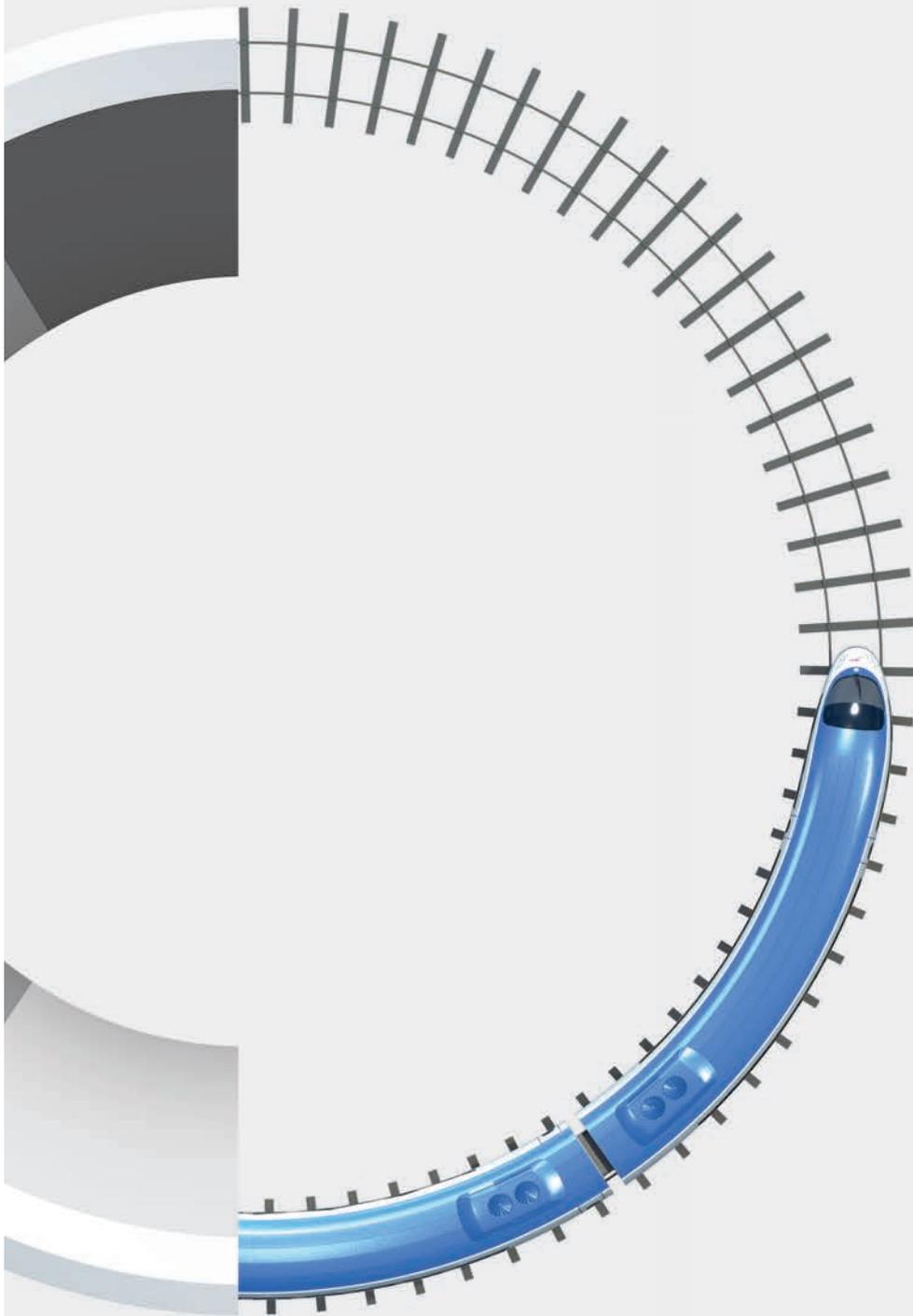


JPMorgan Japanese Investment Trust plc

Half Year Report & Financial Statements for the six months ended 31st March 2018



Your Company

Investment Objective

Capital growth from Japanese investments.

Investment Policy

- To maintain a portfolio almost wholly invested in Japan.
- To use gearing to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions.
- To invest no more than 15% of its gross assets in any listed company (including investment trusts).

Benchmark

The Tokyo Stock Exchange First Section Index ('TOPIX') expressed in sterling terms.

Capital Structure

UK domiciled. Full listing on the London Stock Exchange.

As at 31st March 2018, the Company's share capital comprised 161,248,078 (2017: 161,248,078) ordinary shares of 25p each.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager ('AIFM') and Company Secretary. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM'), which in turn delegates day to day investment management activity to JPMorgan Asset Management (Japan) Limited in Tokyo.

Find out more

More information about the Company can be found online at www.jpjapanese.co.uk



Nicholas Weindling
Investment Manager

“ We are excited by the opportunities for investment in Japanese companies. Our large locally-based investment team provides a real competitive advantage, allowing us to identify attractive companies that are often overlooked by brokers and investors ”

“ Japan is changing. New products, technologies and markets provide us with a broad universe of attractively priced companies. At the same time, substantial improvements in corporate governance mean many older, more established, companies are taking your interests as investors more seriously and are looking to improve returns ”



Shoichi Mizusawa
Investment Manager

Why invest in the JPMorgan Japanese Investment Trust

Our heritage and our team

JPMorgan (through The Chase Manhattan Bank) first opened its Tokyo branch office in 1947. The asset management business has over 40 years' experience in Japan.

