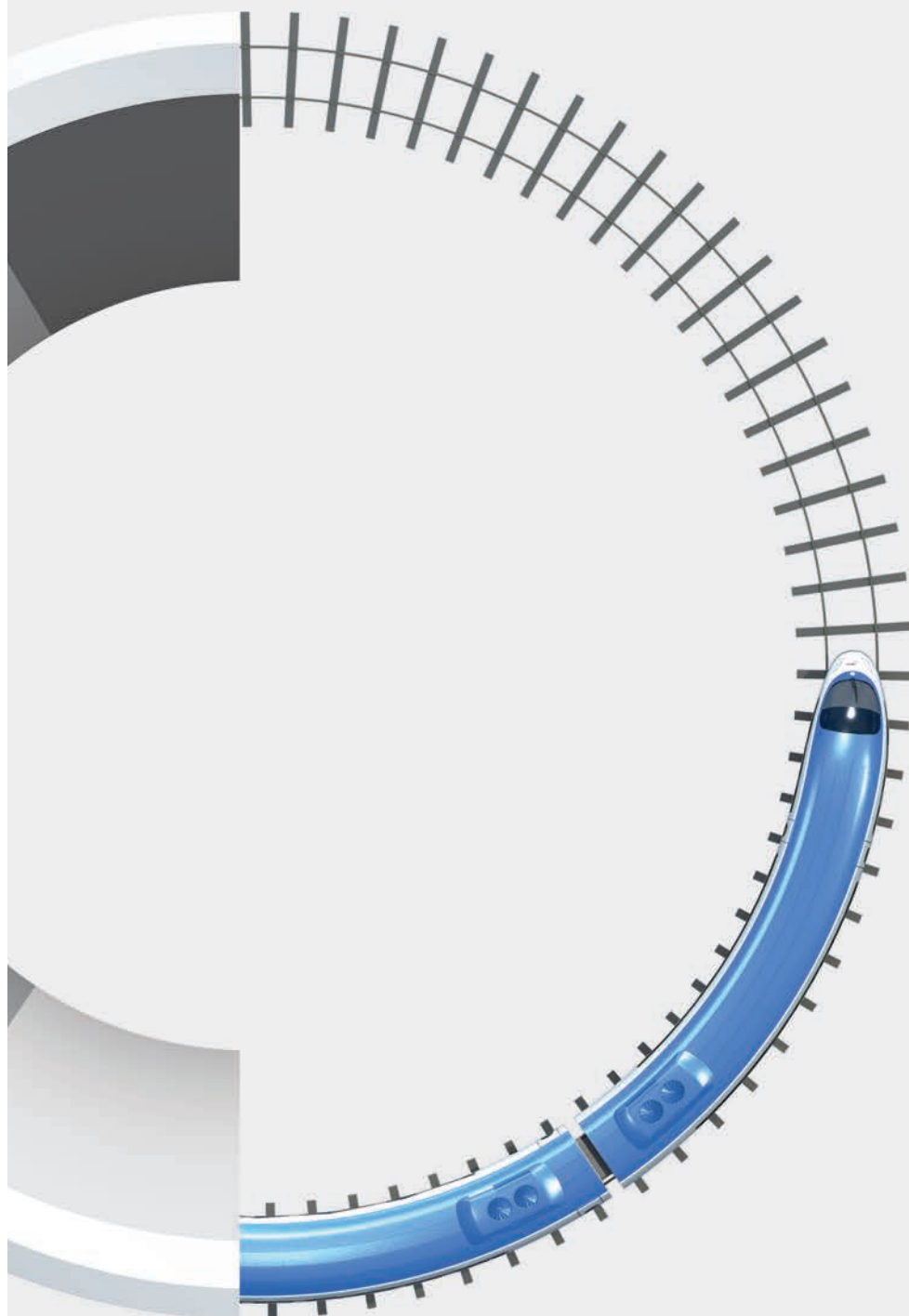


JPMorgan Japanese Investment Trust plc

Annual Report & Financial Statements for the year ended 30th September 2020



KEY FEATURES

Your Company

Investment Objective

Capital growth from investments in Japanese companies.

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.

Further details on the objective and structure of the Company, together with investment restrictions and guidelines, are given in the Strategic Report on pages 25 and 26.

Benchmark

The Tokyo Stock Exchange First Section Index ('TOPIX') with net dividends reinvested, expressed in sterling terms.

Capital Structure

UK domiciled. Premium listing on the London Stock Exchange. Constituent of the FTSE 250 Index.

As at 30th September 2020, the Company's share capital comprised 161,248,078 ordinary shares of 25p each, including 1,409,000 shares held in Treasury.

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. Further details are given on page 35.

Environmental, Social and Governance ('ESG') Considerations

ESG considerations are fully integrated into the stock selection process. JPMAM research teams compile proprietary ESG analyses on each company as well as using external vendor research, and rank them. These ESG scores are combined with strategic and financial analysis to evaluate overall attractiveness. In addition, the Manager, together with Stewardship specialists, conducts extensive engagement on specific ESG issues with investee companies. JPMAM is a UN PRI signatory, follows the Japanese Stewardship Code and endeavours to vote at all of the meetings called by companies in which your portfolio invests. The Company's detailed ESG report is on pages 15 to 19.

Website

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

Company Ratings

Overall Morningstar Rating™ ★★★★★

Morningstar Category™ Japan Large-Cap Equity



Morningstar Analyst Rating.
Source: Morningstar, September 2020.



Awards



Best Japanese Equities Trust at the Citywire Investment Trust Awards 2020.

Why invest in the JPMorgan Japanese Investment Trust PLC

Our heritage and our team

JPMorgan first opened its Tokyo office in 1969 and has 50 years' experience in Japan in seeking out the most attractively valued Japanese sectors.

The Investment Team, based primarily in Tokyo, has a significant depth of experience in Japanese equity investments with an average of 14 years' employment with JPMorgan and some 19 years in the industry. They are supported by JPMorgan Asset Management's extensive resources around the world.



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.



50

Years' experience
investing in the region

30

Investment
professionals in Japan

4000+

Japanese company
visits each year¹

97.9%

Active share²

¹ COVID-19 has meant that the meetings have been more limited in 2020, with the majority being conducted virtually, where practicable.

² Active share is a measurement of the difference in the Company's portfolio compared to the benchmark index as at 30th September 2020.

Source: JPMAM.

Strategic Report

- 4 Financial Highlights
- 6 Chairman's Statement
- 9 Investment Managers' Report
- 15 Environmental, Social and Governance Report
- 20 Portfolio Information
- 23 Ten Year Record
- 25 Business Review

Directors' Report

- 34 Board of Directors
- 35 Directors' Report
- 37 Corporate Governance Statement
- 43 Audit Committee Report

Directors' Remuneration

- 46 Report

Statement of Directors'

- 49 Responsibilities

Independent Auditors'

- 51 Report

Financial Statements

- 58 Statement of Comprehensive Income
- 58 Statement of Changes in Equity
- 59 Statement of Financial Position
- 60 Statement of Cash Flows
- 61 Notes to the Financial Statements

Regulatory Disclosures

- 79 Alternative Investment Fund Managers Directive ('AIFMD') Disclosure (Unaudited)
- 81 Securities Financing Transactions Regulation ('SFTR') Disclosure (Unaudited)

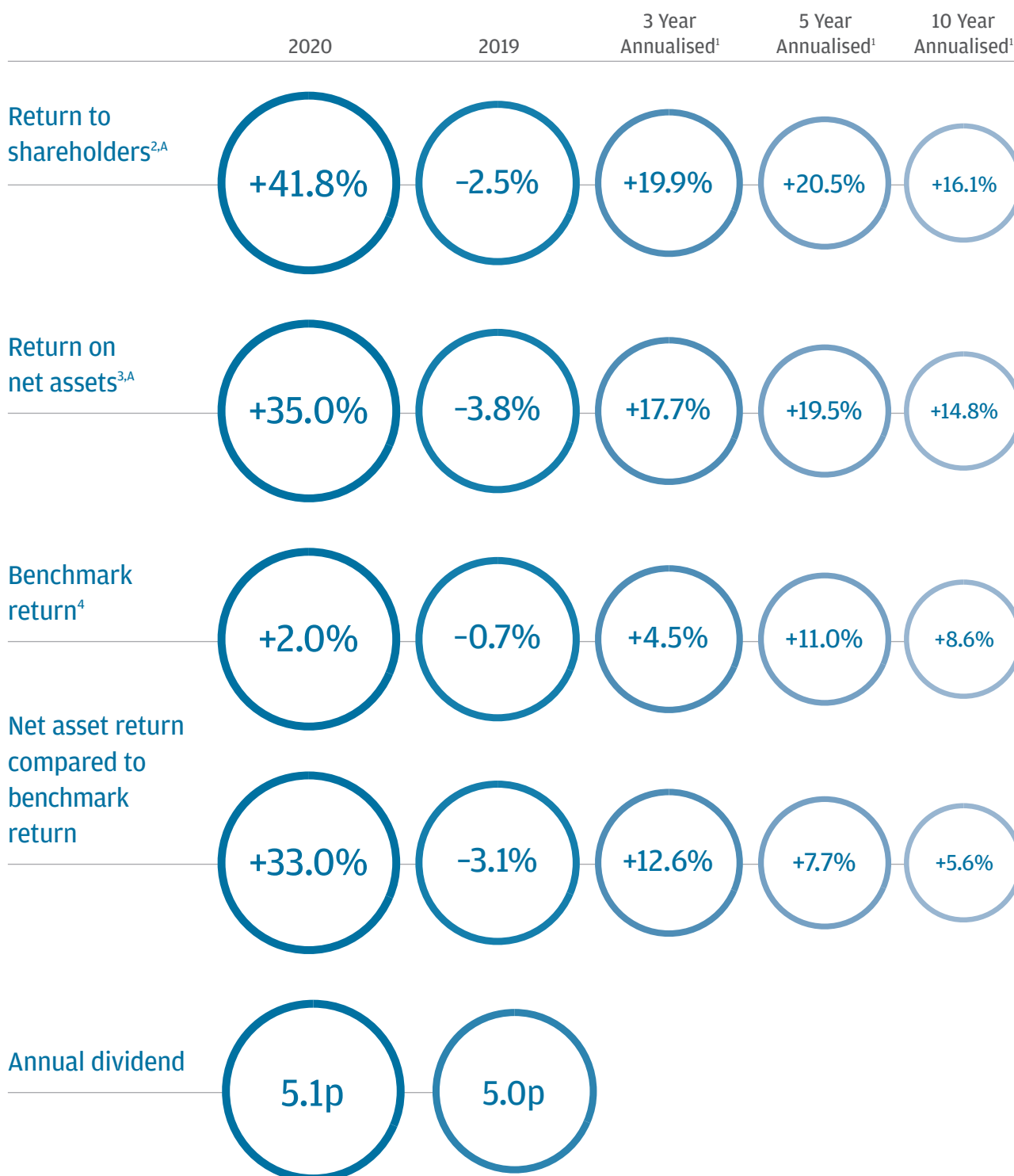
Shareholder Information

- 85 Notice of Annual General Meeting
- 89 Glossary of Terms and Alternative Performance Measures ('APMs') (Unaudited)
- 91 Where to buy J.P. Morgan Investment Trusts
- 93 Information about the Company

Strategic Report

FINANCIAL HIGHLIGHTS

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)



¹ Calculated on a geometric basis.

² Source: Morningstar.

³ Source: Morningstar/J.P. Morgan, using net asset value per share, with debt at fair value. Please note that this disclosure is a change from the 2019 Annual Report which showed return on net asset value per share with debt at par value. The comparative value for 2019 has been restated.

⁴ Source: Morningstar. The Company's benchmark is the Tokyo Stock Exchange First Section Index (TOPIX) expressed in sterling terms.

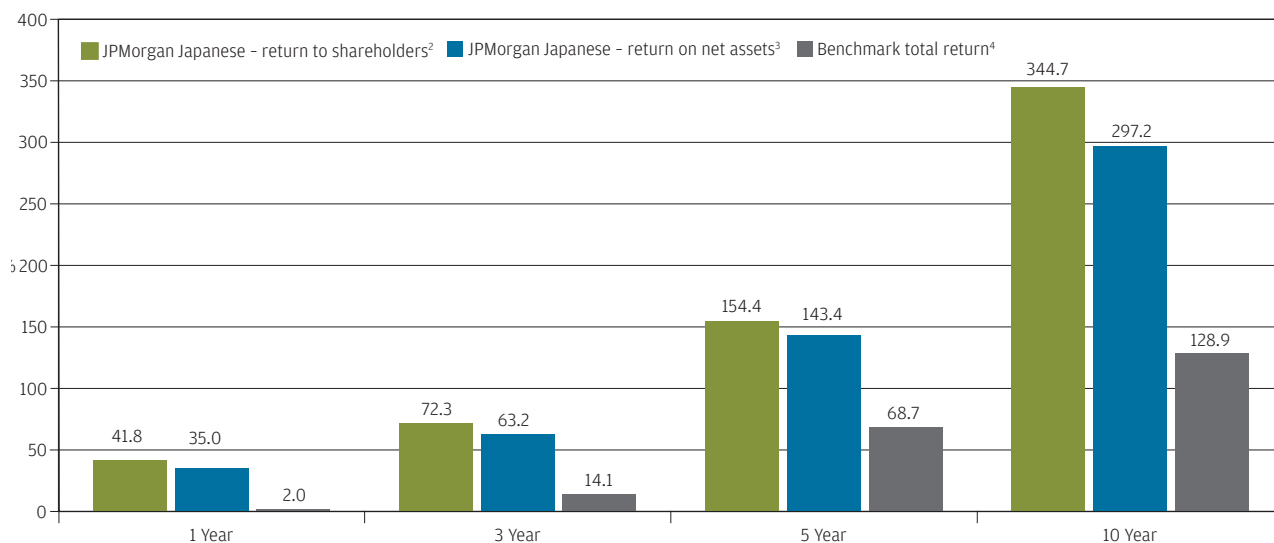
^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 89 and 90.

SUMMARY OF RESULTS

	2020	2019	% change
Key financial data as at 30th September			
Shareholders' funds (£'000)	1,072,164	816,670	+31.3 ⁵
Total assets (£'000)	1,237,303	930,003	+33.0
Net asset value per share with debt at fair value ^{1A}	665.8p	498.0p	+33.7 ⁶
Net asset value per share with debt at par value ^A	670.8p	506.5p	+32.4 ⁷
Share price	619.0p	441.0p	+40.4
Share price discount to net asset value per share with debt at fair value ^{1A}	7.0%	11.4%	
Share price discount to net asset value per share with debt at par value ^A	7.7%	12.9%	
12 month average share price discount to net asset value per share with debt at fair value ^{2A}	10.4%	9.0%	
Exchange rate	1 £ = ¥ 136.4	1 £ = ¥ 133.2	+2.4
Shares in issue (excluding shares held in Treasury)	159,839,078	161,248,078	
Gearing^A	14.8%	13.1%	
Ongoing charges^A	0.65%	0.68%	

LONG TERM PERFORMANCE FOR YEARS ENDED 30TH SEPTEMBER 2020



¹ The fair value of the Company's ¥13 billion senior secured loan notes issued in August 2018 has been calculated using a discount rate based on the yield from a similar dated Japanese Government Bond plus a margin based on the five year average of the AA Barclays Yen Corporate Bond spread. The fair values of the Company's other financial liabilities such as bank loans are considered to have no material difference to their amortised cost therefore, prior to August 2018, the NAV per share with debt at fair value was the same as the NAV per share with debt at par value.

² Source: Morningstar/J.P. Morgan, using net asset value per share with debt at fair value.

³ Source: Morningstar.

⁴ Source: Morningstar. The Company's benchmark is the Tokyo Stock Exchange First Section Index (TOPIX) expressed in sterling terms.

⁵ Excludes dividends reinvested. Including dividends reinvested, the return is +41.8%.

⁶ Excludes dividends reinvested. Including dividends reinvested, the return is +35.0%.

⁷ Excludes dividends reinvested. Including dividends reinvested, the return is +33.7%.

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 89 and 90.



Christopher Samuel
Chairman

The Company's focus on quality has meant that the portfolio proved resilient amidst the economic stresses of the pandemic.

Investment Performance

The year to 30th September has been dominated by the COVID-19 pandemic. I would therefore like to start by repeating the comments I made in the Half Year Report and thank all at JP Morgan Asset Management, and in particular Nicholas, Miyako and the teams in Tokyo and London that support your Company, for their excellent work during a very challenging period.

COVID-19 has led to a year of turmoil in markets across the globe. The performance of the Company's benchmark, the Tokyo Stock Exchange First Section Index ('TOPIX'), over the year has been no exception and reflects this volatility; by late March it had fallen by almost 30% from its prior peak in mid December 2019 although it ended up relatively flat for the year in local currency terms, and slightly up in sterling terms.

Against this challenging backdrop, I am delighted to report that in the year to 30th September 2020 the Company's return on net assets, with debt calculated at fair value¹, was +35.0%, representing a remarkable outperformance of the benchmark which returned only +2.0%. In addition, the discount of the share price to Net Asset Value, with debt calculated at fair value ('NAV'), narrowed, from 11.4% to 7.0%, resulting in a total return to shareholders for the year of +41.8%. All returns include dividends paid and are in sterling terms.

It was also pleasing to see how your Company performed in the February/March sell off when the value of the Company's portfolio fell by about 23%, a fall about half of that experienced by other leading trusts in the sector.

This continued strong performance has resulted in a three, five and ten year cumulative NAV outperformance of the TOPIX of +49.1%, +74.7% and +168.2% respectively. In addition, as of 30th September 2020, the Company was the best performing trust of the Association of Investment Companies ('AIC') Japan peer group over each of one, three and five years. I am pleased to report that the Company's new financial year has continued to deliver strong performance returns, with the Company's NAV increasing by +11.7% in the two months ended 30th November 2020, compared to the benchmark increase of 5.8% over the same period.

These achievements have been increasingly recognised by many commentators and analysts. Thus, your Company now not only has the highest Morningstar Analyst rating (of Silver) and the highest Morningstar Sustainability rating (of 5 Globes) amongst Japanese Investment Trusts, but has also recently won Citywire's award for the 'Best Japanese Equities Trust'.

This stellar performance coincides with the 10th anniversary of Nicholas Weindling becoming the Manager of your Company. On behalf of the Board and all Shareholders, I would like to thank Nicholas for all his efforts over this period as well as congratulate both Nicholas and his co-manager, Miyako Urabe, for these excellent results in extremely challenging markets. Moreover, I would like to thank them for their continuing efforts to meet Investors and explain the many attractions of your Company. This is another crucial and important aspect of their role as we seek to ensure the discount to NAV at which the Company's shares trade is commensurate with these investment achievements.

At a time of strong investment performance, it is worth repeating the comments I made in last year's report that, given the Manager's high conviction, unconstrained approach focused on finding the best investment ideas in Japan (from which they create a portfolio of quality stocks with strong future growth prospects) there will, from time to time, be periods of underperformance.

The Investment Managers' Report on pages 9 to 14 reviews in greater detail the markets, the Managers' investment approach, the resulting investment performance, the investment rationale for many of the stocks in which the Company is invested as well as providing details of the stocks that have contributed and detracted most from performance.

Gearing

The Manager continues to use gearing to enhance portfolio performance and your Board remains supportive of this strategy. The Board sets the gearing strategy, policy and guidelines which are reviewed at each Board meeting and the Investment Managers then manage the gearing within the agreed levels.

¹ The AIC has recommended that investment trusts with long-term fixed rate debt in place prepare a measure of their NAV that values this debt at 'fair value' rather than using their par value. This reflects the fact that the economic value of this leverage may differ materially from the par or accounting value of the debt instrument and the belief that this value may be of interest to shareholders and potential investors. Accordingly, the Board has chosen to use this measurement when reporting NAV returns within the Company's financial reports going forward; this is in line with the basis of the NAV released to the LSE every business day. For completeness of information and full disclosure, NAV returns with debt valued at par can also be found throughout the report. Full details of the valuation methodology used to prepare the fair value of the Company's senior secured loan notes are provided in the footnotes on page 5 and in the Alternative Performance Measures section on page 89.

The gearing levels remained unchanged, so that in normal market conditions the gearing continued to be within the range of 5% net cash to 20% geared. Gearing as at 30th September 2020 was equivalent to 14.8% of net assets, having averaged 14.3% over the course of the year, and has greatly assisted performance returns.

Revenue and Dividends

Income received during the year fell slightly year-on-year, with earnings per share for the full year of 5.21p (2019: 5.52p). This reduction in income is marginal when compared with the dramatic reduction in income being experienced by investors in UK Equities and reflects both the fact that Japanese companies often have stronger balance sheets than many of their international counterparts and the changes underway in Japan on governance that brings with it an increased focus on shareholder returns.

The Board's dividend policy is to pay out the majority of the revenue available each year. With this in mind, and having not increased the dividend since 2017, the Board has determined to increase this year's dividend by 2% despite the marginal fall in income. We hope to continue increasing the dividend going forward. The Board therefore proposes, subject to shareholders' approval at the Annual General Meeting, to pay a final dividend of 5.1p per share (2019: 5.0p) on 26th January 2021 to shareholders on the register at the close of business on 29th December 2020 (ex-dividend date 24th December 2020).

Premium/Discount Management

The Board monitors the discount to NAV at which the Company's shares trade and believes that, over the long term, for the Company's shares to trade close to NAV the focus has to remain on consistent, strong investment performance over the key one, three and five year timeframes, combined with effective marketing and promotion of the Company.

