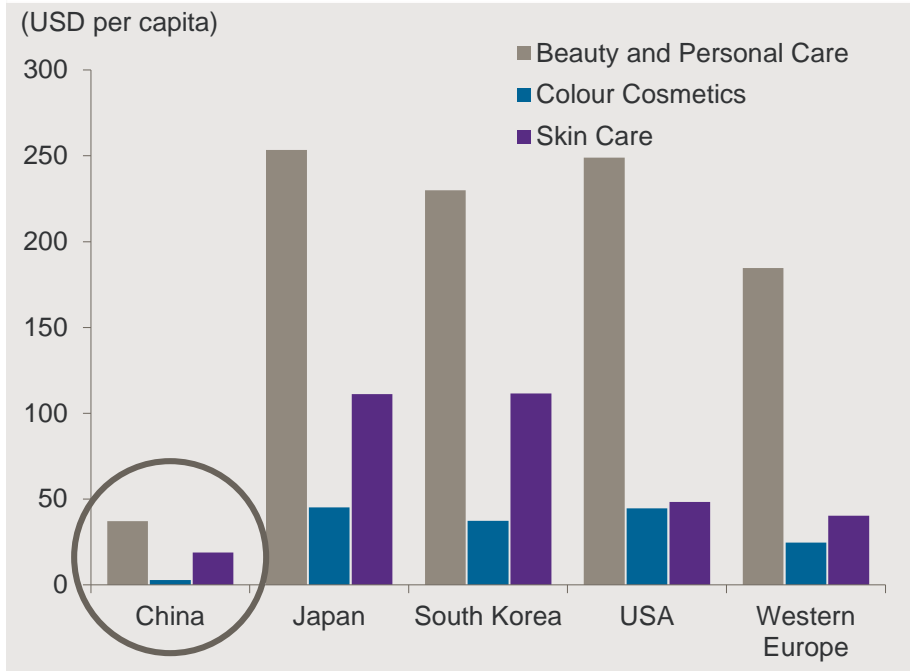
6<sup>th</sup> – 15<sup>th</sup> countries by number of visitors as at 2017



Sources: CLSA, Japan National Tourism Organization, Data from 1 January 1990 to 31 December 2017.

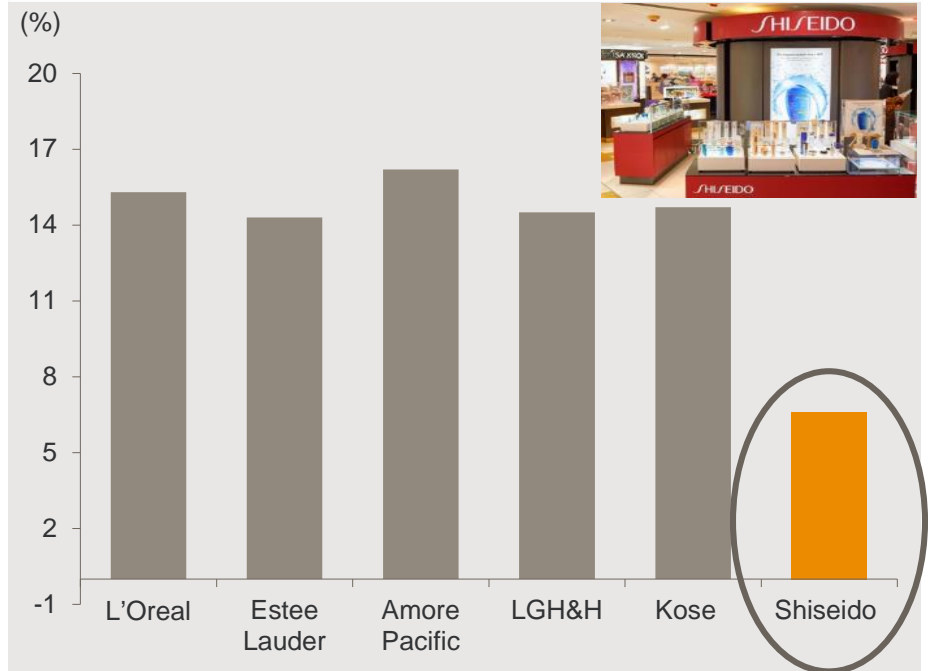
# Shiseido

## Per Capita Spending on Beauty - 2015



Sources: Euromonitor International, J.P. Morgan Asset Management. Latest data available as at 31 December 2017