The team has a depth of experience in Japanese equity investments and the unrivaled access that JPMorgan Asset Management has to sources globally. The team has an average of 13 years' experience with JPMorgan and 18 years' experience in the industry. There are 24 investment professionals based in Japan.

Our Investment Approach

A combination of desk-based research and company meetings contribute to our rating of a company. We consider the growth opportunity for the industry overall before considering the company's competitive positioning and management. This allows us to assess the company's potential for growth. We then look at financial metrics with a focus on cash flow and balance sheet strength to assess the overall economics of the business. We also consider governance issues such as shareholder returns, management strength and the track record on environmental and social issues. Only then do we consider valuations - we do not buy companies where the short-term valuation looks low if they do not have a strong long term growth outlook. The result is that our portfolio may often look very different from the broad market index, as evidenced by our very high active share.

40

Years' experience
investing in the region

24

Investment
professionals in Japan

2,000+

Japanese company visits
each year

92.9%

Active share¹

¹ Active share is a measurement of the difference in the Company's portfolio compared to the benchmark index.

Half Year Performance

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Half Year Performance

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

TO 31ST MARCH 2018



¹ Source: Morningstar.

² Source: Morningstar/J.P. Morgan, using cum income net asset value per share.

³ Source: Morningstar. The Company's benchmark is the Tokyo Stock Exchange First Section Index (TOPIX) expressed in sterling terms.

A glossary of terms and alternative performance measures is provided on pages 28 and 29.

Financial Data

	31st March 2018	30th September 2017	% change
Shareholders' funds (£'000)	770,512	678,838	+13.5
Number of shares in issue	161,248,078	161,248,078	
Net asset value per share	477.8p	421.0p	+13.5
Share price	442.0p	372.0p	+18.8
Share price discount to net asset value	7.5%	11.6%	
Exchange rate	1 £ = ¥ 149.2	1 £ = ¥ 151.0	
Gearing	16.2%	13.6%	
Ongoing Charges	0.66%	0.69%	

A glossary of terms and alternative performance measures is provided on pages 28 and 29.

Chairman's Statement



Andrew Fleming
Chairman

For the six months ended 31st March 2018 the total return on net assets was +14.7%

Performance

I am pleased to report that for the six months ended 31st March 2018 the total return on net assets was +14.7%. This compares with a total return for the same period from the Company's benchmark comparator, the Tokyo Stock Exchange First Section (TOPIX) Index (in sterling terms), of +4.7%. The share price rose over the same period from 372.0p to 442.0p, reflecting both a rise in the net asset value ('NAV') and a narrowing of the discount from 11.6% to 7.5%.

I would like to congratulate our investment managers for this excellent performance, which continues the Company's strong longer term performance. It remains well ahead of the benchmark index, for example, over three, five and ten years.

I am also pleased to report that on 26th March 2018 the Company's market capitalisation had reached a sufficient size (£712.7 million at 31st March 2018) to allow it to become a constituent of the FTSE 250 Index. We very much hope that this will enhance the profile of your Company and improve demand for the shares.

The Investment Managers' Report on pages 10 to 14 reviews the market and provides more detail on performance and the stocks in which the Company is invested.

Gearing

The Board of Directors sets the overall strategic gearing policy and guidelines and reviews these at each meeting. The Investment Manager then manages the gearing within the agreed levels.

As at 31st March 2018 the funds available to be drawn down by the Company are ¥20 billion, comprised of a ¥9 billion five year term loan and a ¥11 billion three year revolving credit facility, the latter having been extended in December 2017. As at 31st March 2018 this amount was fully drawn down and the Company's gearing level was 16.2%.

Revenue and Dividends

As I have emphasised in previous Chairman's Statements dividends paid to the Company's shareholders in past years should not be taken as a guide to future payments. For the year ended 30th September 2017, we paid a dividend of 5.0p per share, reflecting the available revenue for distribution. Consistent with previous years the Company will not be declaring an interim dividend.

Discount Management

The Board has guidelines in place with regard to the management of any discount/premium that may develop between the Company's share price and its net asset value per share and to enhance returns to shareholders. Over the period the share price discount ranged from 4.5% to 12.8%. The Company did not repurchase any shares during the six month period.

PRIIPs/KID

You may be aware that the Regulator has recently introduced new rules (Packaged Retail and Insurance-based Investment Products Regulation (the 'PRIIPs Regulation')) that require the Investment Manager, who is deemed to be the 'Manufacturer' of the investment product, in our case this company, to prepare a Key Information Document (KID). The Company and Directors is/are not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

The Board

As part of the Board's succession planning I intend to step down as Chairman and as a Director at the Annual General Meeting in December. I am very pleased that Christopher Samuel has agreed to replace me.

Outlook

While the global economic growth cycle continues to be strong, Japanese companies, and by extension the stock market, should continue to perform well. The post-2008/09 Global Financial Crisis economic recovery if maintained to the middle of next year will be a post-World War II record.

Any economic downturn will have an impact on Japan given its cyclical characteristics. One of the consistent features, however, of the Managers' and Chairman's Statements in recent years has been to highlight the emergence of companies with new business models and exciting growth prospects.

Japan has had a high degree of political stability in recent years as evidenced by the longevity of Shinzo Abe as prime minister. His policy of 'Abenomics' and alignment with the Bank of Japan have been important in implementing a reformist agenda and easy-monetary policies. Prime Minister Abe's position has recently come under pressure, which has in the short-term impacted sentiment, but we believe that, even if he was replaced, the reform agenda would continue and there would be continuity of policy at the Bank of Japan where Governor Kuroda has recently been reappointed for a further four year term.

An emphasis in recent years on individual companies with strong business models and growth prospects has served shareholders in the Company extremely well. We believe this strategy will continue to do so in the future.