In this exceptional year, very few investment trusts, regardless of performance, asset class or investment approach, were immune from discount volatility as the COVID-19 pandemic took hold and impacted stock markets around the globe. Your Company was no exception as its discount widened to 17.8% as at 31st March 2020, having averaged 9% over the Company's financial year ended 30th September 2019.

The Board recognises that a widening of, and volatility in, the Company's discount is seen by some investors as a disadvantage of investments trusts. With a strong investment team, a strong process and excellent performance, a narrower and more stable discount has been an increasingly important area of focus for the Board.

The Board has restated its commitment over the long run to seeking a stable discount or premium commensurate with investors' appetite for Japanese equities and the Company's various attractions, not least the quality of the investment team and the investment process, and the strong long term performance these have delivered. This commitment has resulted this year in both increased marketing spend and, for the first time in seven years, a series of targeted buybacks.

Therefore, on the back of these efforts, I am pleased to report a significant narrowing of the Company's discount over the second half of the Company's year, with the shares trading at a 7.0% discount to NAV as at 30th September 2020. Since the year end, the discount has narrowed further and averaged 4.4% over the two months to 30th November 2020.

Environmental, Social and Governance Considerations

As detailed in the Investment Managers' report, Environmental, Social and Governance ('ESG') considerations are fully integrated into the Investment Managers' investment process. The Board shares the Investment Managers' view of the importance of ESG factors when making investments for the long term and of the necessity of continued engagement with investee companies throughout the duration of the investment. Further information on the Manager's ESG process and engagement is set out in the ESG Report on pages 15 to 19.

COVID-19 and the Company's Key Service Providers

The Board is pleased to report that since the onset of the pandemic the Manager and the Company's other service providers have been able to adjust their business models to accommodate the working from home requirements with limited disruption.

The Board has received assurances that the Company's operations, including the management of the portfolio and the maintenance of a strong controls environment, have continued as normal with no issues being identified.

This is no small achievement and I would therefore like to take this opportunity to thank not only the Manager but all the Company's service providers for their efforts to ensure that there has been no reduction in the support or service your Company has received during a challenging period.

The Board

The Board continues to ensure that it has the appropriate balance of skills and knowledge as well as having regard to the AIC Code of Corporate Governance and other appropriate guidance concerning board composition and succession. The chart on page 40 sets out the tenure of Directors.

The appointment, on 17th July 2020, of Yoko Dochi, a Japanese national, further increases the Board's diversity of skills, experience and background. Ms Dochi brings over 30 years of senior executive experience at some of Japan's leading companies in the automobile, technology and the financial sectors. She is a former investment banker at the World Bank and the Bank of Tokyo and, until recently, was Global Head of Investor Relations at Softbank Group Corp. Prior to that she was Head of Global Treasury and Investor Relations at Toyota Motor Europe. I am delighted to welcome Yoko to the Board and I have no doubt she will make an invaluable contribution.

The increased size of the Board means we now meet the Hampton-Alexander recommendations and are better placed to manage our succession plans. Because of this and to ensure that the Company can continue to attract quality candidates to the Board, the Directors are recommending that the aggregate maximum level of fees payable to Directors be increased from £200,000 to £250,000, a level that was last increased in 2016.

The Board is also taking the opportunity to seek approval for the Articles to be amended to reflect best practice in relation to untraced shareholders and, in particular, to clarify that the consideration, if any, received by the Company upon the sale of any shares pursuant to the untraced shareholder or share forfeiture provisions, will belong to the Company. For full details please refer to page 37 and the Notice of Meeting from page 85.

Annual General Meeting and Shareholder Contact

The Company's Annual General Meeting will be held on Thursday, 14th January 2021 at 12.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP.

Despite the very encouraging news on the roll out of a vaccine, due to the COVID-19 restriction tiers in place at the time of writing and ongoing public health concerns which are not likely to abate until well into 2021, the Board has reluctantly decided to limit attendance at the Annual General Meeting in person to Directors, their proxies and representatives from JPMorgan. This will ensure a quorum is in place and that the formal business of the Company will be able to proceed.

The Board is aware that many shareholders look forward to hearing the views of the Investment Managers and may have questions for the Investment Managers and the Board. Accordingly, the Annual General Meeting will be accompanied by a webinar, to include a presentation from Nicholas Weindling, and followed by a live question and answer session. Shareholders are invited to join the webinar and address any questions they have either by submitting questions during the webinar or in advance by writing to the Company Secretary at the address on page 93 or via email to invtrusts.cosec@jpmorgan.com. Details on how to register for this event can be found on the Company's website, or by writing to the Company Secretary.

As shareholders will not be able to attend the Annual General Meeting, the Board strongly encourages all shareholders to exercise their votes by completing and returning their proxy forms in accordance with the notes to the Notice of Meeting on pages 86 to 88.

If there are any changes to the arrangements for the Annual General Meeting, the Company will update shareholders through the Company's website and, if appropriate, through an announcement on the London Stock Exchange. The Board would like to thank shareholders for their understanding and co-operation at this difficult time. We very much hope that you and your families remain safe and well and look forward to meeting you at a future Annual General Meeting.

Outlook

It appears that many Asian countries have weathered the COVID-19 storm better than the rest of the world; however, notwithstanding good news on vaccines, the future of this pathogen remains uncertain and volatility could well persist for the foreseeable future. Against this backdrop, the Investment Managers have set out their views on the outlook for markets and your Company on pages 13 and 14 of the Investment Managers' report.

Christopher Samuel

Chairman

9th December 2020



Nicholas Weindling
Investment Manager



Miyako Urabe
Investment Manager

Background

The year to 30th September 2020 was marked by extraordinary market turmoil, both globally and within Japan, with COVID-19 the year's defining feature.

In October 2019, the global economic outlook appeared to be improving somewhat, with equity markets gaining ground after months dominated by trade disputes, stagnant economic growth and plummeting corporate profits. Within Japan, the economy had been hit by weaker global demand for its exports, whilst a rise in Japanese sales tax on nearly all goods and services, which had become effective in October, was expected to dampen the domestic economy and broader business confidence in the short term. There were, however, glimmers of hope that the general direction of travel for the Japanese economy was positive.

The outbreak of the COVID-19 pandemic in early 2020 changed everything. First and foremost a human tragedy, the pandemic precipitated severe and instant economic weakness across the world. Industrial activity was curtailed in many territories and consumer demand weakened as normal daily life was severely restricted. Japan did not escape unscathed as it too fell into deep recession, its economy experiencing a record slump in the second quarter of 2020. The pandemic also suppressed international travel, with tourist visitor numbers to Japan collapsing and the Tokyo 2020 Olympics pushed back to 2021.

By March and April 2020, businesses across corporate Japan were assessing their chances of survival with sales channels completely shuttered. A state of emergency was rolled out across the country in April, but was then lifted at the end of May, once new daily COVID-19 infection levels had been brought down. Despite Japan's high population density and, globally, the highest percentage of older people, Japan has been relatively unscathed so far, in terms of infection and death rates.

While Japanese companies typically have extremely strong balance sheets, with some 55% of non-financial companies having net cash balances, which meant most were in a relatively robust position to survive the initial COVID-19 shock, they did begin to recognise the need to consider the long-term consequences of the pandemic.

In some respects Japan has been a global laggard, for instance its widespread use of physical ink stamps to certify business and personal documents, the continuing use of fax machines, low penetration rates for online retail and continuing very high cash usage in retail. COVID-19 also highlighted how ill-equipped Japanese businesses were to allow their employees to work from home as they had failed to invest in the necessary IT infrastructure to support this. The pandemic has accelerated structural changes that were already under way, which then received further support coming from an unexpected change of leadership in Japan's government.

On 16th September 2020, the Japanese parliament approved Yoshihide Suga as the country's new Prime Minister. This followed the resignation of Shinzo Abe, who stepped down on deteriorating health grounds. Suga was formerly chief cabinet secretary within Abe's government and his policies are closely aligned to those of his predecessor, so his appointment was generally welcomed. He starts his leadership with high approval ratings and an expectation that he will follow the policies of Abe.

One positive point of differentiation between Suga and his predecessor relates to digitalisation across government and the corporate world. The new PM is spearheading a digital revolution in Japan, which he considers crucial to speeding up recovery to pre-pandemic levels and improving Japanese competitiveness.

Reflecting on the last ten years, we believe that real and permanent change has been and remains underway in Japan. Corporate governance will continue to improve following the kickstart given by the Abe administration; real returns to shareholders can rise further; and digital transformation is being embraced by many. This provides Japanese equities with longer term attractions relative to some other global markets and our conversations with investors over the last 12 months suggest that others are recognising this. These changes are widespread, but not uniform across the market; so careful research and stock selection will continue to be important.

Our Investment Philosophy and Process

Your Company focuses on individual stocks, so we aim to invest in innovative companies in growing industries that can demonstrate a significant competitive advantage, free cashflow, strong balance sheets and excellent management teams. There are many great companies with strong prospects in Japan, but they are not the familiar names you might expect; the likes of car producers and consumer electronics manufacturers remain under significant pressure and it is less well-known companies with forward-thinking business models that are

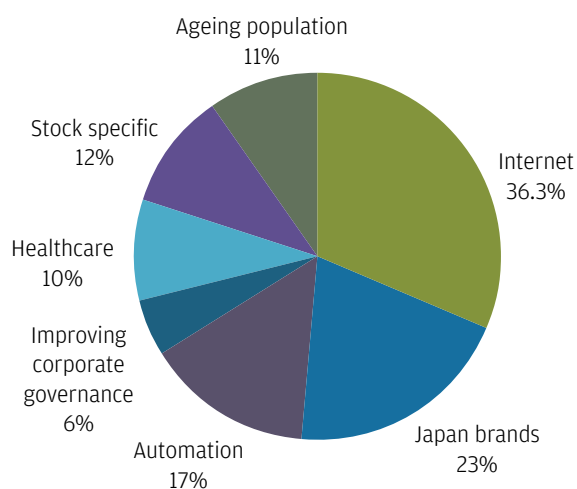
now gaining traction. If we do not like a stock we do not own it, so our portfolio differs materially from the TOPIX; we believe the broad index is home to many companies that are structurally impaired and we wish to avoid, no matter how prominent they are.

We seek to invest in the best Japanese companies regardless of their size and are happy to take advantage of the Company's closed ended structure to hold mid and smaller sized companies. We are seeing these opportunities increase, due to the emergence of disruptor companies with strong future growth prospects.

Our ability to find attractive investments is enhanced by the fact that we have an extremely well-resourced investment team in Tokyo that can identify attractive investment themes and companies. There is very little research coverage of the Japanese market, particularly for mid- and smaller-sized companies, so being here 'on the ground' helps us uncover opportunities that are not that well known and may be overlooked. This has been increasingly important with the imposition of travel restrictions to Japan as a result of the pandemic.

Portfolio Themes

In building the Company's investment portfolio we have identified a number of key themes that underlie much of our stock selection. We believe these themes will be long term resilient sources of return for Japanese companies for years to come. The extent to which an individual company is a beneficiary of one or more of these themes adds to the attractions of the company. The themes to which the portfolio is exposed have not changed during the review period. As at 30th September 2020 the portfolio breakdown by theme was as follows:



Source: JPMorgan Asset Management.
Note: figures include gearing.

How we rate companies we consider for investment

We are looking for companies in growing industries that can demonstrate strong balance sheets, free cash flow, a significant competitive advantage and excellent management teams. We also consider Governance issues, as well as potential risks arising from Environmental and Social considerations. A combination of desk-based research and company meetings contribute to our company ratings.

Our research allows us to assign a strategic classification to each company. The highest rating is 'Premium' followed by 'Quality' and then 'Trading'. Only around 20% of Japanese firms get a Premium or Quality rating from us whereas around 90% of the companies we hold in our portfolio achieve it. We do not buy a company where the short-term valuation looks low unless it has a strong long-term growth outlook.

This process means that we are automatically incorporating Environmental, Social and Governance ('ESG') considerations into our strategic and valuation analysis of individual companies and into our investment decisions. See pages 15 to 19 for more details.

COVID-19 is driving and accelerating change in Japan as it embarks on its digital revolution and, looking ahead, we expect to see industry consolidation and productivity growth through trends such as adoption of more flexible working practices and better use of information technologies. Already, our holdings in OBIC and Bengo4.com look set to benefit from digitalisation, whilst Tokyo Electron and HOYA are expected to gain from increases in data traffic.

Performance

Against this complex backdrop, the Company delivered very strong absolute and relative performance over the year to 30th September 2020. The Company's return on net assets with debt at fair value was +35.0%, significantly outperforming its benchmark, the TOPIX Index, which rose by 2.0%. The value of the Company's shares rose by +41.8%. All returns include dividends paid and are in sterling terms.

The Company can use borrowing to gear the portfolio within a range of 5% net cash to 20% geared in normal market conditions. Over the review period, gearing averaged 10.4% and ended the year at 14.8% (30th September 2019: 13.1%). Our gearing level reflects our conviction, and the fact that we have identified sufficiently good bottom-up opportunities to invest in innovative Japanese companies over the year rather than any macro view.

PERFORMANCE ATTRIBUTION

YEAR ENDED 30TH SEPTEMBER 2020

	%	%
Contributions to total returns		
Benchmark return		2.0
Stock selection	32.3	
Investment Manager contribution		32.3
Portfolio return		34.3
Management fee/other expenses	-0.7	
Share Buy-Back/Issuance	0.1	
Other effects		-0.6
Return on net assets - Debt at par value^A		33.7
Impact of fair value of debt		1.3
Return on net assets - Debt at fair value^A		35.0
Return to shareholders^A		41.8

Source: JPMAM and Morningstar. All figures are on a total return basis.

Performance attribution analyses how the Company achieved its recorded performance relative to its benchmark.

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 89 and 90.

Portfolio Activity

We believe that opportunity comes from long-term thinking, so we look for companies with long growth horizons, which means that we are always planning 5 to 10 years ahead when considering the portfolio's composition. COVID-19 has highlighted that fundamentally strong, forward-thinking companies could benefit from the structural growth opportunities that are present in Japan.

Given our long-term strategy of investing in 'New Japan', it was no surprise that when crisis hit this year we were already invested in companies driving change in Japan; businesses that have not only been able to weather market turmoil but are emerging stronger than before. Many of these stocks have since increased substantially in value. Just as significantly, we were not invested in the stocks that have been most negatively impacted this year - so we did not hold the likes of printer/copier businesses, department stores and banks.

As a result, our positioning has been beneficial both in respect of the stocks we have chosen and those we have avoided.

Our focus on quality meant that the portfolio was resilient amidst the unexpected economic stresses of the pandemic. Nevertheless, March and April's market sell-off led to us to make some changes to the portfolio. Annualised portfolio turnover for the year was 38%. This is an increase from last year and mostly reflects changes made as the COVID-19 situation worsened and we grasped the opportunity to upgrade the overall quality of the portfolio.

Purchases

We took advantage of market weakness to invest in certain premium and quality companies that we admired but where valuations had hitherto been prohibitively high. These included **Tokyo Electron**, a highly profitable manufacturer of semiconductor production equipment with a very strong balance sheet and which holds the largest market share across a range of its products. We also added **Nomura Research Institute**, Japan's leading consultancy and systems integrator, to our portfolio. It was founded in 1965 and will benefit as companies are forced to upgrade their systems.

More recently, we have been looking at smaller companies that have gained traction because of what has happened this year. These include new investments in less-well-known companies like **Base** (a Tokyo start-up e-commerce platform for smaller businesses, similar to Canada's Shopify) and **Medley**. The latter was established in 2009 and is mainly engaged in online healthcare provision, so very much a pandemic-themed choice. Before COVID-19, online medical consultations were forbidden by law in Japan; this restriction was relaxed during the state of emergency, causing Medley shares to rally. We also invested in the online insurance business **Lifenet** which is benefitting from rising demand for its online products and services.

Other significant purchases over the year included **HOYA**, **Terumo** and **Z Holdings**. **HOYA** is a global business across the fields of healthcare and information technology, and a leading manufacturer of specialised glass products such as HDD memory disks and mask blanks. **Terumo** is a global leader in medical technology that is increasing its profitability by withdrawing from low margin products. **Z Holdings** operates as internet search engine 'Yahoo! JAPAN' and also engages in media activities including search-linked and display advertising. Through its acquisition of Line, the number one messaging app in Japan, and its leading position in mobile payments it is looking to create a dominant ecosystem. We also increased our investment in healthcare operator and specialist in the 'in vitro' diagnostics field, **Sysmex**.

Sales

We reduced our holding of **FAST RETAILING** (owner of the UNIQLO brand) to fund other ideas; however, it remains a large and significant position. We reduced our position in cloud-based manual management platform **Grace Technology**, to realise profits. We also reduced our investment in personal care brand **Kao**, as its share price fell reflecting declining sales and increased competition.

Over the course of the year, we sold financial services group **SBI** as we were unconvinced by its project to build a fourth mega bank in Japan via acquisitions. We sold **Suzuki** because although it is dominant in India, with over 50% market share, we believe that country will eventually face the same issues as car markets all over the world. Towards the end of the reporting period, we also sold **Shiseido** and **Softbank**, as explained in the next section.

Significant Contributors and Detractors to performance

Over the year to 30th September 2020 the Company outperformed the TOPIX index by 33.0%. At the sector level, the largest positive contributions to portfolio performance came from being overweight the Services and Information & Communication sectors.

Stock selection was strong across the board, delivering over 32% of outperformance. The top five contributors to performance were:

1. M3

We have held this stock since 2011. The company's core business enables pharmaceutical companies to reduce their marketing expenses by promoting their products online. M3's goal is to change medicine by 'making full use of the power of the internet'. The shares continued to perform extremely strongly on the back of M3's medical platform business and the growing trend for IT utilisation in healthcare.

M3's service includes online doctor consultations, removing the need for in-person visits, which became particularly pertinent in 2020.

2. MonotaRO

This leading online retailer for industrial supply products benefited from a surge in during the pandemic.

3. Nihon M&A Center

Nihon is Japan's largest merger & acquisition service provider, specialising in small- and medium-sized enterprises (SMEs). Its business results, announced in May, were robust and ahead of expectations, a beneficiary of Japan's shrinking population and the need for family-owned SMEs businesses to merge with others in order to survive.

4. Bengo4.com

The stock has been a major beneficiary of Japan's accelerating digitalisation trend, with government policy providing support for eSignatures. In addition, 'stay at home' measures forced a review of traditional office practices, propelling firms into the 21st century.

5. Keyence

Our largest holding, we have held Keyence, a global leader in manufacturing sensors used for factory automation since 2011. It has one of the highest growth rates and operating margins among automation companies, with overseas sales increasing dramatically. We believe the company has strong growth prospects for many years to come, since factory automation is likely to be a long-term trend and Keyence has a dominant and increasing market share.

The only detractors to performance with an impact of greater than 0.5% were:

1. **Shiseido**, the cosmetics company, was hit badly by the significant fall in consumer demand and the closure of key outlets such as airport duty free stores, following the outbreak of COVID-19. However, the main reason we exited our position was increasing competition from Chinese companies.
2. **SoftBank** is one of Japan's largest publicly traded companies and owner of stakes in many energy, financial and technology companies. After a record plunge in its share price in March, SoftBank shares subsequently climbed to new highs over the remainder of the review period and, with question marks over future strategy, we took the opportunity to sell our entire holding. The stock price rose further after our exit which is why our zero-exposure was a performance detractor.
3. **Tokio Marine Holdings** is Japan's oldest insurance company and number one non-life insurer. Profits decreased following a turbulent year shaken by natural disasters, COVID-19 and its aftermath and we sold our position to fund other ideas.
4. **Nidec Corporation** is a manufacturer of electric motors found in hard disk drives and other automobiles and other appliances and we exited our Nidec holding after repeated downgrades in its earnings forecasts. The company is increasingly exposed to the automotive industry, which faces many structural challenges.

Long-term thinking

We focus on making long-term investments. At the year end the portfolio comprised 65 different stocks, compared to over 2,000 in the Company's benchmark. 25 stocks, representing 61% of the portfolio, have been held continuously for more than three years; 14 stocks, representing 34% of the portfolio, have been held continuously for more than five years.

Outlook

COVID-19 has cast a huge shadow over the global economy, with a 'second wave' resurgence in infections affecting many countries at the time of writing. Whilst the Japanese equity market has been one of the world's strongest this year, we acknowledge that it is more cyclical than other developed markets and can therefore commensurately be more impacted by global economic developments, both positively and negatively.

Whatever challenges lie ahead, Japanese companies remain relatively well positioned with their robust net cash balance sheets. This is even more true for your Company's holdings. The companies we have invested in have strong structural growth outlooks and we are positive about their prospects on a long-term basis. We

believe they are well positioned to benefit from future trends, many of which COVID-19 and government policy may well accelerate.

It is our job to uncover quality companies that have a competitive advantage and can generate significant returns; our presence 'on the ground' in Tokyo is a significant advantage in this respect. We also benefit from our colleagues globally sharing ideas of where to research next. Regardless of the result of the recent US election, China-US trade tension and the pandemic most of the areas we favour are still likely to see following winds and we retain our focus on bottom up opportunities.

Even though the Company has delivered very strong returns this year, we still believe that the long-term outlook for the stocks we own is materially better than for those that we don't own. The portfolio differs substantially from the benchmark index, so there will be times when our relative performance suffers. However, we are confident that, over the long term, our positioning should deliver better returns than the benchmark and will continue to reward patient investors wishing to invest in the next generation of Japanese ideas.