## Operating Margins of Global Cosmetic Companies

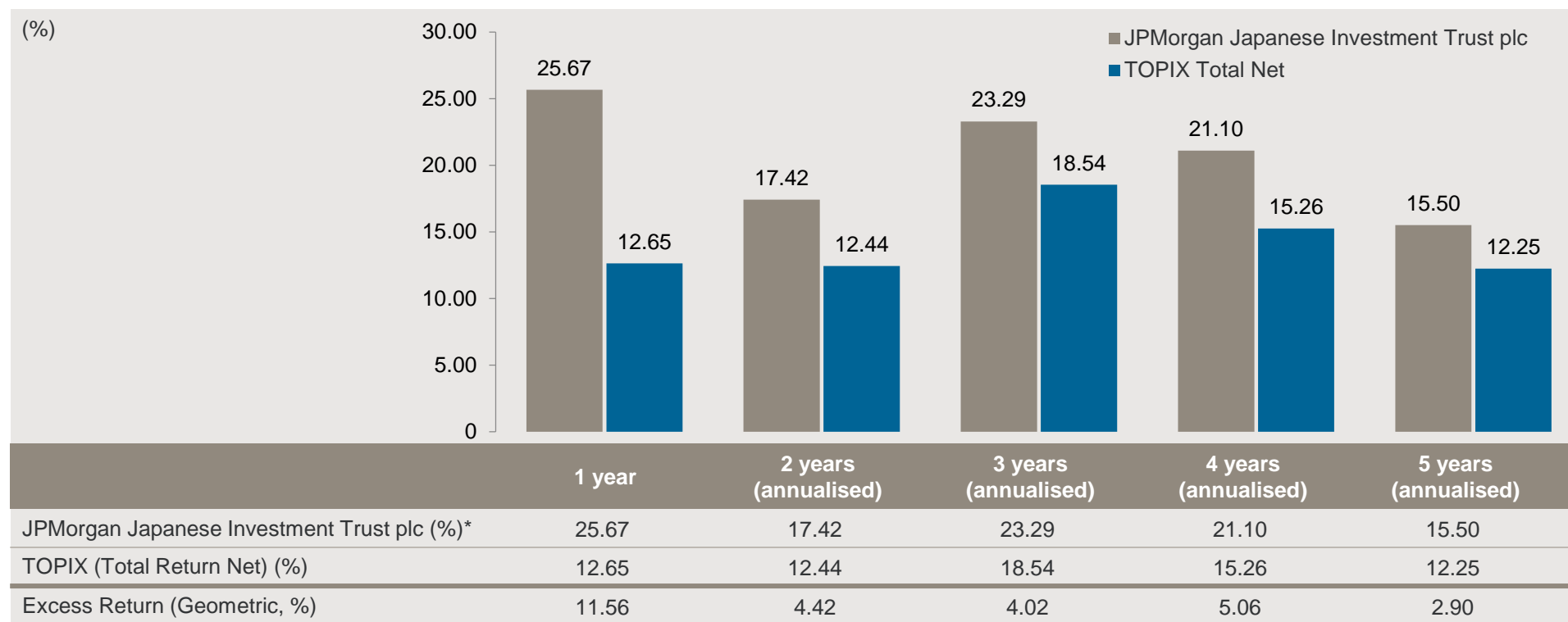


Source: J.P. Morgan Asset Management, Bloomberg, Shutterstock, 31 December 2017, Shutterstock

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# Performance (GBP)

JPMorgan Japanese Investment Trust plc as of 30th September 2018



Past performance is not a reliable indicator of current and future results.

Source: J.P. Morgan Asset Management. Performance data has been calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP. Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment. \* Cum Income only NAV with debt at par, diluted for treasury and/or subscription shares if applicable. Benchmark = Tokyo Stock Price Index (TOPIX) (Total Return Net).

## Performance (GBP)

JPMorgan Japanese Investment Trust plc – Quarterly rolling 12m ending 30 September 2018

	2017/18	2016/17	2015/16	2014/15	2013/14
Share Price (%)	24.58	12.27	31.51	19.45	-7.43
Net asset value (%)*	25.67	9.70	35.95	14.73	-4.40
Benchmark (%)	12.65	12.24	31.73	5.98	0.96

Past performance is not a reliable indicator of current and future results.

Source: J.P. Morgan Asset Management. Performance data has been calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP. Share price performance figures are calculated on a mid market basis in GBP with income reinvested on the ex-dividend date. Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment. \* Cum Income only NAV with debt at par, diluted for treasury and/or subscription shares if applicable. Benchmark = Tokyo Stock Price Index (TOPIX) (Total Return Net).

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