Andrew Fleming

Chairman

23rd May 2018



Nicholas Weindling
Investment Manager

Performance

In the six months to 31st March 2018 the Company produced a total return to shareholders of +20.2% and a total return on net assets of +14.7%. These compare with a total return of +4.7% from the Company's benchmark index, the TOPIX Index, in sterling terms.

Over the last three and five years to 31st March 2018 the Company has returned +52.5% and +119.4% respectively versus +40.0% and +73.1% for the benchmark. The average level of gearing over the period was 15.0%, which enhanced returns in a rising market.

Investment Philosophy and Process

Our investment approach is to build a portfolio of quality growth stocks with strong future growth prospects. This means that within some broad portfolio risk limits, the Company's portfolio will differ materially from the benchmark index, as we will avoid companies and sectors that face structural issues even if they are a large component of the index. Similarly we find many attractive opportunities among under-researched companies that may not have a substantial weighting in the benchmark. With well over 50% of the constituents of the Company's benchmark index being covered by no more than one provider of broker research, there are significant opportunities to uncover hidden sources of return.

Against the background of a market with poor broker research, we have the resources in Japan to carry out our own research and identify attractive investment themes and companies. Our Tokyo-based investment team consists of 24 investment professionals who have carried out over 2,000 company visits in the past year.

The work carried out in looking through the under-researched parts of the market helps us build portfolios that are comprised of a number of high conviction holdings which we expect to hold for long periods of time.

Portfolio Themes

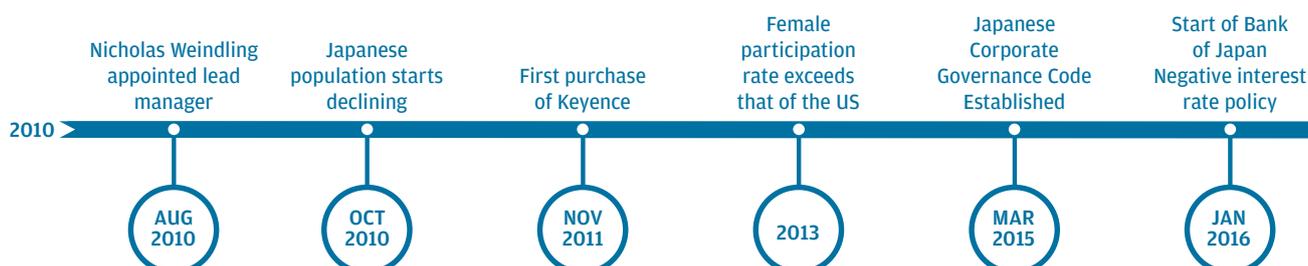
In building the Company's investment portfolio we have identified several key themes that underlie much of our stock selection which we describe below. We believe these themes are long term resilient sources of return for Japanese companies.

Japanese Brands & Tourism

One of the most visible changes in Japan over the last five years has been the boom in inbound tourism. Recent data (<https://www.tourism.jp/en/tourism-database/stats/>) shows year-on-year growth of 23.3% in the number of visits to Japan. This trend is driven by a relaxation in visa restrictions, the weaker Yen making Japan a more affordable destination and by rising wages across Asia leading to a growing middle class who want to travel more. We believe that growth in tourism to Japan is a long term structural trend.

Whereas Asian tourists visiting Europe often purchase luxury goods, other types of products are also popular in Japan including skin cream, medicines, cosmetics and baby goods. These products all have an image of being high quality, safe and reliable. Additionally, not only do Asian consumers buy these products when visiting Japan but continue to do so once they return to their home countries.

Over the last three and five years to 31st March 2018 the Company has returned +52.5% and +119.4% respectively



Automation

Wages in China, the workshop of the world, continue to rise, with wage levels in some areas approaching or surpassing some parts of Europe. Although this is good news for consumption, it is also affecting the profitability of companies that produce there. To cope with this margin pressure some companies are increasingly automating production; others are shifting production nearer to the end consumers in the West. To do this profitably also requires automation. Japanese companies are the leaders in factory automation with several being the global number one in their respective fields.

We have witnessed steady increases in both dividends and share buybacks

Improving Corporate Governance

The single most important change that has taken place in Japan over the last five years has been the improvement in corporate governance which began with the adoption of a stewardship code and was followed by a corporate governance code. As a result we have witnessed steady increases in both dividends and share buybacks, a rise in the number of outside directors that sit on company boards as well as more companies officially stating return on equity and/or return on asset targets. Although the pace of change is moderate, we believe this trend will endure, directly benefitting shareholders and in due course helping Japanese equities to start to close the discount that they trade on versus other developed markets.

Internet

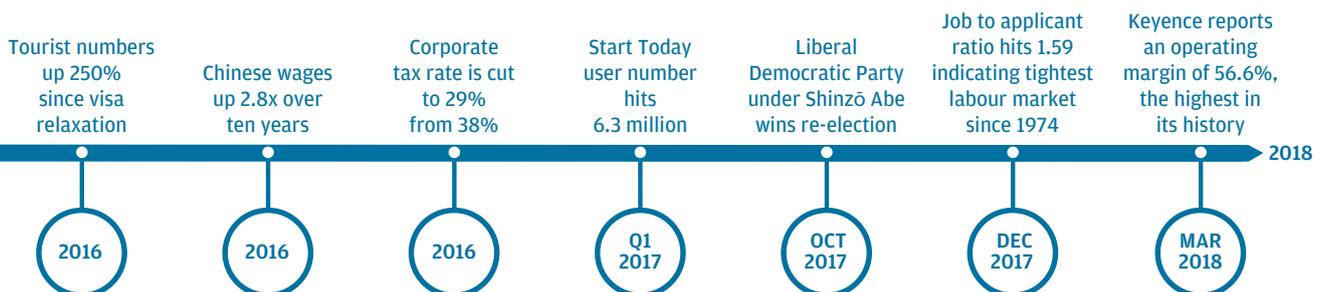
Although Japan is very advanced in some areas, perhaps surprisingly, it lags in others, with e-commerce being a prime example. While the penetration of online shopping is lower than in many developed nations, the growth rates are higher. Japan is following exactly the same pattern as countries like the United Kingdom. This allows us to look at business models that have been successful in other markets and find Japanese equivalents.