Nicholas Weindling

Miyako Urabe

Investment Managers

9th December 2020

“We seek to identify investee companies that run their businesses in a sustainable and efficient way, with high quality board decision-making, and aim to influence their behaviour and encourage best practice through dialogue. We engage on multiple topics that affect valuation and propriety”.

Environmental, Social and Governance Report

Update on ESG in Japan

Successful engagement in Japan, as ever, requires detailed research, patience and persistence and, to be most effective, is best done by experienced local staff. Through our team of Tokyo based investment managers, analysts and investment stewardship specialists we are very well positioned to ensure the effectiveness of our engagement on behalf of your Company.

Since we last reported to shareholders in the Company’s Half Year Report, Japan has continued to take steps to improve corporate governance. The latest revisions to the 2014 Japanese stewardship code (the ‘Code’) came into effect on 24th March 2020. These revisions require investment managers who have adopted the Code to consider sustainability as part of their investment process and provide more disclosure, for example their reasons for voting in a particular way. The changes to the Code should encourage more integration of ESG by other investors, help promote transparency by companies and encourage more constructive dialogue between investors and companies.

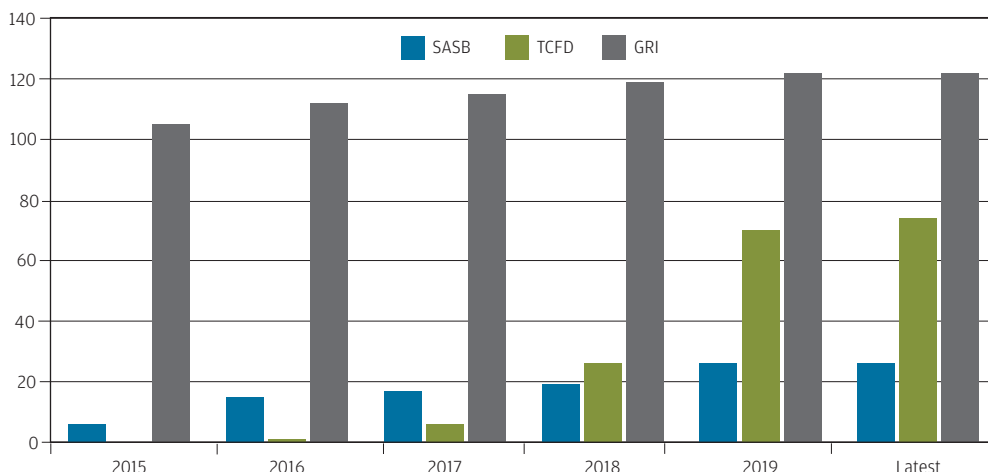
Whilst the level of disclosure on ESG matters from Japanese companies is improving, we note that it remains variable. Larger companies, with foreign investors, tend to be more advanced in their disclosures in line with the Global Reporting Initiatives (‘GRI’) Sustainability Reporting Guidelines or standards of the Sustainability Accounting Standards Board (‘SASB’). The GRI Guidelines provide a comprehensive set of indicators covering the economic, environmental and ethical impacts of a company’s performance; the SASB standards set industry specific disclosure standards across financially material ESG factors. As this information becomes increasingly available, we plan to start examining how portfolio companies are reporting against the GRI and SASB indicators.

Task Force on Climate-related Financial Disclosures (‘TCFD’)

Companies are also expected to become more transparent through reporting against the climate-related financial risk disclosures developed by the TCFD. At the TCFD summit, hosted by the Ministry of Economy and Trade (‘METI’) in Tokyo on 9th October 2020, METI announced that 306 Japanese companies had now become signatories to the TCFD, up from 201 a year ago. This puts Japan first globally in terms of corporate signatories, ahead of the US (216) and the UK (215). As of September 2020, support for the TCFD has grown to over 1,440 organisations globally, representing a market capitalisation of over \$12.6 trillion.

The chart below shows that amongst the larger capitalisation companies comprising the TOPIX 150, which includes highly liquid securities selected from each major sector of the Tokyo market, a significant proportion make reference to the GRI Guidelines in their reporting, although this has remained relatively static over the last five years. More encouragingly, increasing numbers of companies are also reporting against TCFD, although SASB reporting remains low. In time, we expect this trend, to spread across the market capitalisation spectrum.

No of companies mentioning framework within TOPIX 150



The JPMorgan Asset Management approach

JPMorgan Asset Management Japan uses an investor led active bottom-up process, with emphasis placed on direct contact with companies. ESG is fully integrated into the investment process, with ESG factors systematically and explicitly considered through a risk profile analysis on the economics, duration (which includes sustainability) and governance of a company; this is to ensure there is due focus on potential risks. Three quarters of the issues addressed focus on governance and specific ESG questions, including shareholder returns, management strength and the track record on environmental and social issues.

Through this process, we seek to understand the company specific or external factors which could negatively impact the company and identify issues to be addressed in future engagements. Combining our ESG research capability with the experience and skill of our investment teams and the expertise of our investment stewardship specialists gives us a deep understanding of the risks and opportunities facing different sectors, industries and geographies.

To assist us with our analysis of social and environmental issues we also use an independent specialist adviser to screen our portfolios against the principles of UN Global Compact and help us identify abuses in human rights, labour rights, child labour, environment and anti-corruption issues. This also helps us to focus our engagement with portfolio companies.

Materiality Framework

In addition, JPMAM is implementing a ‘materiality framework’ into its ESG considerations. This framework is a proprietary tool used to score companies on the ESG issues that are relevant to the sub-industry in which they operate. Our analysts identify and consider the five most financially material ESG risks in 54 sub-industries and companies are rated 1 to 5 on each of those five risk factors. For example, issues around pollution would be material for a commodity company but less material for a software company (where instead issues such as data protection would be material). Most of the ESG risks are linked to one of the 17 UN Sustainable Development Goals.

Strategic priorities for investment stewardship activities globally

Following the announcement in February 2020 of JPMAM’s five global investment stewardship priorities which we outlined in the Half Year Report, we have commenced engagement with a Focus List of companies on these matters. The Focus List companies are identified by the global JPMAM Stewardship team, in collaboration with

the investment managers and analysts, as those companies with material ESG risks. The Stewardship team will lead proactive, frequent engagement with these companies to seek to resolve the ESG concerns we have. Whilst it is anticipated that the constituents of the list will change year on year, currently five portfolio companies are on the Focus List. This engagement is in addition to that undertaken more generally by the Stewardship team, investment managers and analysts in respect of companies in the portfolio, details of which are set out below.

Recent ESG Engagement Topics

Regular contact with the companies in which we invest is central to our investment process and we recognise the importance of being an 'active' owner on behalf of our clients. COVID-19 has meant that the opportunities for meetings have been more limited in 2020, although we have conducted engagements virtually, where practicable.

In our meetings with portfolio companies, we seek to:

- Keep updated on the main drivers of operating performance
- Question senior management on their strategic priorities
- Remain fully briefed on the risks which may affect a company's outlook
- Discuss any issues we may have with the company's ESG practices and, if necessary, escalate them.

Working closely with 15 colleagues in London, New York and Hong Kong, the Sustainable Investing team in Japan conducted 62 meetings in the 12 months to 30th September 2020 specifically to discuss ESG issues, of which 11 were with companies held by the Company. A further 64 meetings were attended by portfolio managers and analysts where ESG issues were discussed, often focusing on long-term strategy.

Specific topics covered in ESG discussions included board diversity and structure, in particular where there were a lower percentage of independent directors. We are pleased to note that in 2020 an increasing number of companies added independent directors to their boards. We questioned the level of disclosure on environmental issues and sought enhanced disclosure where necessary. We challenged companies on their data privacy and cyber security policies, as there have been several well-publicised breaches. We also focused on how companies could improve working practices for employees and the transparency of the employee evaluation process.

In the event that we are not satisfied with either a company's responsiveness or strategy, we may seek to meet with the chairman (if the chairman is a separate individual), lead independent, or other independent director(s), or express our concerns through the company's advisers. We may also use our proxy votes in order to try and bring about management change. We also reserve the right to sell out of a stock completely if the company is unresponsive, if we feel that is in the best interests of our clients.

Environmental

We highlighted two key issues to Tokio Marine where we expect to see enhanced future disclosures. These were a scenario analysis following the TCFD recommendations, such as we have begun to see from some of the mega banks in Japan. Without such disclosure it is difficult to have an informed and constructive exchange on environmental issues with investee companies. We also requested that the company formulate a clear policy with regard to exposure to fossil fuel industries. We will continue to engage with the company, particularly on environmental issues.

Social

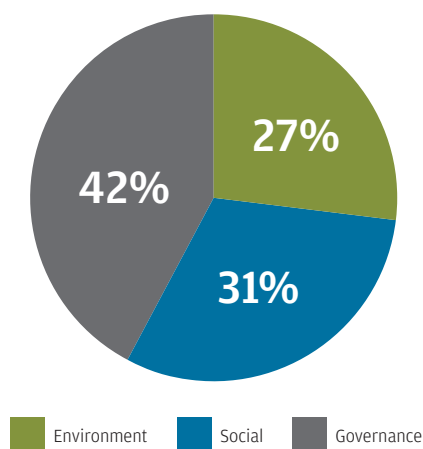
Following breaches of the Personal Information Protection Act and the Employment Security Act by a subsidiary of Recruit Holdings in 2019, we engaged with the company to ensure effective remedial measures would be taken and group wide oversight schemes would be enforced to prevent recurrence. Whilst noting the measures taken in the particular business unit where the breaches occurred, we sought enhancement of the disclosures related to data privacy and cyber security group-wide, together with an increase in data and KPIs around training (such as hours spent and number of employees that are covered by the training).

Governance

Shin-Etsu Chemical is one of the companies on our Stewardship Focus List, with the objective of obtaining more detailed disclosure of the impact of climate change on its businesses and of the measures for mitigation. We also discussed the issue of board diversity with the company, as it has no female representation. The company acknowledged the need for female advancement through internal executive promotion but commented that it takes time to develop talent internally; accordingly we have encouraged them to nominate female independent directors as well. We will continue to pursue these topics.

ESG Engagement Topics

Breakdown of engagements during the year to 30th September 2020



Voting for the year to 30th September 2020

A summary of key voting statistics and activity undertaken in respect of stocks in the Company’s portfolio for the year to 30th September 2020 is detailed overleaf. On behalf of the Company, JPMorgan Asset Management Japan voted at all the 58 annual general meetings and two extraordinary meetings of investee companies held during the fiscal year.

As last year, apart from poison pills, the highest percentage of votes against management were in relation to dividend proposals. We also voted against management where we were not satisfied with the income allocation. 2020 saw an increase in the proportion of votes against Directors’ remuneration as we voted against proposals that sought significant increases in the compensation ceiling without providing sufficient explanation, and against grants of stock options to outsiders or when the vesting period is too short. The votes against director and statutory auditor elections were primarily due to independence concerns.

JPMorgan Japanese Investment Trust plc: Voting at shareholder meetings held during the year to 30th September 2020

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against
Election of Directors	402	100	0	100	502	19.9%
Election of Statutory Auditors	43	8	0	8	51	15.7%
Director Remuneration ¹	21	7	0	7	28	25.0%
Income Allocation	21	17	0	17	38	44.7%
Poison pill	0	1	0	1	1	100.0%
Capital issues ²	0	0	0	0	0	0.0%
Amendment to articles of association	15	0	0	0	15	0.0%
Ratify auditors	1	0	0	0	1	0.0%
Total	503	133	0	133	636	20.9%

¹ Amendment of remuneration, stock options, performance based pay schemes, Directors' bonuses etc.

² Share buybacks, reduction in reserves, third party allocation, reduction in capital, reverse stock split, issuance of class shares etc.

The Carbon Scorecard

The portfolio companies have low carbon emissions which is unsurprising, given our emphasis on newer industries. While the carbon footprint is an important starting point to help understand the portfolio's exposure to climate risks, we also review the strategic initiatives undertaken by individual companies to manage their environmental impact.

The table below contains the numbers as at 30th September 2020.

	Carbon Emissions tons CO2e / \$M invested	Carbon Intensity tons CO2e / \$M sales	Weighted Average Carbon Intensity tons CO2e / \$M sales
Portfolio Coverage by Portfolio Weight*	7.2 95.7%	36.2 95.7%	32.3 95.7%
Index Coverage by Portfolio Weight*	215.5 99.0%	170.4 99.0%	84.3 99.2%

Source: MSCI ESG Carbon Footprint Calculator.

*Coverage may vary by metric because the metrics are calculated using different underlying factors. Shows the percentage of the Portfolio/Index in respect of which carbon data is calculated.

JPMorgan Asset Management (Japan) Limited

TEN LARGEST INVESTMENTS

AS AT 30TH SEPTEMBER

Company	Portfolio Themes	2020 Valuation		2019 Valuation	
		£'000	% ¹	£'000	% ¹
Keyence Keyence is a leading supplier of sensors, measuring systems, laser markers, microscopes and machine vision systems worldwide.	Automation	72,090	5.9	50,320	5.4
Hoya² Hoya is a leading supplier of innovative high-tech and medical products.	Stock specific	57,403	4.7	–	–
MonotaRO Monotaro is an e-commerce business selling materials for businesses such as factories, construction and automobile maintenance.	Internet	49,159	4.0	27,205	2.9
Nihon M&A Center³ Nihon M&A Center provides M&A advisory services to small and medium-sized enterprises. The Company, established by certified public accountants and tax accountants, offers M&A related services such as reorganisation and Management Buy-Outs.	Ageing population	44,722	3.6	19,258	2.1
Nintendo³ Nintendo develops, manufactures and sells home-use video game hardware and software.	Japanese brands	42,899	3.5	22,070	2.4
M3 M3 helps pharmaceutical companies, doctors and their patients access information on-line, cutting the need for in-person visits. The Company also provides on-line marketing for pharmaceutical companies and medical equipment manufacturers.	Healthcare	42,809	3.5	44,769	4.8
Obic³ Obic provides computer systems and support primarily for small and medium size companies. The Company sells, leases and maintains computers and related systems. Obic also develops and sells customised software and network systems.	Ageing population	42,269	3.4	20,529	2.2
Hikari Tsushin Hikari Tsushin supports small and medium-size enterprises with services such as the provision of distribution networks, telecom services and office automation equipment.	Improving corporate governance	37,320	3.0	35,867	3.9
Kao Kao is a manufacturer of cosmetics, laundry and cleaning products, personal hygiene products, fatty chemicals, edible oils and specialty chemicals.	Japanese brands	34,531	2.8	42,931	4.7
Tokyo Electron² Tokyo Electron engages in the development, manufacture and sale of semiconductor production equipment and industrial electronics products for flat panel display manufacturing equipment.	Automation	33,710	2.7	–	–
Total		456,912	37.1		

¹ Based on the total portfolio investments of £1,230.6m (2019: £923.8m).

² Not held in the Portfolio as at 30th September 2019.

³ Not included in the ten largest investments at 30th September 2019.

At 30th September 2019, the value of the ten largest investments amounted to £392.8 million, representing 42.5% of total portfolio investments.

STOCK MARKET SECTOR ANALYSIS

	30th September 2020		30th September 2019	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Processing	80.5	55.5	65.3	51.6
Consumer	9.8	15.9	13.9	15.2
Basic	5.4	9.7	12.8	10.2
Financial	2.5	8.5	8.0	10.1
Assets	1.8	4.4	–	5.4
Utilities	–	6.0	–	7.5
Total	100.0	100.0	100.0	100.0

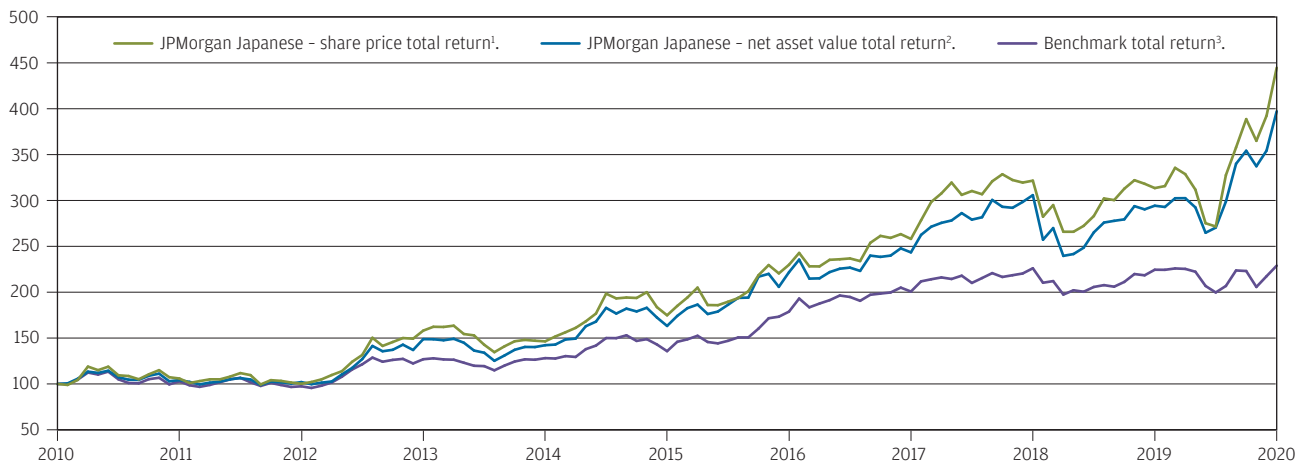
¹ Based on the total portfolio investments of £1,230.6m (2019: £923.8m).

LIST OF INVESTMENTS BY STOCK MARKET SECTOR

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
PROCESSING				BASIC	
<i>Information & Communication</i>		<i>Electric Appliances</i>		<i>Chemicals</i>	
Obic	42,269	Keyence	72,090	Kao	34,531
Hikari Tsushin	37,320	Tokyo Electron	33,710	Shin-Etsu Chemical	23,456
Square Enix	28,502	Sysmex	18,231	Milbon	8,831
Nomura Research Institute	24,860	Lasertec	10,218		66,818
GMO Payment Gateway	23,118		134,249	TOTAL BASIC	66,818
Z	20,866	<i>Machinery</i>			
Freee	15,139	Miura	28,931	FINANCIAL	
Capcom	13,208	Daikin Industries	27,366	<i>Other Financing Business</i>	
Henнге	12,003	SMC	25,012	Japan Exchange	22,185
Nexon	10,715	Nissei ASB Machine	8,675	Aruhi	2,954
Digital Garage	10,687	Yamashin-Filter	7,012		25,139
Otsuka	10,423		96,996	<i>Insurance</i>	
BASE	10,070	<i>Precision Instruments</i>		LIFENET INSURANCE	5,996
Mercari	9,736	Hoya	57,403		5,996
Medley	9,236	Terumo	20,721	TOTAL FINANCIAL	31,135
Raksul	8,759	Asahi Intecc	12,043		
giftee	8,531	Nakanishi	5,141	ASSETS	
TeamSpirit	5,562		95,308	<i>Real Estate</i>	
Money Forward	5,120	<i>Other Products</i>		Nippon Prologis REIT	21,590
V-Cube	5,094	Nintendo	42,899		21,590
Uzabase	4,557	Pigeon	9,165	TOTAL ASSETS	21,590
	315,775	Asics	3,679		
<i>Services</i>			55,743	TOTAL INVESTMENTS	
Nihon M&A Center	44,722	<i>Wholesale Trade</i>		1,230,620	
M3	42,809	As One	9,888	The portfolio comprises entirely equity investments.	
Recruit	33,442	MISUMI	9,788		
Bengo4.com	32,500		19,676		
CyberAgent	24,977	<i>Transportation Equipment</i>			
Rakuten	20,577	Shimano	14,391		
Oriental Land	16,363		14,391		
Infomart	13,314	TOTAL PROCESSING	990,513		
Relo	8,906	CONSUMER			
Japan Elevator Service	7,989	<i>Retail Trade</i>			
Welbe	4,988	MonotaRO	49,159		
Riso Kyoiku	4,258	Fast Retailing	32,241		
Grace Technology	3,530	Pan Pacific International	19,533		
	258,375	Cosmos Pharmaceutical	10,217		
		ZOZO	9,414		
			120,564		
		TOTAL CONSUMER	120,564		

TEN YEAR ABSOLUTE PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2010



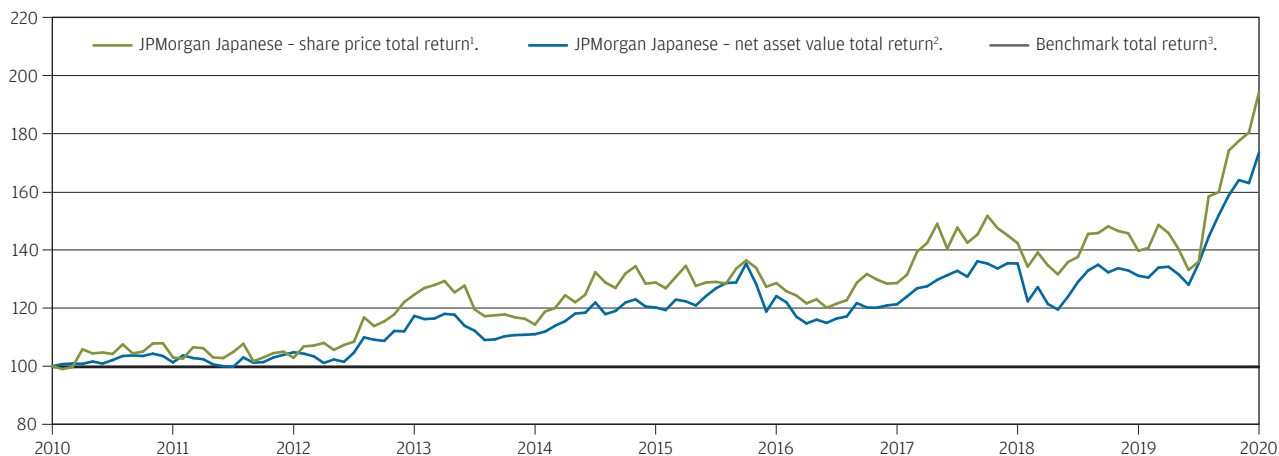
¹ Source: Morningstar.