Ageing Population

Japan's population is ageing and falling. Today there are 125 million people living in Japan but by 2050 this will have fallen to around 95 million with older people accounting for an increasingly large percentage of the total. This may be bad news for many companies with a domestic bias as demand for their products will drop in the long term. It is, however, good news for a small number of companies and presents an outstanding opportunity for active managers.

Investment Performance

The key themes to which the portfolio is exposed did not change over the review period. We continue to look for long-term structural growth companies that can compound their earnings over many years and maintain our focus on companies exposed to Japan brands & tourism, automation, improving corporate governance, internet and ageing population.



The financial characteristics of the portfolio are also unchanged: balance sheets and free cash flows are stronger, earnings growth faster and return on equity higher than the market as a whole. For example, as at 31st March 2018 the holdings in the portfolio generated an average return on equity of almost 15% compared to the benchmark return on equity of around 11%. The portfolio valuation, as measured by the price-earnings ratio, is higher than the market average but we believe the strong long-term growth prospects of the companies we own more than justify this.

We also have a bias to mid and smaller sized companies reflecting the fact that coverage by analysts is poor in this part of the market, providing us with the opportunity to identify investments overlooked by the broader market. These companies also tend to have more focused business models. Investors should expect to see these characteristics in the portfolio over the economic cycle.

We did make some changes to the portfolio. We increased the gearing level from 13.5% at the end of September to 16.2% at the end of March reflecting our conviction in the stocks that we hold. The largest new purchases were Shiseido, Komatsu and Kose. The most significant complete sales were Subaru, Orix and Japan Tobacco.

Annualised turnover for the six months to 31st March 2018 was just over 30%.

At the end of March the largest overweight positions in the portfolio when compared with the benchmark were in Keyence, Shiseido, M3, CyberAgent and Tokio Marine. During the recent six month period the top contributing stocks were CyberAgent, M3, Shiseido, SUMCO and Don Quijote.

We discuss below why we are invested in these seven companies:

- **Cyber Agent** is Japan's number one online advertising agency. It also operates games for mobile phones and is investing in online television. The penetration of online advertising in Japan is lower than other developed markets and CyberAgent continues to take market share in this growing market. The games business should produce steady profit and cash flow. Meanwhile its online television service, Abema TV, has big potential as younger people continue to switch away from watching broadcast television to consuming more content on smartphones. Even with this large television investment suppressing current profits, the valuation is not stretched.
- **M3** operates an online portal accessed by doctors. We expect the company to expand both its geographic reach and the range of services it is involved in. It is already number one in Japan and the UK, is growing rapidly in China and we believe can become globally dominant. Pharmaceutical companies can save substantial costs by marketing drugs online and the need to do this will increase as pharmaceutical prices come under more pressure. Its website enjoys a very high number of visits from doctors in Japan, allowing the company to provide many other services e.g. it can rapidly recruit patients for drug trials.
- **Shiseido** is a cosmetics manufacturer. The company's operating profit margin is substantially lower than global peers at c.8% versus over 15% for domestic and international competitors. We believe that the new management is turning the company around with a strong focus on profitability. Furthermore, Japanese cosmetics companies have a big opportunity to grow in China where usage of these products is still well below developed market levels.
- **SUMCO** is a manufacturer of silicon wafers for the semiconductor industry. After the prices of wafers slumped following the financial crisis, the semiconductor wafer market now has a much better balance of supply and demand such that we now expect prices to rise. The top five silicon wafer makers control 90% of the global market with the top two Japanese companies, Shinetsu and Sumco, having over 50% share of the market. Demand is coming from a diverse range of industries: the increasing electronic content of autos, cloud computing, The Internet of Things and artificial intelligence amongst others.

The top contributing stocks were CyberAgent, M3, Shiseido, SUMCO and Don Quijote

**Tokio Marine
has increased
its dividends
per share
almost fourfold
in the last
ten years**

- **Don Quijote** operates a chain of discount stores. It is a major disruptor in the Japanese retail industry. It's low cost structure allows it to consistently beat incumbents such as Aeon and Ito-Yokado - a similar situation to Aldi and Lidl versus Tesco. It adjusts merchandise depending on the prevailing economic trend and has proved itself in both inflationary and deflationary environments. The company is increasingly successful in new areas such as food and other products for tourists. For example the percentage of sales to tourists has increased from roughly 1% five years ago to 10% now.
- **Keyence** is a factory automation business that manufactures sensors. It is experiencing rapid growth all over the world as demand rises for its products. Indeed, the percentage of overseas sales has increased from 25% to over 50% in the past few years. Keyence also has some of the highest operating margins of any industrial company anywhere in the world at over 55%. We believe the company is highly competitive with strong growth prospects for many years.
- **Tokio Marine** is Japan's number one non-life insurance company. The top three companies have an overwhelming 90% domestic market share and we believe the industry is a benign oligopoly. We are witnessing significant improvements in corporate governance in this sector. Tokio Marine has increased its dividends per share almost fourfold in the last ten years while the number of shares outstanding has decreased by over 10%.

Stocks that detracted from performance include Start Today, Suruga Bank, Softbank, Nippon Shinyaku and Cosmos Pharmaceutical.

- **Start Today** is Japan's number one online apparel retailer similar to ASOS overseas. Online clothes sales are less than 10% of the overall apparel market in Japan whereas in the UK online sales are well in excess of 20%. The number one position can make it a 'one-stop shop' for clothes and accessories. Traditional retailers have been very slow to understand the potential from online sales in Japan. Meanwhile, a business model that requires low levels of inventory means that free cash flow and returns are very high. The shares pulled back after a period of strong performance but we do not believe the investment case has changed and so retained the holding.
- **Suruga Bank** has managed to grow profits sustainably despite Japan's very low interest rate environment by focusing on areas ignored by major banks. Recently one company that borrowed from Suruga defaulted on its debt. Bad loans are an inevitable part of the banking business model and we believe that Suruga's long-established strengths remain.
- **Softbank** is a media conglomerate where its stake in Alibaba is worth more than the company's entire market value. The CEO Masayoshi Son has a good track record of investing not only in Alibaba but also, for example, in the purchase of Vodafone Japan. The shares have, however, underperformed due to concerns over increasing diversification. This is an area we are monitoring but for now we believe the risk reward of holding looks attractive at the current valuation.
- **Nippon Shinyaku** is a pharmaceutical company. The shares have performed well over the years that the Trust has owned them and we now believe that the company is better appreciated by the market. We took profits and sold the entire position.
- **Cosmos Pharmaceutical** operates discount drugstores and has been gradually expanding across Japan. The company's earnings have recently been under pressure from rising labour costs. This issue is likely to continue and we therefore reduced the size of our position.

Investment outlook

The Japanese market is more cyclical than many other developed markets and can be impacted by global economic developments, both positively and negatively. Currently there are concerns about a potential trade war between the United States and China as well as a somewhat stronger yen.

Your Company, however, focuses on investing in individual stocks. The companies we have invested in have strong structural growth outlooks, competitive positions and balance sheets, and we believe they will perform well in the long-term view regardless of the twists and turns of the wider global economy. Their competitive positions and balance sheets are strong enough to withstand such issues. The level of gearing currently deployed reflects our conviction in the companies that we own.

Nicholas Weindling
Shoichi Mizusawa
Investment Managers

23rd May 2018

LIST OF INVESTMENTS

AT 31ST MARCH 2018

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
PROCESSING		PROCESSING - CONT		FINANCIAL - CONT	
Electric Appliances		Other Products		Insurance	
Keyence	45,361	Nintendo	22,979	Tokio Marine	26,850
Tokyo Electron	22,368	Pigeon	17,379		26,850
Nidec	19,776	Kokuyo	3,874		
FANUC	16,242		44,232	Other Financing Business	
Sony	11,316	Transportation Equipment		Japan Exchange	15,367
Mitsubishi Electric	6,808	Suzuki Motor	20,640		15,367
Mabuchi Motor	6,763	Isuzu Motors	6,542	Securities & Commodity Futures	
Lasertec	4,125	Shimano	3,851	SBI	7,481
Systemex	3,373		31,033		7,481
	136,132	Precision Instruments		CONSUMER	
Information & Communications		Asahi Intecc	10,231	Retail Trade	
SoftBank	20,223	Nakanishi	3,774	Don Quijote	19,891
Nexon	16,473	Topcon	3,093	Start Today	17,232
Trend Micro	15,010		17,098	MonotaRO	11,838
Nippon Telegraph & Telephone	11,948	Wholesale Trade		Seria	8,351
Otsuka	9,496	MISUMI	11,701	Sundrug	4,668
Obic	8,383		11,701	Cosmos Pharmaceutical	2,625
Hikari Tsushin	8,248	BASIC			64,605
GMO Payment Gateway	7,153	Chemicals		Pharmaceuticals	
Digital Garage	6,945	Shiseido	31,985	PeptiDream	12,041
Zenrin	5,410	Shin-Etsu Chemical	23,366	SanBio	4,013
Money Forward	2,943	Kose	20,379	Sosei	3,543
Istyle	2,403	Kao	14,904		19,597
	114,635	Nifco	11,222	ASSETS	
Services		Nippon Paint	8,340	Construction	
M3	29,457	Ci:z	7,228	SHO-BOND	9,794
CyberAgent	25,434	Kureha	4,695		9,794
Recruit	22,466		122,119	TOTAL INVESTMENTS	
Nihon M&A Center	15,491	Metal Products			895,681
Infomart	9,731	SUMCO	18,180	The portfolio comprised only equity investments.	
en-japan	7,441	Sanwa	15,920		
LIFULL	4,079		34,100		
	114,099	FINANCIAL			
Machinery		Banks			
Komatsu	23,233	Mitsubishi UFJ Financial	29,264		
Daikin Industries	19,801	Sumitomo Mitsui Financial	14,156		
SMC	17,748	Suruga Bank	4,738		
Miura	9,649		48,158		
Tadano	4,778				
Hoshizaki	3,471				
	78,680				