² Source: Morningstar/J.P.Morgan, using net asset value with debt at fair value.

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

TEN YEAR PERFORMANCE RELATIVE TO BENCHMARK

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2010



¹ Source: Morningstar.

² Source: Morningstar/J.P.Morgan, using net asset value with debt at fair value.

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

TEN YEAR FINANCIAL RECORD

TEN YEAR FINANCIAL RECORD

At 30th September	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total assets less current liabilities (£'m)	306.1	326.6	302.1	494.8	408.4	513.2	693.2	778.2	986.1	913.7	1,236.5
Net asset value per share with debt at fair value (p) ^a	189.6	194.7	187.3	267.8	253.3	287.5	387.5	421.0	523.6	498.0	665.8
Share price (p)	160.0	166.8	154.5	238.3	218.0	257.3	335.0	372.0	458.0	441.0	619.0
Share price discount to net asset value per share with debt at fair value (%)	15.6	14.3	17.5	11.0	13.9	10.5	13.5	11.6	12.5	11.4	7.0
12 month average share price discount to net asset value per share with debt at fair value (%) ¹	16.8	13.9	14.0	11.8	9.6	10.7	12.4	12.0	9.2	9.0	10.4
(Net cash)/gearing (%) ^a	(1.8)	(0.6)	9.0	13.7	12.7	6.4	9.5	13.6	14.7	13.1	14.8
Yen exchange rate (=£1)	131.6	120.1	125.6	158.9	177.8	181.4	131.5	151.0	148.1	133.2	136.4

Year ended 30th September

Gross revenue attributable to shareholders (£'000)	6,138	7,323	8,121	6,041	5,715	6,970	8,725	11,640	11,958	11,813	11,442
Revenue return per share (p)	2.91	3.49	4.10	2.78	2.46	3.06	3.97	5.52	5.53	5.52	5.21
Dividend per share (p)	2.80	3.30	3.65	2.80	2.80	2.80	3.65	5.00	5.00	5.00	5.10
Ongoing charges (%) ^a	0.81	0.86	0.77	0.78	0.78	0.77	0.74	0.69	0.67	0.68	0.65

Rebased to 100 at 30th September 2010

Share price total return ^{1A}	100.0	105.9	100.2	158.1	146.4	174.8	229.9	258.1	321.6	313.5	444.7
Net asset value total return ^{2A}	100.0	104.2	102.0	148.8	142.2	163.2	221.8	243.4	305.8	294.3	397.2
Benchmark total return ³	100.0	102.8	97.4	126.9	128.1	135.7	178.8	200.7	226.1	224.5	228.9

¹ Source: Morningstar/J.P. Morgan.

² Source: Morningstar/J.P. Morgan, using net asset value with debt at fair value.

³ Source: Morningstar. The Company's benchmark is the Tokyo Stock Exchange 1st Section Index (TOPIX) expressed in sterling terms.

^A Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 89 and 90.

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Company has performed. To assist shareholders with this assessment, the Strategic Report sets out the structure and objective of the Company, its investment policies and risk management, investment restrictions and guidelines, performance, total return, revenue and dividends, key performance indicators, share capital, the Company's environmental, social and ethical policy, principal and emerging risks and how the Company seeks to manage those risks and finally its long term viability.

The Company's Purpose, Values, Strategy and Culture

The purpose of the Company is to provide a cost effective investment vehicle for investors who seek capital growth from a portfolio of Japanese equities, taking account of wider issues including environmental, social and governance considerations. To achieve this, the Board of Directors is responsible for employing and overseeing an investment management company that has appropriate investment expertise, resources and controls in place to meet the Company's investment objective. To ensure that it is aligned with the Company's purpose, values and strategy, the Board comprises Directors from a diverse background, including gender and ethnicity, who have a breadth of relevant experience and contribute in an open and transparent boardroom culture that both supports and challenges the Manager and its other third party suppliers. For more information, please refer to page 34.

Business Review

Objective of the Company

The Company's objective is to provide shareholders with capital growth from investment in Japanese companies. Performance is judged against a benchmark, that is the Tokyo Stock Exchange First Section Index ('TOPIX') with net dividends reinvested, expressed in sterling terms.

Structure of the Company

JPMorgan Japanese Investment Trust plc is an investment trust and public limited liability company, with a premium listing on the London Stock Exchange and is currently a constituent of the FTSE 250 Index. In seeking to achieve its objective the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') to manage actively the Company's assets. The Board has determined an investment policy and related guidelines and limits, as described below.

The Company is subject to UK and European legislation and regulations including UK company law, Financial Reporting Standards, the UK Listing, Prospectus, Disclosure and Transparency rules, the Market Abuse Regulation, taxation law and the Company's own Articles of Association. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HMRC as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). The Directors have no reason to believe that the Company will not continue to retain its investment trust status. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 6 to 8, and in the Investment Managers' Report on pages 9 to 14.

Investment Policies and Risk Management

In order to achieve the investment objective and to seek to manage risk, the Company invests in a diversified portfolio of quoted Japanese companies, or securities providing an indirect investment in Japan. The Investment Managers seek out quality growth stocks with strong future growth prospects, which means that, within some broad portfolio risk limits, the Company's portfolio is likely to differ materially from the benchmark index as the Investment Manager will usually avoid companies and sectors that face structural issues even if they are a large constituent of the benchmark index. The portfolio has a significant exposure to the Japanese economy, with selective exposure to overseas earnings. The Investment Managers do not hedge the portfolio against foreign currency risk. The Company conducts its affairs so as to maintain approved investment trust status in the UK.

The Company is managed to produce capital growth and not to produce any particular level of dividend and therefore the level of dividend will vary. The dividend reflects the available revenue for distribution each year and accordingly there are likely to be fluctuations year on year.

The Board determines the Company's capital structure and gearing policy, with input from the Manager. The Board's gearing policy is that the Company will remain invested in the range of 5% net cash to 20%, under normal market conditions. The Company makes use of both long and short term borrowings to increase returns.

The Board has set no minimum or maximum limits on the number of investments in the portfolio but it is a relatively concentrated portfolio consisting typically of between 50 and 100 investments. The average number of holdings in the portfolio has reduced in

recent years as the Investment Managers have focused on those companies that have strong balance sheets, using first hand company research and analysis. The assets are managed by Investment Managers based in Tokyo.

Investment Restrictions and Guidelines

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions:

- The Company must maintain 97.5% of investments in Japanese securities or securities providing an indirect investment in Japan. (30th September 2020: 100%).
- No investment to be more than 5.0% in excess of benchmark weighting at time of purchase and 7.5% at any time. (30th September 2020: 3.9%).
- The Company does not normally invest in unquoted investments and to do so requires prior Board approval. (30th September 2020: nil).
- The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. (30th September 2020: 14.8%).
- The Company does not normally enter into derivative transactions and to do so requires prior Board approval. (30th September 2020: nil).
- The Company will not invest more than 15% of its gross assets in other UK listed investment companies and will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies. (30th September 2020: nil).

These limits and restrictions may be varied by the Board at any time at its discretion.

Compliance with the Board's investment restrictions and guidelines is monitored continuously by the Manager and is reported to the Board on a monthly basis.

The Manager also has internal guidelines in relation to investment concentration.

Performance

In the year ended 30th September 2020, the Company produced a total return to shareholders of +41.8% and a total return on net assets of (with debt at fair value) +35.0%. This compares with the total return on the Company's benchmark of +2.0%. As at 30th September 2020, the value of the Company's investment portfolio was £1,230.6 million. The Investment Managers' Report on pages 9 to 14 includes a review of developments during the year as well as information on investment activity within the Company's portfolio and the factors likely to affect the future performance of the Company.

Total Return, Revenue and Dividends

Gross total return for the year amounted to £279.3 million (2019: £19.2 million loss) and the net total return after deducting the management fee, other administrative expenses, finance costs and taxation, amounted to £271.2 million (2019: £26.8 million loss). Distributable income for the year amounted to £8.4 million (2019: £8.9 million).

The Directors have declared a final dividend of 5.1p (2019: 5.0p) per share. This dividend amounts to £8.2 million (2019: £8.1 million) and the revenue reserve after allowing for the dividend will amount to £5.6 million (2019: £5.4 million). The dividend will be subject to shareholder approval at the forthcoming Annual General Meeting.

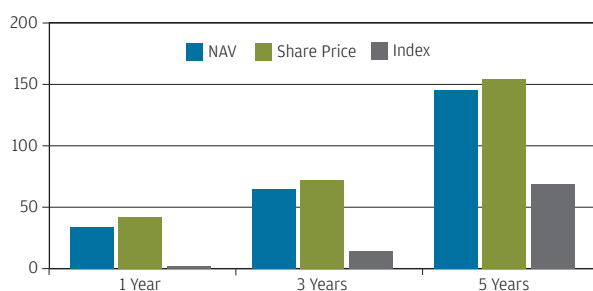
Key Performance Indicators ('KPIs')

The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

Performance against the benchmark index

This is the most important KPI by which performance is judged. The Board also regularly reviews performance attribution analysis which illustrates how the Company achieved its performance relative to its benchmark index. Details of the attribution analysis for the year ended 30th September 2020 are given in the Investment Managers' Report on page 11.

Performance v Benchmark

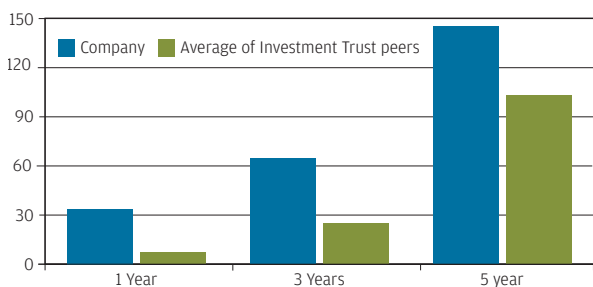


Source: Morningstar/J.P. Morgan, using net asset value with debt at fair value.

Performance against the Company's peers

Whilst the principal objective is to achieve capital growth relative to the benchmark, the Board also monitors the performance relative to a broad range of competitor funds.

Performance v Peers (%)



Source: Morningstar/J.P. Morgan, using net asset value with debt at fair value.

Share price discount

The Board recognises that a widening of, and volatility in, the Company's discount is seen by some investors as a disadvantage of investments trusts, and so, with a strong investment team, process and performance, a narrower and more stable discount has been an increasingly important area of focus for the Board. In the year to 30th September 2020, the shares traded between a discount of 5.5% and 19.9%, at an average of 10.4% and ending the year at 7.0%. Since the year end, the discount has narrowed further and averaged 4.4% over the two months to 30th November 2020.

Discount (%) as at 30th September

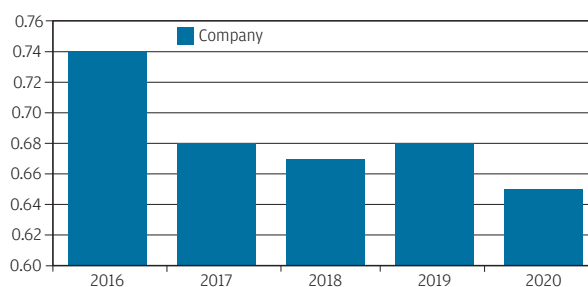


Source: Morningstar/J.P. Morgan/Investec, using net asset value with debt at fair value.

Ongoing charges

The ongoing charges represent the Company's management fee and all other operating expenses excluding any finance costs, expressed as a percentage of the average daily net assets during the year. The ongoing charges for the year ended 30th September 2020 were 0.65% (2019: 0.68%). Each year the Board reviews an analysis which shows a comparison of the Company's ongoing charges and its main expenses against those of its peers.

Ongoing Charges Ratio (%)



Source: J.P. Morgan.

Share Capital

The Directors have, on behalf of the Company, the authority both to repurchase shares in the market for cancellation, or to hold in Treasury, and to issue new shares for cash or from Treasury.

A total of 1,409,000 shares were repurchased into Treasury during the year under review, for a total consideration of £7.7 million. This represented 0.9% of the shares in issue at the start of the financial year. The Company did not allot any new shares for cash. Since the year end and to the date of this report, a further 125,000 shares have been repurchased into Treasury.

Resolutions to renew the authorities to issue new shares and to repurchase shares for cancellation and/or for holding in Treasury will be put to shareholders for approval at the forthcoming Annual General Meeting.

The full text of these Resolutions is set out in the Notice of Meeting on pages 85 to 88.

Board Diversity

At 30th September 2020, there were four male Directors and two female Directors on the Board. The Company has no employees. When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board.

The Board's policy on diversity, including gender, is to take account of the benefits of this during the appointment process. The Board remains committed to appointing the most appropriate candidate and has met the Hampton-Alexander recommendation of having 33% female representation on the Board.

Employees, Social, Community and Human Rights Issues

The Company has a management contract with JPMF. It has no employees and all of its Directors are non-executive. The day to day activities are carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board notes the JPMorgan Asset Management ('JPMAM') policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics:

JPMAM believes that companies should act in a socially responsible manner. Although our priority at all times is the best economic interests of our clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry.

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our approach to how we implement the principles is set out in the ESG statement on pages 15 to 19.

The Manager has implemented a policy which seeks to restrict investments in securities issued by companies that have been identified by an independent third party provider as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armour and/or anti-personnel mines. Shareholders can obtain further details on the policy by contacting the Manager.

Further details of JPMorgan Asset Management (Japan) Limited's approach to ESG is set out on pages 15 to 19 as part of the ESG reporting.

Greenhouse Gas Emissions

The Company is managed by JPMF, has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. However, if the carbon footprint of the Company's investments is analysed, it is one thirtieth of the Tokyo Stock Exchange First Section Index ('TOPIX'). JPMAM is also a signatory to CDP (formerly known as the Carbon Disclosure Project). JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

The Modern Slavery Act 2015 (the 'MSA')

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods and services, the MSA does not apply directly to it. The MSA requirements more appropriately relate to JPMF and JPMAM. J.P.Morgan's statement on the MSA can be found on the following website: <https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/modern-slavery-act.pdf>

Corporate Criminal Offence

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Principal and Emerging Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. With the assistance of JPMF, the Audit Committee has drawn up a risk matrix, which identifies the key risks to the Company. These are reviewed and noted by the Board. The risks identified and the broad categories in which they fall, and the ways in which they are managed or mitigated are summarised below. The AIC Code of Corporate Governance requires the Audit Committee, for the first time this year, to put in place procedures to identify emerging risks. The key emerging risks identified are also summarised below. The Board believes the COVID-19 pandemic and Brexit to be existing risks, rather than emerging risks and regards the risks arising from COVID-19 to be in the category of Market and Economic Risk and/or Outsourcing Risk.

Principal Risk	Description	Mitigating Activities
Investment Management and Performance		
Underperformance	Poor implementation of the investment strategy, for example as to thematic exposure, sector allocation, stock selection, undue concentration of holdings, factor risk exposure or the degree of total portfolio risk, may lead to underperformance against the Company's benchmark index and peer companies.	The Board manages these risks by diversification of investments and through its investment restrictions and guidelines, which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, at least one of whom usually attends all Board meetings, and reviews data which show measures of the Company's risk profile. The Investment Managers employ the Company's gearing tactically, within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year.
Widening Discount	A widening of the discount could result in loss of value for shareholders.	The Board monitors the level of both the absolute and sector relative premium/discount at which the shares trade. The Board reviews both sales and marketing activity and sector relative performance, which it believes are the primary drivers of the relative discount level. In addition, the Company has authority to buy back its existing shares to enhance the NAV per share for remaining shareholders when deemed appropriate.
Market and Economic Risk	Market risk arises from uncertainty about the future prices of the Company's investments, which might result from economic, fiscal, climate, regulatory, etc change, including the impact from pandemics. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements. The Board considers thematic and factor risks, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Manager.	The Board believes that shareholders expect that the Company will and should be fairly fully invested in Japanese equities at all times. The Board therefore would normally only seek to mitigate market risk through guidelines on gearing given to the Manager. The Board receives regular reports from the Manager's strategists and Investment Managers regarding market outlook and gives the Investment Managers discretion regarding acceptable levels of gearing and/or cash. Currently the Company's gearing policy is to operate within a range of 5% net cash to 20% geared. The Board also receives ESG reports from the Manager on the portfolio and the way ESG considerations are integrated into the investment decision-making.

Principal Risk	Description	Mitigating Activities
Investment Management and Performance		
Currency Risk	Currency risk arises from currency volatility and/or significant currency movements, principally in the yen:sterling rate.	<p>The majority of the Company's assets, liabilities and income are denominated in yen rather than in the Company's functional currency of sterling (in which it reports). As a result, movements in the yen:sterling exchange rate may affect the sterling value of those items and therefore impact on reported results and/or financial position. Therefore, there is an inherent risk from these exchange rate movements. It is the Company's policy not to undertake foreign currency hedging. Further details about the foreign currency risk may be found in note 22 on pages 72 and 73.</p> <p>The Board has considered the potential impact on sterling arising from Brexit related uncertainties. The value of the Company's investment portfolio would be affected by any impact, positively or negatively, on sterling. Such impact would be partially offset by the effect of exchange movements on the Company's yen denominated borrowings.</p>
Loss of Investment Team or Portfolio Manager	A sudden departure of a Portfolio Manager or several members of the investment management team could result in a short term deterioration in investment performance.	The Board seeks assurance that the Manager takes steps to reduce the risk arising from such an event by ensuring appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel. The Board engages with the senior management of the Manager in order to mitigate this risk.
Operational Risks		
Outsourcing	Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the Depository or Custodian's records may prevent accurate reporting and monitoring of the Company's financial position or a misappropriation of assets.	<p>Details of how the Board monitors the services provided by JPM and its associates and the key elements designed to provide effective risk management and internal control are included within the Risk Management and Internal Controls section of the Corporate Governance Statement on pages 41 and 42.</p> <p>The Manager has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption (including and disruption resulting from the COVID-19 pathogen. Since the introduction of the COVID-19 restrictions, Directors have received assurances that the Manager and its key third party service providers have all been able to maintain service levels.</p>
Cyber Crime	The threat of cyber attack, in all guises, is regarded as at least as important as more traditional physical threats to business continuity and security.	The Company benefits directly and/or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around physical security of JPMorgan's data centres, security of its networks and security of its trading applications, are tested by independent auditors and reported every six months against the AAF Standard.

Principal Risk	Description	Mitigating Activities
Corporate Governance		
Loss of Investment Trust Status	<p>In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158').</p> <p>Were the Company to breach Section 1158, it may lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax.</p>	<p>The Section 1158 qualification criteria are continually monitored by the Manager and the results reported to the Board each month.</p>
Statutory and Regulatory Compliance	<p>The risk of not meeting and being in compliance with legal and regulatory responsibilities.</p>	<p>The Board relies on the services of its Company Secretary, the Manager and its professional advisers to ensure compliance with the Companies Act 2006, the UKLA Listing Rules, DTRs, MAR and AIFMD. Details of the Company's compliance with Corporate Governance best practice, are set out in the Corporate Governance Statement on pages 37 to 42.</p>
Environmental		
Climate Change	<p>Climate change has become one of the most critical issues confronting companies and their investors. Climate change can have a significant impact on the business models, sustainability and even viability of individual companies, whole sectors and even asset classes.</p>	<p>The Board receives ESG reports from the Manager on the portfolio and the way ESG considerations are integrated into the investment decision-making, so as to mitigate risk at the level of stock selection and portfolio construction. As extreme weather events become more common, the resiliency, business continuity planning and the location strategies of the Company's services providers will come under greater scrutiny.</p>
Emerging Risk		
Specific to Japan		
Natural Disasters	<p>Although natural disasters anywhere in the world could impact individual companies, the Board believes the largest such impact could arise from an earthquake causing general economic damage to Japan and to the operations of specific companies in the portfolio. The Japanese government believes there is a 70% probability of an earthquake, registering a magnitude seven on the Richter Scale, hitting Tokyo over the next 30 years.</p>	<p>The Manager reports on Business Continuity Plans ('BCPs') and other mitigation plans in place for itself and other key service providers. BCPs plans are regularly tested and applied, including split teams, relocations and limiting access to/meetings with third parties. The Manager discusses BCPs with investee companies.</p>

Emerging Risk	Description	Mitigating Activities
Global		
Social Dislocation & Conflict	Social dislocation/civil unrest may threaten global economic growth and, consequently, companies in the portfolio.	The Manager's market strategists are available for the Board and can discuss market trends. External consultants and experts can be accessed by the Board. The Board can, with shareholder approval, look to amend the investment policy and objectives of the Company to gain exposure to or mitigate the risks arising from geopolitical instability although this is limited if it is truly global.
Inflation	Government/Central Bank fiscal/monetary responses to COVID-19 could result in significant levels of inflation in 2-4 years' time affecting economic growth directly and/or valuation levels.	The Manager's market strategists are available for the Board and can discuss market trends. External consultants and experts can be accessed by the Board. The Board can, with shareholder approval look to amend the investment policy and objectives of the Company, if required, to enable investment in companies which are not impacted by inflation risks.
Global Depression	Government/Central Bank fiscal/monetary response to COVID-19 could be ineffective in stimulating global recovery meaning rising debt levels lead to deflation and depression.	The Manager's market strategists are available for the Board and can discuss market trends. External consultants and experts can be accessed by the Board. The Board can, with shareholder approval look to amend the investment policy and objectives of the Company, if required, to enable investment in companies which are not impacted by inflation risks.