SECTOR ANALYSIS

SECTOR ANALYSIS

	At 31st March 2018		30th September 2017	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Processing	61.2	50.4	54.9	50.0
Electric Appliances	15.2	13.9	14.5	13.4
Information & Communications	12.8	7.3	9.7	7.8
Services	12.8	4.4	11.2	4.1
Machinery	8.8	5.5	6.8	5.4
Other Products	4.9	2.3	3.4	2.2
Transportation Equipment	3.5	8.8	4.9	8.9
Precision Instruments	1.9	1.6	1.8	1.6
Wholesale Trade	1.3	4.7	1.5	4.6
Glass & Ceramics Products	–	1.0	0.7	1.0
Rubber Products	–	0.9	0.4	1.0
Basic	17.4	8.9	13.4	8.8
Chemicals	13.6	7.3	9.2	7.1
Metal Products	3.8	0.7	4.2	0.7
Non-Ferrous Metals	–	0.9	–	1.0
Financial	10.9	11.4	14.4	12.2
Banks	5.4	7.0	7.8	7.6
Insurance	3.0	2.2	2.4	2.3
Other Financing Business	1.7	1.2	4.2	1.3
Security & Commodity Futures	0.8	1.0	–	1.0
Consumer	9.4	17.1	13.1	16.7
Retail Trade	7.2	4.9	9.6	4.6
Pharmaceuticals	2.2	4.7	2.8	4.5
Food	–	4.4	0.7	4.4
Other Consumer	–	3.1	–	3.2
Assets	1.1	5.6	4.2	5.6
Construction	1.1	3.2	1.6	3.3
Real Estate	–	2.4	2.6	2.3
Utilities	–	6.6	–	6.7
Total	100.0	100.0	100.0	100.0

¹ Based on the total portfolio investments of £895.7m (2017: £771.1m).

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31ST MARCH 2018

	(Unaudited) Six months ended 31st March 2018			(Unaudited) Six months ended 31st March 2017			(Audited) Year ended 30th September 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	98,795	98,795	–	7,928	7,928	–	44,397	44,397
Net foreign currency (losses)/gains	–	(1,626)	(1,626)	–	2,998	2,998	–	10,514	10,514
Income from investments	6,231	–	6,231	6,159	–	6,159	11,640	–	11,640
Other interest receivable and similar income	36	–	36	–	–	–	–	–	–
Gross return	6,267	97,169	103,436	6,159	10,926	17,085	11,640	54,911	66,551
Management fee	(439)	(1,755)	(2,194)	(379)	(1,515)	(1,894)	(775)	(3,099)	(3,874)
Other administrative expenses	(322)	–	(322)	(330)	–	(330)	(613)	–	(613)
Net return on ordinary activities before finance costs and taxation	5,506	95,414	100,920	5,450	9,411	14,861	10,252	51,812	62,064
Finance costs	(112)	(448)	(560)	(82)	(327)	(409)	(189)	(755)	(944)
Net return on ordinary activities before taxation	5,394	94,966	100,360	5,368	9,084	14,452	10,063	51,057	61,120
Taxation	(624)	–	(624)	(613)	–	(613)	(1,161)	–	(1,161)
Net return on ordinary activities after taxation	4,770	94,966	99,736	4,755	9,084	13,839	8,902	51,057	59,959
Return per share (note 3)	2.96p	58.89p	61.85p	2.95p	5.63p	8.58p	5.52p	31.66p	37.18p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

The net return on ordinary activities after taxation represents the profit for the period and also the total comprehensive income.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST MARCH 2018

	Called up share capital £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 31st March 2018						
(Unaudited)						
At 30th September 2017	40,312	8,650	166,791	451,356	11,729	678,838
Net return on ordinary activities	–	–	–	94,966	4,770	99,736
Dividend paid in the period (note 4)	–	–	–	–	(8,062)	(8,062)
At 31st March 2018	40,312	8,650	166,791	546,322	8,437	770,512
Six months ended 31st March 2017						
(Unaudited)						
At 30th September 2016	40,312	8,650	166,791	400,299	8,713	624,765
Net return on ordinary activities	–	–	–	9,084	4,755	13,839
Dividend paid in the period (note 4)	–	–	–	–	(5,886)	(5,886)
At 31st March 2017	40,312	8,650	166,791	409,383	7,582	632,718
Year ended 30th September 2016						
(Audited)						
At 30th September 2016	40,312	8,650	166,791	400,299	8,713	624,765
Net return on ordinary activities	–	–	–	51,057	8,902	59,959
Dividend paid in the year (note 4)	–	–	–	–	(5,886)	(5,886)
At 30th September 2017	40,312	8,650	166,791	451,356	11,729	678,838

¹ This reserve forms the distributable reserve of the Company and may be used to fund distribution of profits to investors via dividend payments.

STATEMENT OF FINANCIAL POSITION

AT 31ST MARCH 2018

	(Unaudited) 31st March 2018 £'000	(Unaudited) 31st March 2017 £'000	(Audited) 30th September 2017 £'000
Fixed assets			
Investments held at fair value through profit or loss	895,681	718,358	771,143
Current assets			
Debtors	4,430	4,370	3,852
Cash and cash equivalents	6,884	17,790	3,551
	11,314	22,160	7,403
Creditors: amounts falling due within one year	(2,423)	(148)	(385)
Net current assets	8,891	22,012	7,018
Total assets less current liabilities	904,572	740,370	778,161
Creditors: amounts falling due after more than one year	(134,060)	(107,652)	(99,323)
Net assets	770,512	632,718	678,838
Capital and reserves			
Called up share capital	40,312	40,312	40,312
Capital redemption reserve	8,650	8,650	8,650
Other reserve	166,791	166,791	166,791
Capital reserves	546,322	409,383	451,356
Revenue reserve	8,437	7,582	11,729
Total shareholders' funds	770,512	632,718	678,838
Net asset value per share (note 5)	477.8p	392.4p	421.0p

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31ST MARCH 2018

	(Unaudited) 31st March 2018 £'000	(Unaudited) 31st March 2017 £'000	(Audited) 30th September 2017 £'000
Net cash outflow from operations before dividends and interest (note 6)	(2,397)	(1,788)	(4,442)
Dividends received	5,056	4,203	9,648
Interest paid	(579)	(484)	(1,037)
Net cash inflow from operating activities	2,080	1,931	4,169
Purchases of investments	(161,104)	(173,465)	(250,200)
Sales of investments	137,451	147,320	207,947
Settlement of foreign currency contracts	12	(7)	5
Net cash outflow from investing activities	(23,641)	(26,152)	(42,248)
Dividend paid	(8,062)	(5,886)	(5,886)
Drawdown of bank loan	32,989	41,442	41,442
Net cash inflow from financing activities	24,927	35,556	35,556
Increase/(decrease) in cash and cash equivalents	3,366	11,335	(2,523)
Cash and cash equivalents at start of period	3,551	6,118	6,118
Exchange movements	(33)	337	(44)
Cash and cash equivalents at end of period	6,884	17,790	3,551
Increase/(decrease) in cash and cash equivalents	3,366	11,335	(2,523)
Cash and cash equivalents consist of:			
Cash and short term deposits	6,884	17,790	3,551

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31ST MARCH 2018

1. Financial statements

The information contained within the financial statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 30th September 2017 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies including the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' of the United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the revised 'SORP') issued by the Association of Investment Companies in November 2014 and updated in February 2018.

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 31st March 2018.

All of the Company's operations are of a continuing nature.

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 30th September 2017.

3. Return per share

	(Unaudited) Six months ended 31st March 2018 £'000	(Unaudited) Six months ended 31st March 2017 £'000	(Audited) Year ended 30th September 2017 £'000
Return per share is based on the following:			
Revenue return	4,770	4,755	8,902
Capital return	94,966	9,084	51,057
Total return	99,736	13,839	59,959
Weighted average number of shares in issue	161,248,078	161,248,078	161,248,078
Revenue return per share	2.96p	2.95p	5.52p
Capital return per share	58.89p	5.63p	31.66p
Total return per share	61.85p	8.58p	37.18p

4. Dividend paid

	(Unaudited) Six months ended 31st March 2018 £'000	(Unaudited) Six months ended 31st March 2017 £'000	(Audited) Year ended 30th September 2017 £'000
2017 final dividend paid of 5.00p (2016: 3.65p) per share	8,062	5,886	5,886

All dividends paid in the period have been funded from the Revenue Reserve.

No interim dividend has been declared in respect of the six months ended 31st March 2018 (2017: nil).

5. Net asset value per share

	(Unaudited) Six months ended 31st March 2018 £'000	(Unaudited) Six months ended 31st March 2017 £'000	(Audited) Year ended 30th September 2017 £'000
Net assets (£'000)	770,512	632,718	678,838
Number of shares in issue	161,248,078	161,248,078	161,248,078
Net asset value per share	477.8p	392.4p	421.0p

6. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash outflow from operations before dividends and interest

	(Unaudited) Six months ended 31st March 2018 £'000	(Unaudited) Six months ended 31st March 2017 £'000	(Audited) Year ended 30th September 2017 £'000
Net return on ordinary activities before finance costs and taxation	100,920	14,861	62,064
Less capital return on ordinary activities before finance costs and taxation	(95,414)	(9,411)	(51,812)
Increase in accrued income and other debtors	(580)	(1,338)	(813)
(Decrease)/increase in accrued expenses	(30)	(29)	11
Tax on unfranked investment income	(624)	(613)	(1,161)
Management fee charged to capital	(1,755)	(1,515)	(3,099)
Dividends received	(5,056)	(4,203)	(9,648)
Realised gain on foreign exchange transactions	142	460	16
Net cash outflow from operations before dividends and interest	(2,397)	(1,788)	(4,442)

7. Fair valuation of investments

The fair value hierarchy analysis for financial instruments held at fair value at the period end is as follows:

	(Unaudited) Six months ended 31st March 2018		(Unaudited) Six months ended 31st March 2017		(Audited) Year ended 30th September 2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	895,681	–	718,358	–	771,143	–
Total	895,681	–	718,358	–	771,143	–

Regulatory Disclosures

The Company is required to make the following disclosures in its half year report.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment underperformance and strategy; market and currency; political, economic and governance; loss of investment team or investment manager; discount; change of corporate control of the Manager; accounting, legal and regulatory; corporate governance and shareholder relations; operational and cyber crime and financial. Information on each of these areas is given in the Strategic Report within the Annual Report and Financial Statements for the year ended 30th September 2017.

Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company during the period.

Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half year financial report. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the interim financial report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of the affairs of the Company and of the assets, liabilities, financial position and net return of the Company, as at 31st March 2018, as required by the UK Listing Authority Disclosure Guidance and Transparency Rule ('DTR') 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

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

and the Directors confirm that they have done so.