Long Term Viability

The Company is an investment trust with an objective of achieving long term capital growth. Taking account of the Company's current position, the principal and emerging risks that it faces, including the COVID-19 pandemic, and their potential impact on its future development and prospects, the Directors have assessed the prospects of the Company, to the extent that they are able to do so, over the next five years. They have made that assessment by considering those principal and emerging risks, the Company's investment objective and strategy, the capabilities of the Manager and the current outlook for the Japanese economy and equity market.

In determining the appropriate period of assessment the Directors had regard to their view that, given the Company's objective of achieving capital growth, shareholders should consider the Company as a long term investment proposition. This is consistent with advice provided by independent financial advisers and wealth managers, that investors should consider investing in equities for a minimum of five years. Accordingly, the Directors consider five years to be an appropriate time horizon to assess the Company's viability.

The Directors confirm that they have a reasonable expectation, on the assumption that the principal risks identified above, including investment underperformance, are managed or mitigated effectively, that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

By order of the Board
Divya Amin,
for and on behalf of
JPMorgan Funds Limited,
Secretary

9th December 2020

Directors' Report

BOARD OF DIRECTORS



Christopher Samuel
(Chairman, Chairman of the Nomination and Remuneration Committee and the Management Engagement Committee)

Director since 2014.

Last reappointed to the Board: January 2020.

Currently Non-Executive Chairman of BlackRock Throgmorton Trust plc and Quilter Financial Planning Limited, and a Non-Executive Director of Alliance Trust plc, Sarasin & Partners and UIL. Mr Samuel was Chief Executive of Ignis Asset Management until 2014 and has considerable experience in financial services, particularly in investment management, over some 35 years. He is a Chartered Accountant and was based in Japan earlier in his career.

Connections with Manager: None.

Shared directorships with other Directors: None.



Stephen Cohen
(Chairman of the Audit Committee)

Director since 2016.

Last appointed to the Board: January 2020.

Over 34 years in executive roles in asset management, including setting up two businesses in Japan and living there for seven years. He managed Japanese equity portfolios for ten years. He also latterly ran a Japanese equity activist business. Currently, he is a non-executive Director of Schroder UK Public Private Trust plc, a Commissioner at the Gambling Commission and a Council member at the Health and Care Professions Council.

Connections with Manager: None.

Shared directorships with other Directors: None.



Yoko Dochi

Director since 2020.

Last appointed to the Board: n/a.

Over 30 years' experience at some of Japan's largest public companies. Ms Dochi is a Japanese national who served as Global Head of Investor Relations at Softbank Group in Tokyo over the last two years and Head of Global Treasury & Investor Relations at Toyota Motor Europe (2001-2018). Formerly she was an investment banker for 14 years at World Bank and the Bank of Tokyo (now MUFG). She is a non-executive director of JASDAQ-listed NIPPO Ltd in Japan and a trustee of the Daiwa Anglo Japanese Foundation in the UK.

Connections with Manager: None.

Shared directorships with other Directors: None.



Sir Stephen Gomersall, KCMG

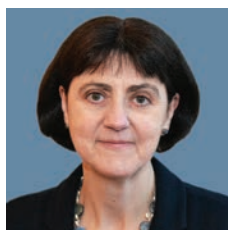
Director since 2013.

Last reappointed to the Board: January 2020.

Deputy Chairman of Hitachi Europe and a director of a number of Hitachi Group companies in the UK. Sir Stephen entered the Foreign & Commonwealth Office in 1970 and held a number of appointments overseas including being Ambassador to Japan from 1999 to 2004. He has spent more than 14 years living and working in Japan.

Connections with Manager: None.

Shared directorships with other Directors: None.



Sally Macdonald

Director since 2018.

Last reappointed to the Board: January 2020.

Over 35 years in asset management, of which seven were in UK markets and 28 covered Asian markets, at houses including Sanwa International, Lazard Brothers Asset Management, Canada Life, Morley Fund Managers, Dalton Strategic Partnership and City of London Investment Management. Mrs Macdonald is currently Head of Asian Equities at Marlborough Fund Managers and a Trustee of Helping the Burmese Delta. Previous board experience includes the Royal College of Nursing Foundation.

Connections with Manager: None.

Shared directorships with other Directors: None.



George Olcott

Director since 2016.

Last appointed to the Board: January 2020

15 years of investment banking and asset management business experience in Japan and Asia with SG Warburg/UBS. Has served on the boards of six listed Japanese corporations as an independent director (currently Denso Corporation, Dai-ichi Life Holdings and Kirin Holdings). Dr Olcott is Guest Professor at Keio University in Tokyo teaching international management and organisational behaviour and holds advisory roles at Toyota and JR Central.

Connections with Manager: None.

Shared directorships with other Directors: None.

All Directors are members of the Audit Committee, the Nomination and Remuneration Committee, and the Management Engagement Committee. All Directors are considered independent of the Manager.

The Directors present their Annual Report & Financial Statements for the year ended 30th September 2020.

Management of the Company

The Manager and Company Secretary to the Company is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. The active management of the Company's assets is delegated by JPMF to an affiliate, JPMorgan Asset Management (UK) Limited ('JPMAM'), with the day to day investment management activity conducted in Tokyo by JPMorgan Asset Management (Japan) Limited, a fellow investment management subsidiary and an affiliate of JPMorgan Chase Bank. The Manager is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

The Manager is employed under a contract which can be terminated on six months' notice without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

The Board, through the Management Engagement Committee conducts a formal evaluation of the performance of, and contractual relationship with, the Manager on an annual basis. Part of this evaluation includes a consideration of the management fees and whether the service received is value for money for shareholders.

The Management Engagement Committee has thoroughly reviewed the performance of the Manager in the course of the year. The review covered the performance of the Manager, its management processes, investment style, resources and risk controls and the quality of support that the Company receives from the Manager including the marketing support provided. As part of this process, the Board visits Japan each year, although it was not able to do so this year due to the pandemic. The Board is of the opinion that the continuing appointment of the Manager is in the best interests of shareholders as a whole.

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). It is approved as an AIFM by the FCA. For the purposes of the AIFMD the Company is an alternative investment fund ('AIF'). JPMF has delegated certain responsibilities as set out under 'Management of the Company' above. The Company has appointed Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A. as the Company's custodian. BNY is responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report & financial statements of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at www.jpmpjapanese.co.uk. There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

The Company's leverage and JPMF's remuneration disclosures are set out on pages 79 and 80.

Management Fee

The fixed basic annual management fee is a sliding scale based on the Company's net assets. The management fee is charged monthly in arrears.

Net assets	Fee level
First £465 million under management	0.65%
£465 million to £930 million under management	0.485%
Over £930 million under management	0.40%

The management fee includes a contribution towards the Manager's general marketing.

If the Company invests in funds managed or advised by the Manager, or any of its associated companies, those investments are excluded from the calculation of the fixed basic annual management fee.

Directors

The Directors of the Company who held office at the end of the year are detailed on page 34. Details of their beneficial shareholdings may be found in the Directors' Remuneration Report on page 47.

In accordance with corporate governance best practice, all Directors will retire at the Company's forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment by shareholders. The Nomination and Remuneration Committee, having considered the Directors' qualifications, performance and contribution to the Board and its Committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that those standing for reappointment be reappointed. Statements supporting the Directors' reappointments can be found on page 39.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, each Director has the benefit of an indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. The indemnities were in place during the year and as at the date of this report.

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

Disclosure of information to the Auditors

In the case of each of the persons who are Directors of the Company at the time when this report was approved:

- (a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's Auditors are unaware, and
- (b) each of the Directors has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information (as defined) and to establish that the Company's Auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

Independent Auditors

Further to a review of audit services in 2013, PricewaterhouseCoopers LLP were appointed Auditors of the Company with effect from the 2013 Annual General Meeting. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as the Auditors and a resolution to reappoint PricewaterhouseCoopers LLP and authorise the Directors to determine their remuneration for the ensuing year will be proposed at the Annual General Meeting.

Companies Act 2006 Requirements

The following disclosures are made in accordance with the Companies Act 2006.

Articles of Association

The rules concerning the appointment, reappointment and replacement of Directors, amendment of the Company's Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006.

Capital Structure

The Company's capital structure is summarised on the inside front cover of this report.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 17 to the Notice of Annual General Meeting on page 88.

Notifiable Interests in the Company's Voting Rights

At the date of this report the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	%
Wells Capital Management Inc.	23,869,614	14.9
Lazard Asset Management LLC	20,872,437	13.1
Rathbone Brothers PLC	19,176,624	12.0
Tilney Smith & Williamson Limited	8,000,769	5.0
1607 Capital Partners	7,863,562	4.9

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that affect its control following a takeover bid; and no agreements between the Company and its Directors concerning compensation for loss of office.

Listing Rule 9.8.4R

Listing Rule 9.8.4R requires the Company to include certain information in the identifiable section of the Annual Report & Financial Statements or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this report.

Annual General Meeting

NOTE: THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting. The full text of the resolutions is set out in the Notice of Annual General Meeting on pages 85 and 86.

(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 13 and 14)

The Directors will seek renewal of the authority at the Annual General Meeting to issue new ordinary shares for cash up to an aggregate nominal amount of £3,995,977 such amount being equivalent to 10% of the present issued share capital (excluding Treasury shares) as at the last practicable date before the publication of this document or, if different, the number of ordinary shares which is equal to approximately 10% of the

Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution. This authority will expire at the conclusion of the Annual General Meeting to be held in 2022 unless renewed at a prior general meeting.

Resolution 14 will enable the allotment of shares otherwise than by way of a pro rata issue to existing shareholders. It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the net asset value ('NAV'), thereby increasing the NAV per share and spreading the Company's administrative expenses, other than the management fee which is charged on the value of the Company's net assets, over a greater number of shares. The issue proceeds would be available for investment in line with the Company's investment policies. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

(ii) Authority to repurchase the Company's shares (resolution 15)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2020 Annual General Meeting, will expire on 16th July 2021, unless renewed prior to that time. The Directors consider that the renewal of the authority at the forthcoming Annual General Meeting is in the interests of shareholders as a whole, as the repurchase of shares at a discount to their underlying NAV enhances the NAV of the remaining shares.

Resolution 15 gives the Company authority to repurchase its own issued shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 23,959,877 shares, representing approximately 14.99% of the Company's issued shares as at the latest practicable date prior to the publication of this document or, if different, the number of ordinary shares which is equal to 14.99% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution. The authority also sets minimum and maximum prices.

If resolution 15 is passed at the Annual General Meeting, the Board may repurchase the shares for cancellation or hold them in Treasury pursuant to the authority granted to it for possible reissue at a premium to NAV.

Any repurchase will be at the discretion of the Board and will be made in the market only at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares, as and when market conditions are appropriate.

(iii) Adoption of New Articles of Association – (resolution 16)

Resolution 16, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). The proposed amendments being introduced in the New Articles provide for an

increase in the limit on aggregate annual Directors' fees from £200,000 to £250,000 and other minor or technical amendments to the Existing Articles, including (i) clarifying that the consideration (if any) received by the Company upon the sale of any share which is forfeited by a shareholder pursuant to the New Articles will belong to the Company and (ii) simplifying the procedure in relation to the untraced shareholders procedure by removing the requirement for the Company to publish newspaper advertisements and clarifying that the consideration (if any) received by the Company upon the sale of any share pursuant to the untraced shareholder provisions will belong to the Company. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

A copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Company's website, www.jpmmjapanese.co.uk and at the offices of JPMorgan Funds Limited, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted), from the date of the Annual General Meeting Notice until the close of the Annual General Meeting, and will also be available for inspection at the venue of the Annual General Meeting from 15 minutes before and during the Annual General Meeting.

Recommendation

The Board considers that resolutions 13 to 16 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do, where voting rights are exercisable, in respect of their own beneficial holdings which amount in aggregate to 57,481 shares representing approximately 0.01% of the voting rights of the Company.

Other Information

The recommended final dividend, as well as information on the acquisition of the Company's own shares and greenhouse gas emissions, can be found in the Business Review on pages 25 to 32. Financial risk management objectives and policies, with information on exposure to price, credit and liquidity risk, can be found in note 20 to the Financial Statements on page 70. Information on post balance sheet events can be found in note 22 on page 72.

Corporate Governance Statement

Compliance

The Board is committed to high standards of corporate governance. It has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the 'AIC Code'), which addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code') published in 2018, as they apply to investment trust companies. It considers

that reporting against the AIC Code provides more appropriate information to the Company's shareholders. The Board confirms that the Company has complied with the principles and provisions of the AIC Code, in so far as they apply to the Company's business, throughout the year under review. As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following:

- the role of the executive directors and senior management;
- executive directors' and senior management remuneration; and
- the workforce

Directors' Duty to promote the success of the Company

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

The Board ensures that it promotes the success of the Company by engaging an investment manager (the 'Manager'), and other specialist third party suppliers, with appropriate capability, performance records, resources and controls in place to deliver the services that the Company requires, with particular focus on investment performance. Their performance is monitored by the Board and its committees, who have oversight of the Company's operations. The principal supplier is the Manager, which is responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. Whilst strong long term investment performance is essential, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence environmental, social and governance considerations are integrated into the Manager's investment process and will continue to evolve.

The Board has sought to engage with and understand the views of the Company's shareholders, either directly or through its corporate broker, and other key stakeholders as it regards an understanding of their views as essential in being able to fulfil its duty. The Directors confirm that they have considered their duty

under Section 172 when making decisions during the financial year under review. In particular they have sought to achieve three objectives in 2020: to continue the strong record of investment performance; to reduce the discount of the Company's share price to the net asset value; and to broaden the shareholder base. Thus the Directors have kept under review the competitiveness of the Company's operating costs; continued to hold the Manager to account on investment performance; undertaken a robust review of the principal and emerging risks faced by the Company; and initiated, with the Manager, a series of new marketing strategies.

Role of the Board

A management agreement between the Company and the Manager sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administrative and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, capital structure and gearing policy (with input from the Manager), appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

The Board has procedures in place to deal with potential conflicts of interest and, following the introduction of The Bribery Act 2010, has adopted appropriate procedures designed to prevent bribery. It confirms that the procedures have operated effectively during the year under review.

The Board meets at least six times during the year and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, JPMF, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition

The Board, chaired by Christopher Samuel, consists of six non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 34.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which

may be found below. Stephen Cohen, the Audit Committee Chairman, leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 34. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised below. All of the Directors will stand for reappointment at the forthcoming Annual General Meeting.

Resolution 5 concerns the reappointment of Stephen Cohen. He joined the Board in December 2016 and has served for four years as a Director.

Mr Cohen brings to the Board experience of managing Japanese equity portfolios and has been closely involved with equity investment in Japan since 1984, and lived there for seven years. He has wide experience in asset management including having run a Japanese equity activist business. He has a particular interest in environmental, social and governance issues. In addition, he has been chair of audit at two other organisations.

For details of his current directorships, please refer to page 34 of the Report.

Resolution 6 concern the reappointment of Yoko Dochi. She joined the Board in July 2020 and has served for less than a year as a Director.

Ms Dochi is Japanese and brings over 30 years of senior executive experience at Japan's leading companies in the automobile, technology and banking industries. Through her recent roles in investor relations at Toyota and SoftBank Group over the last 20 years, she brings to the Board her in-depth knowledge of modern corporate Japan and expertise in shareholder communications including ESG engagement.

For details of her current directorships, please refer to page 34 of the Report.

Resolution 7 concerns the reappointment of Sir Stephen Gomersall. He joined the Board in July 2013 and has served for seven years as a Director.

Sir Stephen has direct experience of the management and governance of a major Japanese company, through the various senior executive roles he has held at Hitachi Europe Ltd and directorships of various Hitachi Group companies in the UK since 2004. He has spent more than 14 years living and working in Japan and was a former UK Ambassador to Japan.

For details of his current directorships, please refer to page 34 of the Report.

Resolution 8 concerns the reappointment of Sally Macdonald. She joined the Board in December 2018 and has served for two years as a Director.

Mrs Macdonald brings to the Board over 35 years of experience in asset management, of which 28 were in relation to managing investments in Asian markets. Her experience remains current through her management of an Asian equity growth fund. She is a member of the CFA Society of the UK, CFA institute, the Pensions Management Institute and CISI.

For details of her current directorships, please refer to page 34 of the Report.

Resolution 9 concerns the reappointment of Dr George Olcott. He joined the Board in December 2016 and has served for four years as a Director.

Dr Olcott, who is based in Tokyo, has extensive business experience in Japan in a number of fields, including investment banking and investment management. He has spent more than 25 years in Japan and speaks the language fluently. He has over 10 years of board experience of major listed Japanese firms.

For details of his current directorships, please refer to page 34 of the Report.

Resolution 10 concerns the reappointment of Christopher Samuel. He joined the Board in December 2014 and has served for six years as a Director.

Mr Samuel brings to the Board considerable experience of the investment management industry and of Japan where he was based earlier in his career. He is an experienced chairman and has in-depth knowledge of the investment trust sector in general. He is a chartered accountant and hence brings recent and relevant experience to the Audit Committee.

For details of his current directorships, please refer to page 34 of the Report.

The Board confirms that each of the Directors standing for reappointment at the forthcoming Annual General Meeting continue to contribute effectively and recommends that shareholders vote in favour of their reappointment.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter, subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for each Director to seek reappointment. In accordance with corporate governance best practice, Directors continuing in office seek annual reappointment and no Directors, including the Chairman, will seek reappointment after having served for nine years on the Board, unless there are exceptional circumstances for doing so.

The table overleaf details the tenure of Directors as at the forthcoming Annual General Meeting and projected forward to the Company's Annual General Meeting in respect of the Company's financial year ending 2027. The average tenure of a Director is less than six years.

Director	Appointment Date	FY 2020 AGM	FY 2021 AGM	FY 2022 AGM	FY 2023 AGM	FY 2024 AGM	FY 2025 AGM	FY 2026 AGM	FY 2027 AGM
Sir Stephen Gomersall	1st July 2013								
Christopher Samuel	19th December 2014								
Stephen Cohen	20th December 2016								
Dr George Olcott	20th December 2016								
Sally Macdonald	13th December 2018								
Yoko Dochi	17th July 2020								

Please note that the above table is a guide only and does not account for retirements of current Directors nor the appointment of new Directors.

Key - Tenure

0 - 6 years 7 - 8 years 9+ years

The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the Annual General Meeting.

A schedule of interests for each Director is maintained by the Company and reviewed at every Board meeting. New interests are considered carefully, taking into account the circumstances surrounding them and, if considered appropriate, are approved.

Induction and Training

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter, regular briefings are provided on changes in law and regulatory requirements that affect the Company and Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trust companies. Regular reviews of the Directors' training needs are carried out by the Chairman by means of the evaluation process described below.

Meetings and Committees

The Board delegates certain responsibilities and functions to Committees. Details of membership of these Committees are shown with the Directors' profiles on page 34.

The table below details the number of formal Board and Committee meetings attended by each Director. During the year under review there were six scheduled Board meetings, in addition to a meeting devoted to strategy, two Audit Committee meetings, one meeting of the Management Engagement Committee, and one meeting of the Nomination and Remuneration Committee. These meetings were supplemented by additional adhoc meetings held to cover procedural matters and formal approvals. In addition there is regular contact between the Directors and the Manager and Company Secretary throughout the year.

Meetings Attended

Director	Board	Audit Committee	Management Nomination and Remuneration Committee	
			Engagement Committee	Remuneration Committee
Stephen Cohen	6	2	1	1
Yoko Dochi ¹	1	–	1	1
Sir Stephen Gomersall	6	2	1	1
Sally Macdonald	6	2	1	1
George Olcott	6	2	1	1
Christopher Samuel	6	2	1	1

¹ Appointed 17th July 2020 but was in attendance at meetings held on 14th July 2020.

Board Committees

Nomination and Remuneration Committee

The Nomination and Remuneration Committee, chaired by Christopher Samuel, which consists of the entire Board, meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender. In relation to the appointment of Yoko Dochi during the year, the Board engaged an external search consultancy Fletcher Jones, a firm with no other connections to the Company or the individual Directors.

The Committee conducts an annual performance evaluation of the Board, its Committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together.

Questionnaires, drawn up by the Board, with the assistance of the Manager and a firm of independent consultants, are completed by each Director. The responses are then collated and discussed by the Committee. The evaluation of individual Directors is led by the Chairman and the Audit Committee Chairman leads the evaluation of the Chairman's performance.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board. The Board has considered whether a senior independent director should be appointed, and has concluded that, due to the Company's nature of business as an investment trust and because the Board is comprised entirely of non-executive Directors, this is unnecessary at present. However, the Chairman of the Audit Committee leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns that cannot be resolved through discussions with the Chairman.

The Committee also reviews Directors' fees and makes recommendations to the Board as and when appropriate in relation to remuneration policy. This review forms only a minimal part of discussions and therefore it is felt to be appropriate for Christopher Samuel to act as Chairman of the Committee.

Management Engagement Committee

The membership of the Management Engagement Committee consists of all the Directors and is chaired by Christopher Samuel. The Committee meets at least once a year to review the terms of the Management Agreement between the Company and the Manager, to review the performance of the Manager, to review the notice period that the Board has with the Manager and to make recommendations to the Board on the continued appointment of the Manager following these reviews.

Audit Committee

The report of the Audit Committee is set out on pages 43 and 44.

Terms of Reference

The Nomination and Remuneration Committee, Management Engagement Committee and Audit Committee have written terms of reference which define clearly their respective responsibilities, copies of which are available on the Company's website and for inspection on request at the Company's registered office and at the Company's Annual General Meeting.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders twice each year by way of the annual report & financial statements and the half year report. These are supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the Company's level of gearing.

As explained in the Chairman's Statement, given the restrictions in place due to the COVID-19 pandemic, shareholders will not be permitted to attend the Company's forthcoming Annual General Meeting. Under normal circumstances, all shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is given by the Investment Manager who reviews the Company's performance. The Board seeks regular engagement with the Company's major shareholders to understand their views on governance and performance against the Company's investment objective and investment policy, either directly or through the Company's brokers, the Investment Managers and JPMF by holding discussions on an ongoing basis. The Directors may be contacted through the Company Secretary whose details are shown on page 93 or via the Company's website.

The Company's Annual Report & Financial Statements are published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the

Company Secretary at the address shown on page 93. A formal process is in place for all letters to the Directors to be forwarded immediately. As part of this process, any feedback from shareholders is also communicated to the Board.

Details of the proxy voting position on each resolution will be published on the Company's website shortly after the Annual General Meeting.

Risk Management and Internal Control

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of risk management and internal control and to report to shareholders that they have done so. This encompasses a review of all controls, which the Board has identified as including business, financial, operational, compliance and risk management.

The Directors are responsible for the Company's system of risk management and internal control, which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by the Manager and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal and Emerging Risks on pages 29 to 32). This process has been in place for the year under review and up to the date of the approval of the Annual Report & Financial Statements, and it accords with the Financial Reporting Council's guidance. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Managers internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are relevant to the Company and/or the Managers investment risk business are reported to the Board.

The key elements designed to provide effective risk management and internal control are as follows:

- **Financial Reporting**

Regular and comprehensive review by the Board of key investment and financial data, including management accounts, revenue projections, analysis of transactions and performance comparisons.

- **Management**

Appointment of a manager, depositary and custodian regulated by the FCA, whose responsibilities are clearly defined in a written agreement.

- **Management Systems**

The Manager's system of risk management and internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by the Manager's Compliance department which regularly monitors compliance with FCA rules.

- **Investment Strategy**

Authorisation and monitoring of the Company's investment strategy and exposure limits by the Board.

The Board, either directly or through the Audit Committee or Management Engagement Committee, keeps under review the effectiveness of the Company's system of risk management and internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

- reviews the key terms of the management agreement and receives regular reports from the Manager's Compliance department;
- reviews reports on the internal controls and the operations of its custodian, JPMorgan Chase Bank, which is itself independently reviewed;
- reviews every six months an independent report on the risk management and internal controls and the operations of the Manager; and
- reviews quarterly reports from the Company's Depositary.

By the means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 30th September 2020 and to the date of approval of this Annual Report & Financial Statements.

The Board confirms that any failings or weaknesses identified during the course of its review of the systems of risk management and internal control were not significant and did not impact the Company.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM through the Manager. The following is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on Environmental, Social and Governance considerations are included in the Strategic Report on pages 15 to 19.

Corporate Governance

JPMAM believes that corporate governance is integral to our investment process. As part of our commitment to delivering superior investment performance to our clients, we expect and encourage the companies in which we invest to demonstrate the highest standards of corporate governance and best business practice. We examine the share structure and voting structure of the companies in which we invest, as well as the board balance, oversight functions and remuneration policy. These analyses then form the basis of our proxy voting and engagement activity.

Proxy Voting

JPMAM manages the voting rights of the shares entrusted to it as it would manage any other asset. It is the policy of JPMAM to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of our clients. So far as is practicable, we will vote at all of the meetings called by companies in which we are invested.

Stewardship/Engagement

JPMAM recognises its wider stewardship responsibilities to its clients as a major asset owner. To this end, we support the introduction of the FRC Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies. Under the Code, managers should:

- publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients;
- disclose their policy on managing conflicts of interest;
- monitor their investee companies;
- establish clear guidelines on how they escalate engagement;
- be willing to act collectively with other investors where appropriate;
- have a clear policy on proxy voting and disclose their voting record; and
- report to clients.

JPMAM endorses the Stewardship Code for its UK investments and supports the principles as best practice elsewhere. We believe that regular contact with the companies in which we invest is central to our investment process and we also recognise the importance of being an 'active' owner on behalf of our clients.

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: <http://www.jpmorganinvestmenttrusts.co.uk/governance>. This also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

By order of the Board
Divya Amin, for and on behalf of
JPMorgan Funds Limited,
Secretary

9th December 2020

Audit Committee Report

I am pleased to present the Audit Committee Report to shareholders, for the year ended 30th September 2020.

Composition and Role

Membership of the Committee is set out on page 34, and the Committee meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. The Audit Committee as a whole has competence relevant to the sector.

Financial Statements and Significant Accounting Matters

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual financial statements and the Company's compliance with the UK Corporate Governance Code.

The Audit Committee examines the effectiveness of the Company's internal control systems and receives information from the Manager's Compliance department. The Directors' statement on the Company's system of Risk Management and Internal Control is set out on pages 41 and 42.

During its review of the Company's annual financial statements for the year ended 30th September 2020, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(b) to the financial statements on page 61. Controls are in place to ensure that valuations are appropriate and existence is verified through Depository and Custodian reconciliations. The Company has appointed Bank of New York Mellon (International) Limited ('BNY') as its depository. BNY has appointed JPMorgan Chase Bank, N.A. as the Custodian. BNY remains responsible for the oversight of the custody of the Company's assets.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the financial statements on page 61. The Board regularly reviews subjective elements of income such as special dividends and agrees their accounting treatment.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

Significant issue

The risk that the global economic disruption caused by COVID-19 will affect the Company's ability to continue in operation due to the impact on the share price of portfolio companies or the ability of key service providers (including the Manager, the Depository, the Custodian, the Fund Accountant, the Brokers and the Registrar) to maintain business continuity and continue to provide appropriate service levels

How the issue was addressed

The Audit Committee has reviewed the impact of recent market volatility related to the COVID-19 pandemic on the Company's portfolio and has received regular updates on portfolio performance from the portfolio manager. The Audit Committee has also reviewed stress test scenarios provided by the Manager. The Company's assets exceeded its liabilities significantly under all test scenarios, taking into account stresses on liquidity, revenue and expense forecasts. The Audit Committee therefore considers that the Company's business model remains viable and that the Company has sufficient resources to continue in operation and to meet all liabilities as they fall due.

Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its COVID-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

The Board has, in particular, considered the impact of heightened market volatility since the COVID-19 outbreak but does not believe the Company's going concern status is affected. The Company's assets, the vast majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly under all stress test scenarios reviewed by the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis.

Furthermore, the Directors are satisfied that the Company and its key third party service providers have in place appropriate business continuity plans and confirm they have been able to maintain service levels through the pandemic.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters, including the impact of the coronavirus pandemic, that the Company will continue in operational existence for a period of at least 12 months.

The Company's longer-term viability is considered in the Viability Statement on page 32.

Auditor Appointment and Tenure

The Committee reviews the scope and results of the external audit, its effectiveness and cost effectiveness, the balance of audit and non-audit services and the independence and objectivity of the external Auditors. In the Directors' opinion the Auditors are independent. The Committee also has primary responsibility for making recommendations to the Board on the reappointment and removal of the external Auditors.

Representatives of the Company's Auditors attend the Audit Committee meeting at which the draft annual report and financial statements are considered and also engage with the Directors as and when required. Having reviewed the performance of the external Auditors, including assessing the quality of work, timing of communications and work with the Manager, the Committee considered it appropriate to recommend the Auditors' reappointment. The Board supported this recommendation and a resolution will be put to shareholders at the forthcoming Annual General Meeting.

As part of its review of the continuing appointment of the Auditors, the Audit Committee considered the length of tenure of the audit firm, its fee, its independence from JPMF and the Investment Managers and any matters raised during the audit. A formal tender exercise was undertaken in 2013, as a result of which PricewaterhouseCoopers LLP was appointed in place of Begbies. This is the Senior Statutory Auditor's (Tom Norrie) first of a five year maximum term. The Board reviews and approves any non-audit services provided by the independent Auditors and assesses the impact of any non-audit work on the ability of the Auditors to remain independent. No non-audit work was undertaken during the year. Details of the fees paid for audit services are included in note 6 on page 64.

Fair, Balanced and Understandable

Having taken all available information into consideration and having discussed the content of the Annual Report & Financial Statements with the Alternative Investment Fund Manager, Investment Managers, Company Secretary and other third party service providers, the Audit Committee has concluded that the Annual Report & Financial Statements for the year ended 30th September 2020, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 49.

Stephen Cohen
Chairman of the Audit Committee
9th December 2020

DIRECTORS' REMUNERATION REPORT

The Board presents the Directors' Remuneration Report for the year ended 30th September 2020, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 as amended.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 51 to 56.

The Nomination and Remuneration Committee reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate.

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote, however, a decision has been taken to seek approval annually and therefore an ordinary resolution to approve this policy will be put to shareholders at the forthcoming Annual General Meeting. The policy subject to the vote is set out in full below and is currently in force.

The Board's policy for this and subsequent years is that Directors' fees should properly reflect the time spent by the Directors on the Company's business and should be at a level to ensure that candidates of a high calibre are recruited to the Board and retained. The Chairman of the Board and the Chairman of the Audit Committee are paid higher fees than the other Directors, reflecting the greater time commitment involved in fulfilling those roles. Reviews are based on information provided by the Manager and industry research carried out by third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review. The Company has no Chief Executive Officer and no employees and therefore no consultation of employees is required and there is no employee comparative data to provide in relation to the setting of the remuneration policy for Directors.

All of the Directors are non-executive. There are no performance-related elements to their fees and the Company does not operate any type of incentive, share scheme, award or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not granted exit payments and are not provided with compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in attending the Company's business. The Company's Articles of Association provide that any Director who performs services which go beyond the ordinary duties of a director may be paid such additional remuneration as the directors may determine.

In the year under review Directors were paid at the following rates: Chairman £41,000; Chairman of the Audit Committee £32,500; and other Directors £28,000.

During the year, the Board decided to increase the fees paid to Directors to reflect current market rates, the time spent on the Company's business and to ensure that candidates of a high calibre are recruited to the Board and retained. From 1st October 2020, Director's fees have been paid at the following rates: Chairman £44,000; Chairman of the Audit Committee £35,000 and other Directors £30,000.

The Company's Articles of Association stipulate that aggregate fees must not exceed £200,000 per annum. Any increase in this amount requires both the Board's and shareholders' approval. Given the increase in the size of the Board to six Directors this year, it is proposed that the aggregate maximum be increased to £250,000 per annum. A resolution proposing the above amendment will be put to shareholders at the Annual General Meeting to be held on 14th January 2021. The full text of the resolution is set out in the Notice of Meeting on page 86.

The Company has not sought individual shareholder views on its remuneration policy. The Nomination and Remuneration Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and takes account of those views.

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 39.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 30th September 2019 and no changes are proposed for the year ending 30th September 2021.

At the Annual General Meeting held on 17th January 2020, of votes cast in respect of the Remuneration Policy and Remuneration Report, 99.7% were in favour (or granted discretion to the Chairman who voted in favour) and 0.3% voted against. No abstentions were received. Details of the implementation of the Company's remuneration policy are given above.

Single total figure of remuneration

The single total figure of remuneration for each Director is detailed overleaf together with the prior year comparative.

Single total figure table¹

Directors' Name	2020			2019		
	Fees	Taxable benefits ²	Total	Fees	Taxable benefits ²	Total
	£	£	£	£	£	£
Stephen Cohen	32,500	–	32,500	30,620	–	30,620
Yoko Dochi ³	5,783	–	5,783	–	–	–
Andrew Fleming ⁴	–	–	–	8,080	–	8,080
Sir Stephen Gomersall	28,000	–	28,000	27,000	–	27,000
George Olcott	28,000	–	28,000	27,000	–	27,000
Sally Macdonald	28,000	–	28,000	21,629	213	21,842
Christopher Samuel	41,000	188	41,188	38,319	574	38,893
Total	163,283	188	163,471	152,648	787	153,435

¹ Audited information. The other disclosure requirements set out in the reporting regulations are omitted because they are not applicable.

² Taxable benefits relate to travel and subsistence costs.

³ Appointed on 17th July 2020.

⁴ Retired on 13th December 2018.

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 30th September 2020:

Directors' Name	Percentage change on prior year
Stephen Cohen ¹	6.1%
Yoko Dochi ²	n/a
Andrew Fleming ³	n/a
Sir Stephen Gomersall	3.7%
George Olcott	3.7%
Sally Macdonald ⁴	3.7%
Christopher Samuel ⁵	7.0%

¹ Mr Cohen replaced Mr Samuel as Audit Committee Chairman on 13th December 2018; had Mr Cohen been Audit Committee Chairman throughout the financial year ended 2019, his fee increase would have been 3.2%.

² Appointed on 17th July 2020.

³ Retired on 13th December 2018.

⁴ Appointed 13th December 2018; for ease of comparison, the 3.7% increase for Ms Macdonald assumes that she was a Director for the whole of the financial year ended 2019.

⁵ Mr Samuel replaced Mr Fleming as Chairman on 13th December 2018; had Mr Samuel been Chairman throughout the financial year ended 2019, his fee increase would have been 2.5%.

A table showing the total remuneration for the Chairman over the five years ended 30th September 2020 is below:

Remuneration for the Chairman over the five years ended 30th September 2020

Year ended 30th September	Fees	Performance related benefits received as a percentage of maximum payable ¹
2020	£41,000	n/a
2019	£40,000	n/a
2018	£36,000	n/a
2017	£36,000	n/a
2016	£36,000	n/a

¹ Unaudited information.

Directors' Shareholdings¹

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors' shareholdings are detailed below. All shares are held beneficially.

	30th September 2020	1st October 2019
Stephen Cohen	15,000	15,000
Yoko Dochi ²	–	–
Sir Stephen Gomersall	3,049	3,049
Sally Macdonald	1,860	760
George Olcott	5,000	5,000
Christopher Samuel	32,572	20,000
Total	57,481	43,809

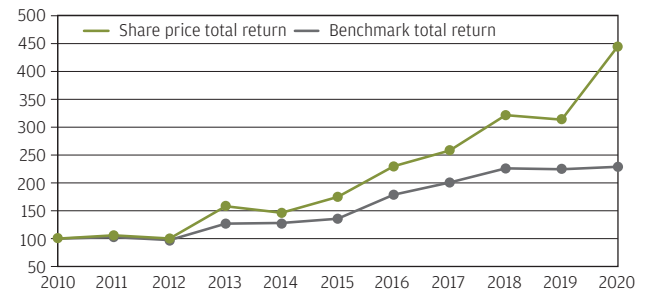
¹ Audited information.

² Appointed on 17th July 2020.

As at the latest practicable date before the publication of this document, there have been no changes to the Directors' shareholdings. The Directors have no other share interests or share options in the Company and no share schemes are available.

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, the Tokyo Stock Exchange First Section (TOPIX) Index expressed in sterling terms, over the last ten years is shown below.

Ten Year Share Price and Benchmark Total Return Performance to 30th September 2020 (rebased)



Source: Morningstar.

A table showing actual expenditure by the Company on remuneration and distributions to shareholders for the year and the prior year is below:

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th September	
	2020	2019
Remuneration paid to all Directors	£163,471	£153,435
Distribution to shareholders by way of:		
– dividend	£8,062,000	£8,062,000
– share repurchases	£7,648,000	£nil
Total distribution to shareholders	£15,710,000	£8,062,000

For and on behalf of the Board

Christopher Samuel

Chairman

9th December 2020

The Directors are responsible for preparing the Annual Report & Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom Accounting Standards) including FRS 102 'The Financial Reporting Standards applicable in the UK and Republic of Ireland' and applicable laws. Under company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, Annual Report & Financial Statements are fair, balanced and understandable, provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. 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 a 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.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the www.jpmmjapanese.co.uk website, which is maintained by the Company's Manager. The

maintenance and integrity of the website maintained by the Manager is, so far as it relates to the Company, the responsibility of the Manager. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditors accept no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. The accounts are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

Under applicable law and regulations the Directors are also responsible for preparing a Directors' Report, Strategic Report, Statement of Corporate Governance and Directors' Remuneration Report that comply with that law and those regulations.

Each of the Directors, whose names and functions are listed on page 34, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, and applicable law), (United Kingdom Generally Accepted Accounting Practice) give a true and fair view of the assets, liabilities, financial position and net return or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

The Board confirms that it is satisfied that the annual report and financial statements taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period.

For and on behalf of the Board
Christopher Samuel
Chairman

9th December 2020

Report on the audit of the financial statements

Opinion

In our opinion, JPMorgan Japanese Investment Trust Plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th September 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the 'Annual Report'), which comprise: the Statement of Financial Position as at 30th September 2020; the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1st October 2019 to 30th September 2020.

Our audit approach

Overview



- Overall materiality: £10.7 million (2019: £8.2 million), based on 1% of net assets.
- The Company is a standalone investment trust company and engages JPMorgan Funds Limited (the 'Manager') to manage its assets.
- We conducted our audit of the financial statements using information from JP Morgan Chase Bank N.A., (the 'Administrator') to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the administrator.
- Valuation and existence of investments.
- Accuracy, occurrence and completeness of dividend income.
- Consideration of impacts of COVID-19.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, (see page 31 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and Chapter 15 of the UK Listing Rules applicable to Closed-Ended Investment Funds. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with the Manager and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant committee meeting minutes, including those of the Board and Audit Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- Review of financial statement disclosures to underlying supporting documentation;
- Identifying and testing manual journal entries posted by the Administrator during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

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

Key audit matter

How our audit addressed the key audit matter

Valuation and existence of investments

Refer to page 61 (Accounting Policies) and page 67 (Notes to the Financial Statements).

The investment portfolio at year-end consisted of listed equity investments valued at £1,231 million.

We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.

We tested the valuation of the investments by agreeing the prices used in the valuation to independent third-party sources for all investments.

We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation.

No material issues were identified.

Key audit matter**Accuracy, occurrence and completeness of dividend income**

Refer to page 61 (Accounting Policies) and page 64 (Notes to the Financial Statements).

We focused on the accuracy, occurrence and completeness of dividend income as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover.

We also focused on the accounting policy for income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP') as incorrect application could indicate a misstatement in income recognition.

How our audit addressed the key audit matter

We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.

We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data.

To test for occurrence, we confirmed that all dividends recorded had occurred in the market, and traced a sample of cash payments to bank statements.

To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all listed investments during the year.

We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by confirming reasons behind dividend distributions.

No material issues were identified.

Consideration of the impact of COVID-19

Refer to the Chairman's Statement (page 7), Principal and Emerging Risks (pages 29 to 32), Going Concern (page 43), Viability Statement (page 32) and the Investment Managers' Report (pages 9 to 14), which disclose the impact of the COVID-19 coronavirus pandemic.

From a small number of cases of an unknown virus in 2019, the COVID-19 viral infection has become a global pandemic. It has caused disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates during the first half of 2020 and to date.

The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.

We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by:

- Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19.
- Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements.

We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report.

- We obtained evidence to support the key assumptions and forecasts' driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers.

We assessed the disclosures presented in the Annual Report in relation to COVID-19 by:

- Reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit.

Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report.

Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below.

INDEPENDENT AUDITORS' REPORT

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£10.7 million (2019: £8.2 million).
How we determined it	1% of Net Assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £536,000 (2019: £408,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30th September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The Directors' assessment of the prospects of the Company and of the principal and emerging risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 29 of the Annual Report that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 32 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 34, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 33 and 34 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 20th December 2013 to audit the financial statements for the year ended 30th September 2014 and subsequent financial periods. The period of total uninterrupted engagement is seven years, covering the years ended 30th September 2014 to 30th September 2020.

Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors,
London

9th December 2020

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CHANGES IN EQUITY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

	Notes	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Gains/(Losses) on investments held at fair value through profit or loss	3	–	266,253	266,253	–	(19,957)	(19,957)
Net foreign currency gains/(losses) ¹		–	1,614	1,614	–	(11,073)	(11,073)
Income from investments	4	10,014	–	10,014	10,673	–	10,673
Other interest receivable and similar income	4	1,428	–	1,428	1,140	–	1,140
Gross return/(loss)		11,442	267,867	279,309	11,813	(31,030)	(19,217)
Management fee	5	(973)	(3,892)	(4,865)	(880)	(3,521)	(4,401)
Other administrative expenses	6	(790)	–	(790)	(672)	–	(672)
Net return/(loss) before finance costs and taxation		9,679	263,975	273,654	10,261	(34,551)	(24,290)
Finance costs	7	(290)	(1,161)	(1,451)	(290)	(1,161)	(1,451)
Net return/(loss) before taxation		9,389	262,814	272,203	9,971	(35,712)	(25,741)
Taxation	8	(999)	–	(999)	(1,067)	–	(1,067)
Net return/(loss) after taxation		8,390	262,814	271,204	8,904	(35,712)	(26,808)
Return/(loss) per share	9	5.21p	163.24p	168.45p	5.52p	(22.15)p	(16.63)p

¹ Foreign currency gains/(losses) are due to Yen denominated loan notes and bank loans.

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

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. Net return/(loss) after taxation represents the profit or loss for the year and also total comprehensive income/(expense).