For and on behalf of the Board

Andrew Fleming

Chairman

23rd May 2018

Shareholder Information

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES (APMs)

Return to Shareholders (APM)

Total return to the shareholder, on a last traded price to last traded price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

Total return calculation	Page	6 months ended 31st March 2018	
Opening share price as at 30th September 2017 (p)	5	372.0	
Closing share price as at 31st March 2018 (p)	5	442.0	(a)
Reinvestment of dividend paid during the financial year			
Final dividend (p)	22	5.0	(b)
Share price on ex-dividend date 23rd November 2017		420.5	(c)
Total dividend adjustment factor (d = b/c + 1)		1.011891	(d)
Adjusted closing share price (e = a x d)		447.26	(e)
Total return to shareholder			20.2%

Return on Net Assets (APM)

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Total return calculation	Page	6 months ended 31st March 2018	
Opening cum-income NAV per share with debt at par value as at 30th September 2017 (p)	5	421.0	
Closing cum-income NAV per share with debt at par value as at 31st March 2018 (p)	5	477.8	(a)
Reinvestment of dividend paid during the financial year			
Final dividend (p)	22	5.0	(b)
Cum-income NAV per share on ex-dividend date 23rd November 2017		476.7	(c)
Total dividend adjustment factor (d = b/c + 1)		1.010489	(d)
Adjusted closing cum-income NAV per share (e = a x d)		482.81	(e)
Total return on net assets with debt at par value			14.7%

Benchmark Return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested, without transaction costs, in the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Gearing/Net Cash (APM)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

Gearing calculation	Page	31st March 2018 £'000	30th September 2017 £'000	
Investments held at fair value through profit or loss	20	895,681	771,143	(a)
Net assets	5	770,512	678,838	(b)
Gearing (c = a/b - 1)	5	16.2%	13.6%	(c)

Ongoing Charges (APM)

The ongoing charges represent the Company’s management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily cum-income net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

The figure as at 31st March 2018 is an estimated annualised figure based on the numbers for the six months ended 31st March 2018.

	Page	31st March 2018 £'000	30th September 2017 £'000	
Ongoing charges calculation				
Management Fee	19	4,388	3,874	
Other administrative expenses	19	644	613	
Total management fee and other administrative expenses		5,032	4,487	(a)
Average daily cum-income net assets		759,691	646,572	(b)
Ongoing Charges (c = a/b)		0.66%	0.69%	(c)

Share Price Discount/Premium to Net Asset Value ('NAV') per Share (APM)

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share.

The opposite of a discount is a premium. It is more common for an investment trusts’ shares to trade at a discount than at a premium (see page 5).

You can invest in a J.P. Morgan investment trust through the following;

1. Directly from J.P. Morgan

Investment Account

The Company's shares are available in the J.P. Morgan Investment Account, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Investment Account should call J.P. Morgan Asset Management free on 0800 20 40 20 or visit its website at am.jpmorgan.co.uk/investor

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within a J.P. Morgan ISA. For the 2018/19 tax year, from 6th April 2018 and ending 5th April 2019, the total ISA allowance is £20,000. The shares are also available in a J.P. Morgan Junior ISA. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk/investor

2. Via a third party provider

Third party providers include;

AJ Bell	Hargreaves Lansdown
Alliance Trust Savings	Interactive Investor
Barclays Stockbrokers	James Brearley
Bestinvest	James Hay
Charles Stanley Direct	Selftrade
FundsNetwork	The Share Centre

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These websites are third party sites and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

3. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at unbiased.co.uk

You may also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority (FCA) adviser charging and commission rules, visit fca.org.uk

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at
www.fca.org.uk/scamsmart



FINANCIAL CALENDAR

Financial year end	30th September
Final results announced	November
Half year end	31st March
Half year results announced	May/June
Dividend on ordinary shares paid	December
Annual General Meeting	December

History

The Company was formed in 1927 as The Capital & National Trust Limited. It was a general investment trust until 1982, when its shareholders approved a change of name to The Fleming Japanese Investment Trust plc and the adoption of a policy of specialising in investment in Japan. It is the largest UK investment trust specialising in Japan. The Company adopted its current name in December 2006.

Company Numbers

Company registration number: 223583
 London Stock Exchange number: 0174002
 ISIN: GB0001740025
 Bloomberg code: JFJ LN
 LEI: 549300JZW3TSSO464R15

Market Information

The Company's unaudited net asset value ('NAV') is published daily via the London Stock Exchange.

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman and on the Company's website at www.jpmpjapanese.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmpjapanese.co.uk

The Company's website can be found at www.jpmpjapanese.co.uk and includes useful information about the Company, such as daily prices, factsheets and current and historic half year and annual reports.

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan Junior ISA. These products are all available on the online service at jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

60 Victoria Embankment
 London EC4Y 0JP
 Telephone: 020 7742 4000

For company secretarial and administrative matters, please contact Faith Pengelly at the above address.

Depository

The Bank of New York Mellon (International) Limited
 1 Canada Square
 London E14 5AL

The Depository has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

Registrars

Equiniti Limited
 Reference 1090
 Aspect House
 Spencer Road
 Lancing
 West Sussex BN99 6DA
 Telephone number: 0371 384 2328

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. Callers from overseas should dial +44 121 415 0225.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1090. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditors

PricewaterhouseCoopers LLP
 Chartered Accountants and Statutory Auditors
 7 More London Riverside
 London SE1 2RT

Brokers

Canaccord Genuity
 88 Wood Street
 London EC2V 7QR

Savings Product Administrators

For queries on the J.P. Morgan Investment Account and J.P. Morgan ISA, see contact details on the back cover of this report.

FCA Regulation of 'Non-Mainstream Pooled Investments' and 'Complex Instruments'

The Company currently conducts its affairs so that the shares issued by JPMorgan Japanese Investment Trust plc can be recommended by financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

The Company's ordinary shares are not considered to be 'complex instruments' under the FCA's 'Appropriateness' rules and guidance in the COB sourcebook.



The Association of
 Investment Companies

A member of the AIC

www.jpmmjapanese.co.uk

CONTACT J.P. MORGAN

Freephone **0800 20 40 20** or +44 (0) 1268 444470.
Telephone lines are open Monday to Friday,
9.00am to 5.30pm.

Telephone calls may be recorded and monitored for security and training purposes.