The notes on pages 61 to 77 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

	Called up share capital £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
At 30th September 2018	40,312	8,650	166,791	623,207	12,580	851,540
Net (loss)/return	–	–	–	(35,712)	8,904	(26,808)
Dividend paid in the year (note 10)	–	–	–	–	(8,062)	(8,062)
At 30th September 2019	40,312	8,650	166,791	587,495	13,422	816,670
Repurchase of shares into Treasury	–	–	–	(7,648)	–	(7,648)
Net return	–	–	–	262,814	8,390	271,204
Dividend paid in the year (note 10)	–	–	–	–	(8,062)	(8,062)
At 30th September 2020	40,312	8,650	166,791	842,661	13,750	1,072,164

¹ This reserve is distributable. The amount that is distributable is not necessarily the full amount as disclosed in these financial statements of £13,750,000 as at 30th September 2020. This reserve may be used to fund distributions to investors.

The notes on pages 61 to 77 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 30TH SEPTEMBER 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	1,230,620	923,818
Current assets			
Derivative financial instruments	12	2	–
Debtors		2,875	3,112
Cash and cash equivalents		3,806	3,073
Current liabilities			
Creditors: amounts falling due within one year	13	6,683	6,185
		(776)	(16,292)
Net current assets/(liabilities)		5,907	(10,107)
Total assets less current liabilities		1,236,527	913,711
Creditors: amounts falling due after more than one year	14	(164,363)	(97,041)
Net assets		1,072,164	816,670
Capital and reserves			
Called up share capital	15	40,312	40,312
Capital redemption reserve	16	8,650	8,650
Other reserve	16	166,791	166,791
Capital reserves	16	842,661	587,495
Revenue reserve	16	13,750	13,422
Total shareholders' funds		1,072,164	816,670
Net asset value per share	17	670.8p	506.5p

The financial statements on pages 58 to 77 were approved and authorised for issue by the Directors on 9th December 2020 and were signed on their behalf by:

Christopher Samuel
Chairman

The notes on pages 61 to 77 form an integral part of these financial statements.

Company registration number: 223583.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

	Notes	2020 £'000	2019 £'000
Net cash outflow from operations before dividends and interest	18	(4,093)	(2,817)
Dividends received		9,289	9,976
Interest paid		(1,417)	(1,438)
Net cash inflow from operating activities		3,779	5,721
Purchases of investments		(369,028)	(179,657)
Sales of investments		327,535	212,445
Settlement of forward currency contracts		(41)	(85)
Net cash (outflow)/inflow from investing activities		(41,534)	32,703
Repurchase of shares into Treasury		(7,216)	–
Dividends paid		(8,062)	(8,062)
Drawdown of bank loan		68,726	–
Repayment of bank loan		(14,964)	(34,512)
Net cash inflow/(outflow) from financing activities		38,484	(42,574)
Increase/(decrease) in cash and cash equivalents		729	(4,150)
Cash and cash equivalents at start of year		3,073	7,278
Exchange movements		4	(55)
Cash and cash equivalents at end of year		3,806	3,073
Increase/(decrease) in cash and cash equivalents		729	(4,150)
Cash and cash equivalents consist of:			
Cash and short term deposits	12	3,806	3,073

RECONCILIATION OF NET DEBT

	As at 30th September 2019 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th September 2020 £'000
Cash and cash equivalents:				
Cash	3,073	729	4	3,806
	3,073	729	4	3,806
Borrowings				
Debt due within one year	(15,017)	14,964	53	–
Debt due after one year	(97,041)	(68,726)	1,404	(164,363)
	(112,058)	(53,762)	1,457	(164,363)
Total	(108,985)	(53,033)	1,461	(160,557)

The notes on pages 61 to 77 form an integral part of these financial statements.

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

1. Accounting policies**(a) Basis of accounting**

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in October 2019.

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

The financial statements have been prepared on a going concern basis. In forming this opinion, the directors have considered any potential impact of the COVID-19 pandemic on the going concern and viability of the Company. In making their assessment, the Directors have reviewed income and expense projections and the liquidity of the investment portfolio, and considered the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience particularly in light of COVID-19.

The policies applied in these financial statements are consistent with those applied in the preceding year.

(b) Valuation of investments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors.

Accordingly, upon initial recognition the investments are designated by the Company as held at fair value through profit or loss. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised gains and losses on foreign currency contracts, management fees and finance costs allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Gains and losses on sales of investments'.

Increases and decreases in the valuation of investments held at the year end including the related foreign exchange gains and losses, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Investment holding gains and losses'.

(d) Income

Dividends receivable from equity shares are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

Overseas dividends are included gross of any withholding tax.

Special dividends are looked at individually to ascertain the reason behind the payment. This will determine whether they are treated as revenue or capital.

Deposit interest receivable is taken to revenue on an accruals basis.

Stock lending income is taken to revenue on an accruals basis. In all cases securities lent continue to be recognised in the Statement of Financial Position.

1. Accounting policies *continued*

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to the revenue with the following exceptions:

- The management fee is allocated 20% to revenue and 80% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 67.

(f) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method.

Finance costs are allocated 20% to revenue and 80% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

Cash and cash equivalents may comprise cash including demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Bank loans are classified as financial liabilities measured at amortised cost. They are initially measured as proceeds net of direct issue costs and subsequently measured at amortised cost. Interest payable on the bank loan is accounted for on an accruals basis in the Statement of Comprehensive Income.

Senior secured loan notes (the 'Notes') in issue are classified as financial liabilities at amortised cost. They were initially measured at the proceeds net of direct issue costs and subsequently measured at amortised cost. The amortisation of direct issue costs are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest method.

(h) Taxation

Current tax is provided at the amounts expected to be paid or recovered.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

Tax relief is allocated to expenses charged to capital on the 'marginal basis'. On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to capital.

(i) Value Added Tax ('VAT')

Expenses are disclosed inclusive of the related irrecoverable VAT. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

(j) Foreign currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the financial statements are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets, liabilities and equity investments held at fair value, denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the Statement of Comprehensive Income as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

(k) Dividend payable

Dividends are included in the financial statements in the year in which they are approved by shareholders.

(l) Repurchase of ordinary shares for cancellation

The cost of repurchasing ordinary shares including the related stamp duty and transactions costs is charged to 'Capital reserves' and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of 'Called up share capital' and into 'Capital redemption reserve'.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements on occasion requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The Directors do not believe that any significant accounting judgements or estimates have been applied to this set of financial statements, including estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Gains/(Losses) on investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Realised gains on sales of investments	51,779	3,885
Net change in unrealised gains and losses on investments	214,479	(23,837)
Other capital charges	(5)	(5)
Total gains/(losses) on investments held at fair value through profit or loss	266,253	(19,957)

4. Income

	2020 £'000	2019 £'000
Income from investments		
Overseas dividends	10,014	10,673
Other income		
Stock lending	1,428	1,140
Total income	11,442	11,813

5. Management fee

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Management fee	973	3,892	4,865	880	3,521	4,401

Details of the management fee are given in the Directors' Report on page 35.

6. Other administrative expenses

	2020 £'000	2019 £'000
Administrative expenses	490	362
Directors' fees ¹	163	153
Depositary fees	105	96
Overseas board trip expenses	–	38
Auditors' remuneration for audit services	32	23
	790	672

¹ Full disclosure is given in the Directors' Remuneration Report on pages 46 and 47.

7. Finance costs

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Interest on bank loans and overdrafts	52	210	262	79	316	395
Senior secured loan notes interest	228	913	1,141	211	845	1,056
Loan arrangements fees	10	38	48	–	–	–
	290	1,161	1,451	290	1,161	1,451

8. Taxation

(a) Analysis of tax charge for the year

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Overseas withholding tax	999	–	999	1,067	–	1,067
Total tax charge for the year	999	–	999	1,067	–	1,067

(b) Factors affecting the total tax charge for the year

The tax charge for the year is lower than (2019: higher) the Company's applicable rate of corporation tax of 19% (2019: 19%). The factors affecting the total tax charge for the year are as follows:

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Net return/(loss) before taxation	9,389	262,814	272,203	9,971	(35,712)	(25,741)
Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2019: 19%)	1,784	49,935	51,719	1,894	(6,785)	(4,891)
Effects of:						
Non taxable overseas dividends	(1,884)	–	(1,884)	(2,028)	–	(2,028)
Non taxable capital (gains)/losses	–	(50,895)	(50,895)	–	5,895	5,895
Overseas withholding tax	999	–	999	1,067	–	1,067
Unutilised expenses carried forward to future periods	101	960	1,061	134	890	1,024
Deferred tax relief expensed	(1)	–	(1)	–	–	–
Total tax charge for the year	999	–	999	1,067	–	1,067

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £11,005,000 (2019: £8,897,000) based on a prospective corporation tax rate of 19% (2019: 17%). The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

Given the Company's status as an Investment Trust Company and the intention to continue meeting the conditions required to obtain approval, the Company has not provided deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

9. Return/(loss) per share

	2020 £'000	2019 £'000
Revenue return	8,390	8,904
Capital return/(loss)	262,814	(35,712)
Total return/(loss)	271,204	(26,808)
Weighted average number of shares in issue during the year	160,995,239	161,248,078
Revenue return per share	5.21p	5.52p
Capital return/(loss) per share	163.24p	(22.15)p
Total return/(loss) per share	168.45p	(16.63)p

10. Dividends
(a) Dividends paid and proposed

	2020 £'000	2019 £'000
Dividend paid		
2019 final dividend paid of 5.0p (2018: 5.0p) per share	8,062	8,062
Dividend proposed		
2020 final dividend proposed of 5.1p (2019: 5.0p) per share	8,152	8,062

All dividends paid and proposed in the year are and will be funded from the revenue reserve.

The dividend proposed in respect of the year ended 30th September 2020 is subject to shareholder approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 30th September 2021.

(b) Dividend for the purposes of Section 1158 of the Corporation Tax Act 2010 ('Section 1158')

The requirements of Section 1158 are considered on the basis of the dividend proposed in respect of the financial year, shown below. The revenue available for distribution by way of dividend for the year is £8,390,000 (2019: £8,904,000). The revenue reserve after payment of the final dividend will amount to £5,598,000.

	2020 £'000	2019 £'000
Final dividend proposed of 5.1p (2019: 5.0p) per share	8,152	8,062

11. Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Investments listed on a recognised stock exchange	1,230,620	923,818
Opening book cost	647,381	676,450
Opening investment holding gains	276,437	300,274
Opening valuation	923,818	976,724
Movements in the year:		
Purchases at cost	368,048	175,989
Sales proceeds	(327,504)	(208,943)
Gains/(losses) on investments	266,258	(19,952)
	1,230,620	923,818
Closing book cost	739,704	647,381
Closing investment holding gains	490,916	276,437
Total investments held at fair value through profit or loss	1,230,620	923,818

The company received £327,504,000 (2019: £208,943,000) from investments sold in the year. The book cost of these investments when they were purchased was £275,725,000 (2019: £205,058,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs on purchases during the year amounted to £142,000 (2019: £76,000) and on sales during the year amounted to £107,000 (2019: £71,000). These costs comprise mainly brokerage commission.

12. Current assets

	2020 £'000	2019 £'000
Derivative financial assets		
Forward foreign currency contracts	2	–
	2	–
Debtors		
Dividends and interest receivable	2,765	3,039
Other debtors	110	36
Securities sold awaiting settlement	–	37
	2,875	3,112

The Directors consider that the carrying amount of debtors approximates to their fair value.

Cash and cash equivalents

Cash and cash equivalents comprises bank balances and short term deposits. The carrying amount of these represents their fair value.

13. Current liabilities

	2020 £'000	2019 £'000
Creditors: amounts falling due within one year		
Repurchases of the Company's own shares awaiting settlement	432	–
Senior secured loan notes interest payable	164	174
Other creditors and accruals	149	109
Bank loan interest payable	31	12
Bank loan	–	15,017
Securities purchased awaiting settlement	–	980
	776	16,292

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

14. Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Bank loan	69,633	–
¥13 billion senior secured loan notes	94,730	97,041
	164,363	97,041

During the year the Company has a 3 year floating rate revolving credit facility with Scotiabank maturing on 2nd December 2022, for ¥ 11.0 billion. At 30th September 2020, the Company had drawn down ¥ 9.5 billion (£69.6 million) of this facility. (2019: The Company had a 3 year floating rate revolving credit facility of ¥ 11.0 billion with National Australia Bank ('NAB') which matured on 5th December 2019. At 30th September 2019 the Company had drawn down ¥ 2.0 billion (£15.0 million) of this facility).

During the year the company has five senior secured loan notes as follows:

- ¥ 2 Billion fixed rate 10 year series A senior secured loan notes at an annual coupon of 0.76% which will expire on 2nd August 2028.
- ¥ 2.5 Billion fixed rate 15 year series B senior secured loan notes at an annual coupon of 0.95% which will expire on 2nd August 2033.
- ¥ 2.5 Billion fixed rate 20 year series C senior secured loan notes at an annual coupon of 1.11% which will expire on 2nd August 2038.
- ¥ 2.5 Billion fixed rate 25 year series D senior secured loan notes at an annual coupon of 1.21% which will expire on 2nd August 2043.
- ¥ 3.5 Billion fixed rate 30 year series E senior secured loan notes at an annual coupon of 1.33% which will expire on 2nd August 2048.

15. Called up share capital

	2020 £'000	2019 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each		
Opening Balance of 161,248,078 ordinary shares (2019: 161,248,078) excluding shares held in Treasury	40,312	40,312
Repurchase of 1,409,000 (2019: nil) shares into Treasury	(352)	–
Subtotal of 159,839,078 (2019: 161,248,078) shares of 25p each excluding shares held in Treasury	39,960	40,312
1,409,000 (2019: nil) shares held in Treasury	352	–
Closing Balance of 161,248,078 (2019: 161,248,078) shares 25p each including shares held in Treasury	40,312	40,312

Further details of transactions in the Company's shares are given in the Strategic Report on page 28.

16. Capital and reserves

	Capital reserves								
	Called up share capital £'000	Capital redemption reserve £'000	Other reserve ¹ £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Unrealised capital reserve £'000	Capital reserves total £'000	Revenue reserve ² £'000	Total £'000
Opening balance	40,312	8,650	166,791	320,592	276,436	(9,533)	587,495	13,422	816,670
Net foreign currency gains on cash and cash equivalents	–	–	–	130	–	–	130	–	130
Unrealised gains on forward foreign currency contracts	–	–	–	–	–	2	2	–	2
Realised gains on sale of investments	–	–	–	51,779	–	–	51,779	–	51,779
Net change in unrealised gains and losses on investments	–	–	–	–	214,479	–	214,479	–	214,479
Unrealised exchange gains on foreign currency loan	–	–	–	–	–	1,429	1,429	–	1,429
Repurchase of shares into Treasury	–	–	–	(7,648)	–	–	(7,648)	–	(7,648)
Realised gains on repayment of loans	–	–	–	53	–	–	53	–	53
Transfer on loans repaid in year	–	–	–	(1,484)	–	1,484	–	–	–
Management fee and finance costs charged to capital	–	–	–	(5,053)	–	–	(5,053)	–	(5,053)
Other capital charges	–	–	–	(5)	–	–	(5)	–	(5)
Dividend paid in the year	–	–	–	–	–	–	–	(8,062)	(8,062)
Retained revenue for the year	–	–	–	–	–	–	–	8,390	8,390
Closing balance	40,312	8,650	166,791	358,364	490,915	(6,618)	842,661	13,750	1,072,164

¹ Created during the year ended 30th September 1999, following a cancellation of the share premium account.

² This reserve is distributable. The amount that is distributable is not necessarily the full amount as disclosed in these financial statements of £13,750,000 as at 30th September 2020. This reserve may be used to fund distributions to investors.

17. Net asset value per share

	2020	2019
Net assets (£'000)	1,072,164	816,670
Number of shares in issue	159,839,078	161,248,078
Net asset value per share	670.8p	506.5p

18. Reconciliation of total return/ (loss) before finance costs and taxation to net cash outflow from operations before dividends and interest

	2020 £'000	2019 £'000
Net return/(loss) before finance costs and taxation	273,654	(24,290)
(less capital return)/add capital loss before finance costs and taxation	(263,975)	34,551
Decrease in accrued income and other debtors	200	381
Increase in accrued expenses	41	5
Tax withheld on overseas dividends	(999)	(1,067)
Management fee charged to capital	(3,892)	(3,521)
Dividends received	(9,289)	(9,976)
Realised gains on foreign currency transactions	167	1,100
Net cash outflow from operations before dividends and interest	(4,093)	(2,817)

19. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2019: same).

20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 35. The management fee payable to the Manager for the year was £4,865,000 (2019: £4,401,000) of which £nil (2019: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 64 are safe custody fees amounting to £112,000 (2019: £96,000) payable to JPMorgan Chase Bank, N.A., of which £21,000 (2019: £18,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities for the year was £1,000 (2019: £1,000) of which £nil (2019: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £5,000 (2019: £5,000) were payable to JPMorgan Chase Bank N.A. during the year of which £nil (2019: £1,000) was outstanding at the year end.

At the year end, total cash of £3,806,000 (2019: £3,073,000) was held with JPMorgan Chase. A net amount of interest of £nil (2019: £nil) was receivable by the Company during the year from JPMorgan Chase of which £nil (2019: £nil) was outstanding at the year end.

Stock lending income amounting to £1,428,000 (2019: £1,140,000) was receivable by the Company during the year. JPMAM commissions in respect of such transactions amounted to £159,000 (2019: £141,000).

Full details of Directors' remuneration and shareholdings can be found on pages 46 and 47 and in note 6 on page 64.

21. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio and derivative financial instruments.

The investments are categorised into a hierarchy consisting of levels 1, 2 and 3.

(1) The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

(2) Inputs other than quoted prices included within Level 1 that are observable (i.e.: developed using market data) for the asset or liability, either directly or indirectly

When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

(3) Inputs are unobservable (i.e.: for which market data is unavailable) for the asset or liability

If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 61.

The following table sets out the fair value measurements using the FRS 102 hierarchy at 30th September:

	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,230,620	–	923,818	–
Level 2 ¹	2	–	–	–
Total	1,230,622	–	923,818	–

¹ Forward foreign currency contracts.

There were no transfers between Level 1, 2 or 3 during the year (2019: same).

22. Financial instruments' exposure to risk and risk management policies

As an investment trust, the Company invests in equities for the long term so as to secure its investment objective stated on the 'Features' page. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management policy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

22. Financial instruments' exposure to risk and risk management policies *continued*

The Company's classes of financial instruments are as follows:

- investments in equity shares of Japanese companies which are held in accordance with the Company's investment objective;
- short term debtors, creditors and cash arising directly from its operations;
- a loan facility; and
- senior secured loan notes issued by the Company.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements - currency risk, interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note 22(a), together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

The Company's functional currency and the currency in which it reports, is sterling. However the Company's assets, liabilities and income are almost entirely denominated in yen. As a result, movements in exchange rates will affect the sterling value of those items.

Management of currency risk

It is not currently, nor has it been for many years past, the Company's policy to hedge against foreign currency risk. Shareholders should expect given the Company's investment objectives that they will be exposed to the risks of movements in the value of yen versus the base currency. The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the yen/sterling exchange rate. Yen denominated borrowing may be used to limit the exposure of the Company's portfolio to the yen/sterling exchange rate. Income is converted to sterling on receipt. The Company may use short term forward currency contracts to manage working capital requirements.

Foreign currency exposure

The fair value of the Company's monetary items that have exposure to the yen at 30th September are shown below. The Company's investments (which are not monetary items) have been included separately in the analysis so as to show the overall level of exposure.

	2020				2019			
	Yen £'000	US Dollar £'000	New Zealand Dollar £'000	Total £'000	Yen £'000	US Dollar £'000	New Zealand Dollar £'000	Total £'000
Current assets	6,298	2	5	6,305	5,963	2	5	5,970
Creditors	(164,914)	-	-	(164,914)	(113,224)	-	-	(113,224)
Foreign currency exposure on net monetary items	(158,616)	2	5	(158,609)	(107,261)	2	5	(107,254)
Investments held at fair value through profit or loss	1,230,620	-	-	1,230,620	923,818	-	-	923,818
Total net foreign currency exposure	1,072,004	2	5	1,072,011	816,557	2	5	816,564

In the opinion of the Directors, the above year end amounts are broadly representative of the exposure to foreign currency risk during the year.

Foreign currency sensitivity

The following tables illustrate the sensitivity of return/(loss) after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2019: 10%) appreciation or depreciation in sterling against the yen, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2020		2019	
	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000	If sterling strengthens by 10% £'000	If sterling weakens by 10% £'000
Statement of Comprehensive Income - (loss)/return after taxation				
Revenue (loss)/return	(1,001)	1,001	(1,067)	1,067
Capital return/(loss)	15,861	(15,861)	10,725	(10,725)
Total return/(loss) after taxation	14,860	(14,860)	9,658	(9,658)
Net assets	14,860	(14,860)	9,658	(9,658)

In the opinion of the Directors, the above sensitivity analysis is not representative of the whole of the current or comparative year due to fluctuation in drawings on the yen loan facility and the new senior secured loan notes.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings. The Directors have sought to reduce interest rate risk by entering into long term fixed rate borrowing which accounted for 57.6% (2019: 86.6%) of total borrowings.

Management of interest rate risk

The Company does not normally hold significant cash balances. Short term borrowings are used when required. The Company may finance part of its activities through borrowings at levels approved and monitored by the Board. The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company borrows on the loan facility. However, amounts drawn down on this facility are for short term periods and therefore exposure to interest rate risk is not significant.

Interest rate exposure

The exposure of financial assets and liabilities to floating interest rates, giving cash flow interest rate risk when rates are reset, is shown below:

	2020 £'000	2019 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	3,806	3,073
Floating rate bank loan	(69,633)	(15,017)
Total exposure	(65,827)	(11,944)

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2019: same).

22. Financial instruments' exposure to risk and risk management policies *continued*
(a) Market risk *continued*
(ii) Interest rate risk *continued*
Interest rate sensitivity

The following table illustrates the sensitivity of the return/(loss) after taxation for the year and net assets to a 1% (2019: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date, with all other variables held constant.

	2020		2019	
	1% increase in rate £'000	1% decrease in rate £'000	1% increase in rate £'000	1% decrease in rate £'000
Statement of Comprehensive Income - (loss)/return after taxation				
Revenue (loss)/return	(101)	101	1	(1)
Capital (loss)/return	(557)	557	(120)	120
Total (loss)/return after taxation for the year	(658)	658	(119)	119
Net assets	(658)	658	(119)	119

In the opinion of the Directors, the above sensitivity analysis is calculated based on the Company's year end positions and therefore it may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and amounts drawn down on the loan facility.

(iii) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk or currency risk, which may affect the value of equity investments.

Management of other price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Other price risk exposure

The Company's total exposure to changes in market prices at 30th September comprises its holdings in equity investments as follows:

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	1,230,620	923,818

The above data is broadly representative of the exposure to other price risk during the current and comparative year.

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 20 to 22. This shows that all investments are in Japanese listed equities. Accordingly, there is a concentration of exposure to that country. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of return/loss after taxation for the year and net assets to an increase or decrease of 20% (2019: 10%) in the market value of equity investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee but with all other variables held constant.

	2020		2019	
	20% increase in fair value £'000	20% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income - (loss)/return after taxation				
Revenue return- (loss)/return	(196)	196	(75)	90
Capital return- return/(loss)	245,336	(245,336)	92,082	(92,023)
Total return/(loss) after taxation	245,238	(245,238)	92,007	(91,933)
Net assets	245,238	(245,238)	92,007	(91,933)

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Details of the Board's stress testing of the portfolio's liquidity can be found in the Going Concern section of the Audit Committee Report on page 43.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft facilities. The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities, working capital requirements and to gear the Company as appropriate. Details of the current loan facilities are given in note 14 on page 68.

Liquidity risk exposure

Contractual maturities of the financial liabilities, based on the earliest date on which payment can be required are as follows:

	2020			Total £'000
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	
Creditors: amounts falling due within one year				
Repurchase of the Company's own shares awaiting settlement	432	–	–	432
Other creditors and accruals	149	–	–	149
Creditors: amounts falling due after more than one year				
Bank loan - including interest	139	332	70,149	70,620
Senior secured loan notes - including interest	421	788	114,851	116,060
	1,141	1,120	185,000	187,261

22. Financial instruments' exposure to risk and risk management policies *continued*
(b) Liquidity risk *continued*
Liquidity risk exposure *continued*

	2019			Total £'000
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	
Creditors: amounts falling due within one year				
Bank loan – including interest	15,095	–	–	15,095
Securities purchased awaiting settlement	980	–	–	980
Other creditors and accruals	109	–	–	109
Creditors: amounts falling due after more than one year				–
Senior secured loan notes – including interest	431	785	118,198	119,414
	16,615	785	118,198	135,598

The liabilities shown above represent future contractual payments and therefore may differ from the amounts shown in the Statement of Financial Position.

(c) Credit risk

Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Management of credit risk
Portfolio dealing

The Company invests in markets that operate Delivery Versus Payments ('DVP') settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. However, the Company's holdings in Participatory Notes and Warrants are subject to counterparty risk associated with each issuer. The Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

Cash and cash equivalents

Counterparties are subject to regular credit analysis by the Manager and deposits can only be placed with counterparties that have been approved by JPMAM's Counterparty Risk Group.

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. The Depositary, Bank of New York Mellon (International) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

Credit risk exposure

The amounts shown in the Statement of Financial Position under debtors and cash and cash equivalents represent the maximum exposure to credit risk at the current and comparative year ends.

The aggregate value of securities on loan at 30th September 2020 amounted to £176.2 million and the maximum value of stock on loan during the year amounted to £176.4 million. Collateral is obtained by JPMorgan Asset Management and is called in on a daily basis to a value of 102% of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% if it is denominated in a different currency.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either included in the Statement of Financial Position at fair value or the carrying amount is a reasonable approximation of fair value except for the senior secured loan notes disclosed below. The fair value of the Company's ¥13 billion senior secured loan notes has been calculated using discount cash flow techniques, using the yield from a similar date Japanese Government Bond plus a margin based on the five year average for the AA Barclays Yen Corporate Bond Spread.

	Carrying value		Fair value	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
¥13 billion senior secured loan notes	94.7	97.0	102.7	110.7

23. Capital management policies and procedures

The Company's debt and capital structure comprises the following:

	2020 £'000	2019 £'000
Debt:		
Bank loans	69,633	15,017
Senior secured loan notes	94,730	97,041
	164,363	112,058
Equity:		
Called up share capital	40,312	40,312
Reserves	1,031,852	776,358
	1,072,164	816,670
Total debt and equity	1,236,527	928,728

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise capital return to its equity shareholders through an appropriate level of gearing.

The Board's policy is to limit gearing within the range of 5% net cash to 20% geared in normal market conditions.

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	1,230,620	923,818
Net assets	1,072,164	816,670
Gearing	14.8%	13.1%

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back equity shares, either for cancellation or to hold in Treasury, which takes into account the share price discount or premium; and
- the need for issues of new shares, including issues from Treasury.

24. Subsequent events

The Directors have evaluated the period since the year end and have not noted any subsequent events.

Regulatory Disclosures

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ('AIFMD') DISCLOSURE (UNAUDITED)

Leverage

For the purposes of the Alternative Investment Fund Managers Directive (the 'AIFMD'), leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated on a gross and a commitment method, in accordance with the AIFMD. Under the gross method, exposure represents the sum of the Company's positions without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated after certain hedging and netting positions are offset against each other.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD, as at 30th September 2020, which gives the following figures:

	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual ¹	115%	115%

¹ The above figures are theoretical and are calculated in accordance with the methodology prescribed by the AIFMD.

JPMorgan Funds Limited (the '**Management Company**') is the authorised manager of JPMorgan Japanese Investment Trust plc (the '**Company**') and is part of the J.P. Morgan Chase & Co. group of companies. In this section, the terms 'J.P. Morgan' or 'Firm' refer to that group, and each of the entities in that group globally, unless otherwise specified.

This section of the annual report has been prepared in accordance with the Alternative Investment Fund Managers Directive (the 'AIFMD'), the European Commission Delegated Regulation supplementing the AIFMD, and the 'Guidelines on sound remuneration policies' issued by the European Securities and Markets Authority under the AIFMD. The information in this section is in respect of the most recent complete remuneration period (the '**Performance Year**') as at the reporting date.

This section has also been prepared in accordance with the relevant provisions of the Financial Conduct Authority Handbook (FUND 3.3.5).

Remuneration Policy

A summary of the Remuneration Policy currently applying to the Management Company (the '**Remuneration Policy Statement**') can be found at <https://am.jpmorgan.com/gb/en/asset-management/gim/per/legal/emea-remuneration-policy>. This Remuneration Policy Statement includes details of how remuneration and benefits are calculated, including the financial and non-financial criteria used to evaluate performance, the responsibilities and composition of the Firm's Compensation and Management Development Committee, and the measures adopted to avoid or manage conflicts of interest. A copy of this policy can be requested free of charge from the Management Company.

The Remuneration Policy applies to all employees of the Management Company, including individuals whose professional activities may have a material impact on the risk profile of the Management Company or the Alternative Investment Funds it manages ('**AIFMD Identified Staff**'). The AIFMD Identified Staff include members of the Board of the Management Company (the '**Board**'), senior management, the heads of relevant Control Functions, and holders of other key functions. Individuals are notified of their identification and the implications of this status on at least an annual basis.

REGULATORY DISCLOSURES

The Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy that applied for the 2019 Performance Year in June 2019 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

The table below provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2019 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 30 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 38 sub-funds) as at 31st December 2019, with a combined AUM as at that date of £13.8 billion and £17.1 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (USD\$'000s)	15,972	9,139	25,111	119

The aggregate 2019 total remuneration paid to AIFMD Identified Staff was USD \$57,449,000, of which USD \$4,425,000 relates to Senior Management and USD \$53,024,000 relates to other Identified Staff.¹

¹ Since 2017, the AIFMD identified staff disclosures includes employees of the companies to which portfolio management has been formally delegated in line with the latest ESMA guidance.

SECURITIES FINANCING TRANSACTIONS REGULATION ('SFTR') DISCLOSURE (UNAUDITED)

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to SFTR for the accounting year ended 30th September 2020 are detailed below.

Global Data**Amount of securities on loan**

The total value of securities on loan as a proportion of the Company's total lendable assets, as at the balance sheet date, is 14.22%.

Total lendable assets represents the aggregate value of assets types forming part of the Company's securities lending programme.

Amount of assets engaged in securities lending

The following table represents the total value of assets engaged in securities lending:

	Value £'000	% of AUM
Securities lending	176,230	16.44%

Concentration and Aggregate Transaction Data**Counterparties**

The following table provides details of the counterparties (based on gross volume of outstanding transactions with exposure on a gross absolute basis) in respect of securities lending as at the balance sheet date:

Collateral	Country of Incorporation	Value £'000
JP Morgan	United States of America	87,113
Morgan Stanley	United States of America	35,469
Nomura	Japan	19,315
Societe Generale	France	10,722
Credit Suisse Group	Switzerland	8,180
UBS	Switzerland	5,428
Goldman Sachs	United States of America	4,374
Merrill Lynch	United States of America	3,774
Citigroup	United States of America	1,583
Deutsche Bank	Germany	272
Total		176,230

Maturity tenure of security lending transactions

The Company's securities lending transactions have open maturity.

REGULATORY DISCLOSURES

Collateral Issuers

The following table lists the issuers by value of non-cash collateral received by the Company by way of title transfer collateral arrangement across securities lending transactions, as at the balance sheet date:

Issuer	Collateral Value £'000
French Republic Government	44,049
United States of America Treasury	26,409
Kingdom of Belgium Government	25,701
Kingdom of Netherlands Government	21,439
United Kingdom Treasury	20,180
Republic of Austria Government	6,863
Federal Republic of Germany Government	4,527
Government of Japan	2,326
Republic of Finland Government	161
Total	151,655

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

Type, quality and currency of collateral

The following table provides an analysis of the type, quality and currency of collateral received by the Company in respect of securities lending transactions as at the balance sheet date:

Type	Quality	Currency	Value £'000
Sovereign Debt	Investment Grade	EUR	102,740
Sovereign Debt	Investment Grade	GBP	20,180
Treasury Notes	Investment Grade	USD	15,091
Treasury Bonds	Investment Grade	USD	10,188
Sovereign Debt	Investment Grade	JPY	2,326
Treasury Bills	Investment Grade	USD	1,130
Total			151,655

Maturity tenure of collateral

The following table provides an analysis of the maturity tenure of collateral received in relation to securities lending transactions as at the balance sheet date:

Maturity	Value £'000
1 day to 1 week	—
1 week to 1 month	855
1 to 3 months	1,556
3 to 12 months	2,749
More than 1 year	146,495
Total	151,655

Settlement and clearing

The Company's securities lending transactions including related collaterals are settled and cleared either bi-laterally, tri-party or through a central counterparty.

Re-use of collateral

Share of collateral received that is reused and reinvestment return

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

Cash collateral received in the context of securities lending transactions may be reused in accordance with the provisions contained within the Company's investment restrictions and guidelines, however the Company does not currently reinvest cash collateral received in respect of securities lending transactions.

Safekeeping of collateral

All collateral received by the Company in respect of securities lending transactions as at the balance sheet date is held by the Depository.

Return and cost

JPMorgan Chase Bank, N.A (JPMCB), the lending agent, receives a fee of 10% of the gross revenue for its services related to the Stock Lending Transactions. The remainder of the revenue, 90%, is received by the Company i.e. for the benefit of shareholders.

Notice is hereby given that the ninety-second Annual General Meeting of JPMorgan Japanese Investment Trust plc will be held at the Offices of JPMorgan, 60 Victoria Embankment, London EC4Y 0JP on Thursday, 14th January 2021 at 12.30 p.m. for the following purposes:

1. To receive the Directors' Report & Financial Statements and the Auditors' Report for the year ended 30th September 2020.
2. To approve the Director's Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2020.
4. To approve a final dividend of 5.1p per share.
5. To reappoint Stephen Cohen as a Director of the Company.
6. To reappoint Yoko Dochi as a Director of the Company.
7. To reappoint Sir Stephen Gomersall as a Director of the Company.
8. To reappoint Sally Macdonald as a Director of the Company.
9. To reappoint George Olcott as a Director of the Company.
10. To reappoint Christopher Samuel as a Director of the Company.
11. To reappoint PricewaterhouseCoopers LLP as the Auditors of the Company.
12. To authorise the Directors to determine the Auditors' remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

13. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £3,995,977 or, if different the aggregate nominal amount representing approximately 10% of the Company's issued Ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so

that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

Authority to disapply pre-emption rights on allotment of relevant securities – Special Resolution

14. THAT subject to the passing of Resolution 13 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Companies Act 2006 (the 'Act')) for cash pursuant to the authority conferred by Resolution 13 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury shares for cash up to an aggregate nominal amount of £3,995,977 or, if different the aggregate nominal amount representing approximately 10% of the issued share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 13 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or Treasury shares to be sold after such expiry and so that the Directors of the Company may allot equity securities or sell Treasury shares in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

15. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of its issued Ordinary shares of 25p each in the capital of the Company on such terms and in such manner as the Directors may from time to time determine.

PROVIDED ALWAYS THAT

- (i) the maximum number of Ordinary shares hereby authorised to be purchased shall be 23,959,877 or, if less, that number of Ordinary shares which is equal to 14.99% of the Company's issued share capital (less shares held in Treasury) as at the date of the passing of this resolution;
- (ii) the minimum price which may be paid for an Ordinary share shall be 25p;
- (iii) the maximum price which may be paid for an Ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an Ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days

immediately preceding the day on which the Ordinary share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

- (iv) any purchase of Ordinary shares will be made in the market for cash at prices below the prevailing net asset value per Ordinary share (as determined by the Directors);
- (v) the authority hereby conferred shall expire on 13th July 2022 unless the authority is renewed at the Annual General Meeting in 2022 or at any other general meeting prior to such time; and
- (vi) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

Adoption of New Articles of Association – Special Resolution

16. THAT the Articles of Association produced to the meeting and signed by the chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.

By order of the Board
Divya Amin,
for and on behalf of
JPMorgan Funds Limited,
Secretary

14th December 2020

Notes

These notes should be read in conjunction with the notes on the reverse of the proxy form.

1. Given the risks posed by the spread of COVID-19 and in accordance with the provisions of the Articles of Association and Government guidance, attendance at the Annual General Meeting ('AGM') is unlikely to be possible.

At the date of posting of this AGM Notice, given the ongoing uncertainty about the course of COVID-19 and due to ongoing public health concerns, the Board intends to limit physical attendance at the AGM only to Directors or their proxies and representatives from J.P. Morgan. The Board will ensure that the minimum quorum is present to allow the formal business to proceed. If law or Government guidance so requires at the time of the Meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the Meeting. Should the Government guidance change and the current restrictions on group gatherings be relaxed by the time of the meeting, the Company may still impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the Meeting.

2. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. However, please note that, in the light of the COVID-19 pandemic and associated Government guidance, including the rules on physical distancing and limitations on public gatherings, it is unlikely that your vote will be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties are unlikely to be permitted entry to the meeting.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person. However, please note that in the current circumstances, it is unlikely that your vote will be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties are unlikely to be permitted entry to the meeting.
4. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
5. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments

of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

6. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.
7. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement. However, please note the terms of note 1 above for restrictions applicable on attendance at this year's AGM.
8. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. However, please note that, in the light of the COVID-19 pandemic and associated Government guidance, including the rules on physical distancing and limitations on public gatherings, it is unlikely that your vote will be counted where a representative other than the Chairman of the Meeting is appointed as additional third parties are unlikely to be permitted entry to the meeting.

Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
9. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's Financial Statements (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
10. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
11. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
12. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
13. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmmjapanese.co.uk.
14. The register of interests of the Directors and connected persons in the called-up share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the AGM. No Director has any contract of service with the Company.

NOTICE OF ANNUAL GENERAL MEETING

15. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
16. As an alternative to completing a hard copy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
17. As at 8th December 2020 (being the latest business day prior to the publication of the Annual Report & Financial Statements), the Company's called-up share capital consists of 159,839,078 ordinary shares (excluding treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 159,839,078.
18. A copy of the proposed new articles of association of the Company, together with a copy showing all of the proposed changes to the existing articles of association, will be available for inspection on the Company's website, www.jpmmjapanese.co.uk, and at the offices of JPMorgan Funds Limited, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Electronic appointment - CREST members

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. See further instructions on the proxy form.

Return to Shareholders (APM)

Total return to the shareholders, 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	Year ended	Year ended	
		30th September 2020	30th September 2019	
Opening share price (p)	5	441.0	458.0	(a)
Closing share price (p)	5	619.0	441.0	(b)
Total dividend adjustment factor ¹		1.010582	1.012563	(c)
Adjusted closing share price (d = b x c)		625.6	446.5	(d)
Total return to shareholders (e = d / a - 1)		41.8%	-2.5%	(e)

¹ The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

Return on Net Assets with Debt at Par Value (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, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Total return calculation	Page	Year ended	Year ended	
		30th September 2020	30th September 2019	
Opening NAV per share (p)	5	506.5	528.1	(a)
Closing NAV per share (p)	5	670.8	506.5	(b)
Total dividend adjustment factor ¹		1.009526	1.011463	(c)
Adjusted closing NAV per share (d = b x c)		677.2	512.3	(d)
Total return on net assets with debt at par value (e = d / a - 1)		33.7%	-3.0%	(e)

¹ The dividend adjustment factor is calculated on the assumption that dividends paid out by the Company are reinvested into the shares of the Company at the NAV at the ex-dividend date.

Return on Net Assets with Debt at Fair Value (APM)

The Company's debt (senior secured loan notes) is valued in the Statement of Financial Position (on page 59) at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as 'Debt at Par Value'. The current replacement or market value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the 'Debt at Fair Value'. This fair value is explained in note 22(d) (on page 77) on the accounts. The difference between fair and par values of the debt is subtracted from the NAV to derive the NAV with debt at fair value.

The fair value of the ¥13 billion senior secured loan notes issued by the Company has been calculated using discounted cash flow techniques, using the yield from similar dated Japanese Government Bond plus a margin based on the five year average for the AA Barclays Yen Corporate Bond spread.

As at 30th September 2020, the NAV with debt at fair value was £1,064,209,000 (2019: £803,067,000) or 665.8p (2019: 498.0p) per share.

Total return calculation	Page	Year ended	Year ended	
		30th September 2020	30th September 2019	
Opening NAV per share (p)	5	498.0	523.6	(a)
Closing NAV per share (p)	5	665.8	498.0	(b)
Total dividend adjustment factor ¹		1.009660	1.011585	(c)
Adjusted closing NAV per share (d = b x c)		672.2	503.8	(d)
Total return on net assets with debt at par value (e = d / a - 1)		35.0%	-3.8%	(e)

¹ The dividend adjustment factor is calculated on the assumption that dividends paid out by the Company are reinvested into the shares of the Company at the NAV at the ex-dividend date.

Benchmark total 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 follow or '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.

		30th September 2020 £'000	30th September 2019 £'000	
Gearing calculation	Page			
Investments held at fair value through profit or loss	59	1,230,620	923,818	(a)
Net assets	59	1,072,164	816,670	(b)
Gearing/(net cash) (c = a / b - 1)		14.8%	13.1%	(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 net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

		30th September 2020 £'000	30th September 2019 £'000	
Ongoing charges calculation	Page			
Management fee	64	4,865	4,401	
Administrative expenses	64	790	672	
Total management fee and other administrative expenses		5,655	5,073	(a)
Average daily net assets		865,046	746,294	(b)
Ongoing charges (c = a / b)		0.65%	0.68%	(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 trust's shares to trade at a discount than at a premium (page 5).

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

1. Via a third party provider

Third party providers include:

AJ Bell	Hargreaves Lansdown
Barclays Smart Investor	Interactive Investor
Charles Stanley Direct	Selftrade
Fidelity FundsNetwork	
Halifax	

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.

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to receive company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the Association of Investment Companies’ (‘AIC’) website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

2. 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	December
Half year end	31st March
Half year results announced	May/June
Dividend on ordinary shares paid	January
Annual General Meeting	January

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. The Company adopted its current name in December 2006. Constituent of the FTSE 250 Index.

Company Numbers

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

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 15 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.

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 Divya Amin at the above address.



The Association of
 Investment Companies

A member of the AIC

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

Investec Bank plc
 30 Gresham Street
 London EC2V 7OP

Financial Conduct Authority ('FCA') Regulation of 'non-mainstream pooled investments' and MiFID II 'complex investments'

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

The 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 investments' under the FCA's 'Appropriateness' rules and guidance in the Conduct of Business sourcebook.

CONTACT

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Website www.jpmmjapanese.co.uk

